

TUCSON

arizona

Executive Summary of the Adopted Budget
FISCAL YEAR 2002

CITY OF
TUCSON
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Executive Summary of the Adopted Budget

FISCAL YEAR 2002

Presented July 1, 2001

CITY COUNCIL



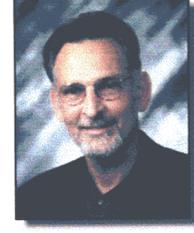
**HONORABLE
ROBERT E. WALKUP**
MAYOR



JOSÉ J. IBARRA
WARD 1



CAROL W. WEST
WARD 2



JERRY ANDERSON
WARD 3



SHIRLEY C. SCOTT
WARD 4



STEVE LEAL
WARD 5



FRED RONSTADT
WARD 6

CITY ADMINISTRATION



JAMES KEENE
CITY MANAGER

MIKE LETCHER
Deputy City Manager

LIZ RODRIGUEZ MILLER
Assistant City Manager

BENNY YOUNG
Assistant City Manager



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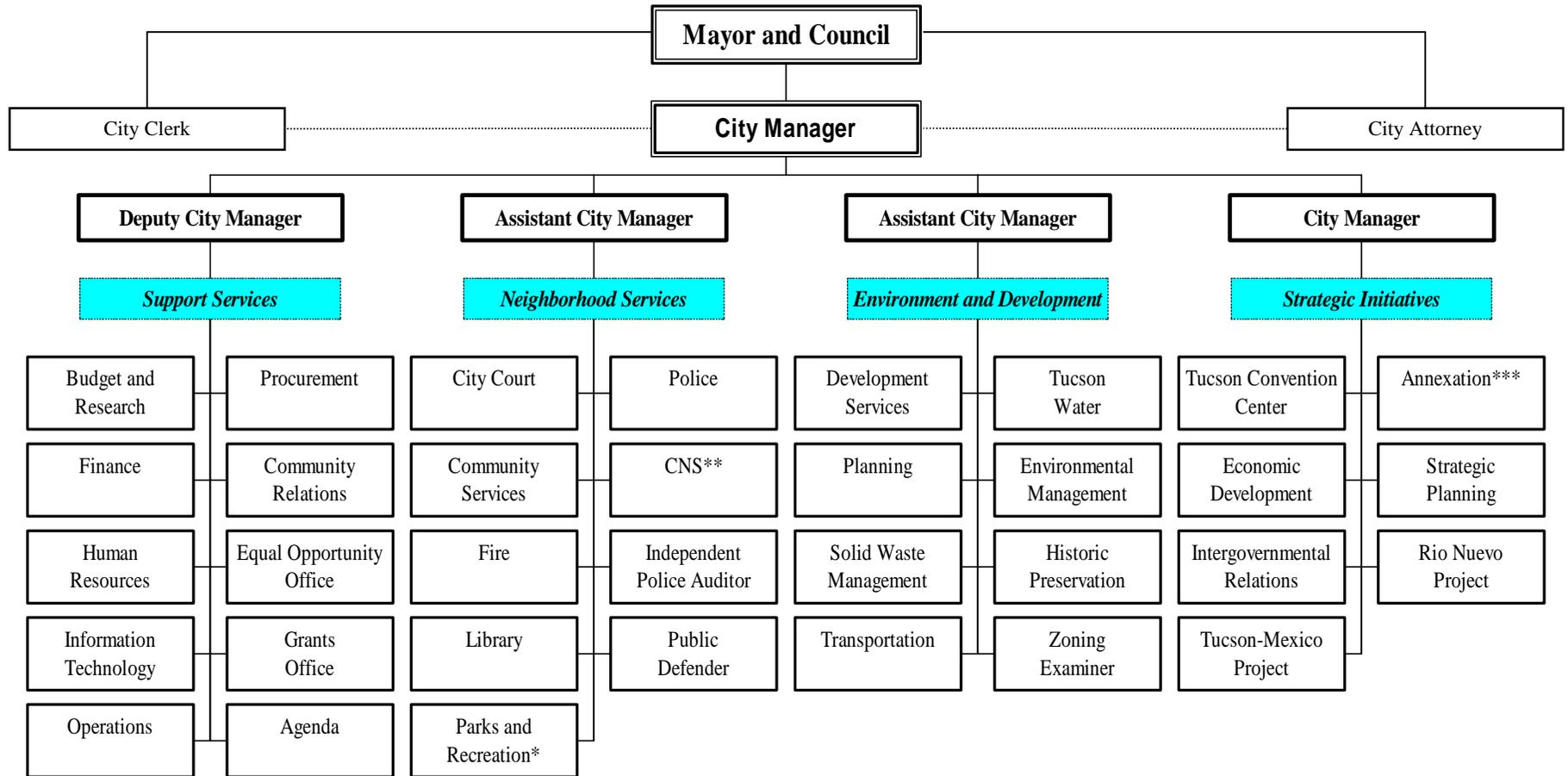


Through cooperative leadership provide the resources, expertise and enduring spirit required to be one of the top ten cities in America.

TUCSON
a r i z o n a



**City of Tucson
Organization Chart
Fiscal Year 2002**



* Includes Tucson City Golf

** Citizen and Neighborhood Services

*** Previously part of Special Projects in the Office of the City Manager

**DISTINGUISHED
BUDGET PRESENTATION
AWARD**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

**PRESENTED TO
City of Tucson,
Arizona**

**For the Fiscal Year Beginning
July 1, 2000**

Anne Spray Kinney *Jeffrey L. Essel*
President Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the City of Tucson for its Annual Budget for the Fiscal Year beginning July 1, 2000 through June 30, 2001.

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 communication device.

The 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.

DOCUMENT GUIDE

The City of Tucson's Fiscal Year 2002 Adopted Budget is contained within four documents:

- Executive Summary
- Volume I: Adopted Budget Summary
- Volume II: Operating Budget Detail
- Volume IIa: Operating Budget Appendices
- Volume III: Capital Improvement Program

Copies of these documents are available in the Tucson-Pima Public Library or by contacting the City of Tucson Budget and Research Department at (520) 791-4551.

The budget is also published on the city's Web site: www.ci.tucson.az.us/budget/.

EXECUTIVE SUMMARY

The Executive Summary serves as an introduction to the budget, giving the basic framework of expenditures and revenue. Readers who wish to explore a particular topic in more detail are encouraged to consult Volumes I, II, IIa, and III.

The Executive Summary is organized into the following sections.

City Manager's Budget Messages

The City Manager submits two budget letters to the Mayor and Council. The first letter is submitted with the recommended budget and highlights the key policy issues and programs for Fiscal Year 2002. The second letter, which is submitted with the adopted budget, indicates any changes made to the recommended budget and previews issues for the next budget cycle.

Both of these letters are included in the Executive Summary in their entirety. They can also be found in Volume I.

Strategic Budget Approach

This section provides a summary of the budget process and the Livable Tucson Goals, seventeen community-derived priorities that guide budget development. These goals are the community's direction to staff and the Mayor and Council on how available funding should be allocated.

Community Profile

This section provides the reader with historical, economic, and demographic information on Tucson. This information can also be found in Volume I.

Budget Overview

The Budget Overview provides an overall summary of the city's revenues and expenditures for Fiscal Year 2002 compared to Fiscal Year 2001. This section also contains an overview of significant budget and financial policies including legal requirements, the basis for financial accounting, and debt management policies.

Revenue Estimates

This section provides a description and summary of the city's various funds and their major revenue sources. Further detail on revenues can be found in Volume I.

Department Programs

This section summarizes the city's expenditures presented on a department program basis. Each department's summary includes program missions and service highlights, total positions and funding, significant expenditure changes from Fiscal Year 2001, information on how the department's services are furthering the Livable Tucson Goals, and selected performance measures.

More detailed information on department programs can be found in Volume II and IIa.

Five-Year Capital Improvement Program

This section provides a summary of the five-year capital improvement program, presented on a department program basis. Greater detail on department projects can be found in Volume III.

Glossary

The glossary contains definitions of terms used in the Executive Summary.

DOCUMENT GUIDE

WHERE TO LOCATE ANSWERS TO FREQUENTLY ASKED QUESTIONS

	<u>Section and Page Location</u>
How much is the city collecting in property taxes and what does that money pay for?	
Property Tax Levy Limitations	Budget Overview, page 64
Three Year Summary of Revenues and Expenditures	Revenue Estimates, page 63
Fund Groups: Summary of General Fund	Revenue Estimates, page 70
Fund Groups: Summary of Debt Service Funds	Revenue Estimates, page 72
Revenue Description of Primary Property Tax	Revenue Estimates, page 73
Revenue Description of Secondary Property Tax	Revenue Estimates, page 73
Comparison of City of Tucson Levies to Other Jurisdiction Levies	Revenue Estimates, page 74
Sources of Funding for Department Programs	Department Programs, page 80
How much is the city collecting in sales tax and what does that money pay for?	
Three Year Summary of Revenues and Expenditures	Revenue Estimates, page 63
Fund Group Description of General Fund	Revenue Estimates, page 70
Fund Group Description of Special Revenue Funds	Revenue Estimates, page 71
Revenue Description of City Sales Tax	Revenue Estimates, page 75
Sources of Funding for Department Programs	Department Programs, page 80
How much state-shared revenue does the city receive?	
Revenue Description of State-Shared Taxes	Revenue Estimates, page 77
How much of the city's budget is paid for with borrowed money?	
Debt Management Policies	Budget Overview, page 66
Debt Service Budget	Department Programs, page 129
What is the city doing to further the Livable Tucson Goals?	
Livable Tucson Vision Program	Strategic Budget Approach, page 41
Support for Livable Tucson Goals by Department	Department Programs, page 84 - 126



CITY OF TUCSON

July 1, 2001

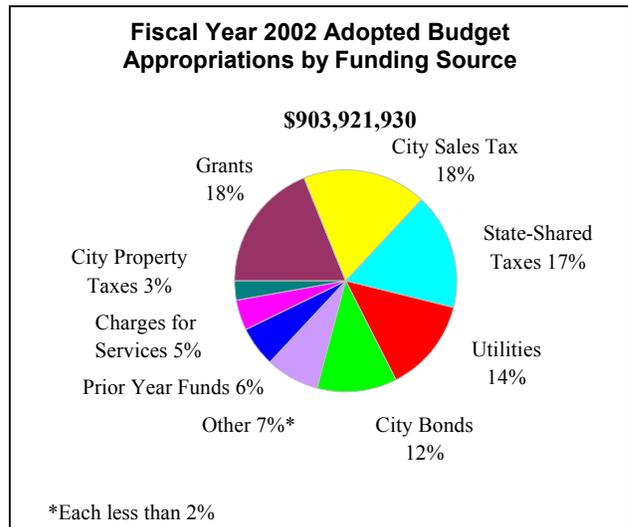
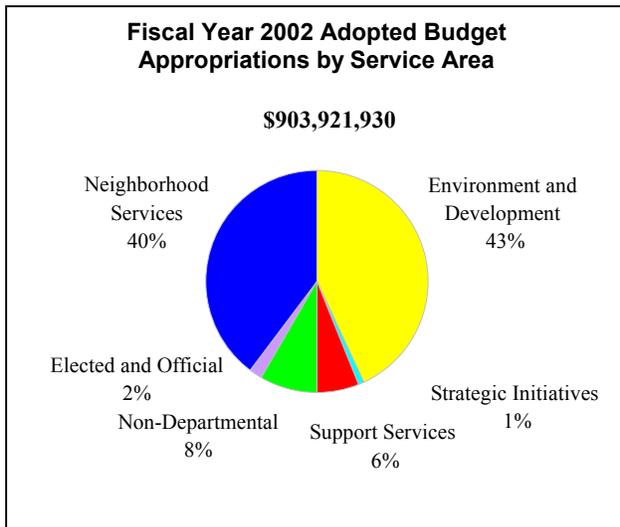
Honorable Mayor and Council Members
 of the City of Tucson
 City Hall
 255 West Alameda
 Tucson, Arizona 85701

Re: City of Tucson Fiscal Year 2002 Adopted Budget

Dear Mayor Walkup and Council Members:

After reviewing the recommended budget and holding public hearings, the Mayor and Council adopted the final budget for Fiscal Year 2002 on June 25, 2001 and set property tax levies on July 2, 2001. The final budget of \$903,921,930 was balanced without implementing new taxes or fees.

As noted in the chart below, the adopted budget expenditure categories have been revised to reflect the realignment of city departments into six service areas: Elected and Official, Neighborhood Services, Environment and Development, Strategic Initiatives, Support Services, and Non-Departmental.



City Property Taxes: The city's primary property tax will remain the same: \$0.1406 per \$100 of assessed valuation. The secondary rate, which repays general obligation bonds, will decrease slightly.

The city's combined property tax rate is decreasing for Fiscal Year 2002.

City of Tucson Property Tax Rate Comparisons
(per \$100 of assessed valuation)

	Actual FY 2001	Estimated FY 2002	Change
Primary	\$ 0.1406	\$ 0.1406	\$ -0-
Secondary	<u>0.9864</u>	<u>0.9797</u>	<u>(0.0067)</u>
Combined	\$ 1.1270	\$ 1.1203	\$ (0.0067)

The secondary property tax rate remained roughly the same even though the city sold \$26.7 million in new general obligation bonds in June 2001. This was possible because of the city's good bond ratings, favorable payment structuring, and the increase in total assessed valuation within the city.

Taken together, the primary and secondary property tax rates of \$1.12 mean a homeowner with a house assessed at \$100,000 will pay only \$112 in city property taxes during Fiscal Year 2002.

COMPARISON OF FISCAL YEAR 2001 AND FISCAL YEAR 2002

The adopted budget for Fiscal Year 2002 is \$95 million more than the Fiscal Year 2001 budget. However, \$52 million of the increase is due to the capital budget, which reflects the city's ramping up to implement the voter-approved 2000 bond program. The total operating budget thus increased by \$43 million or 5%. With an annual inflation rate of 3% and a population growth rate of 2% per year, a 5% annual change in budget growth is needed just to maintain the status quo. A growth rate of more than 5% is necessary to improve or expand services.

The General Purpose Funds Budget increase of 3% is even less than is needed to maintain the service level demands that we face. Inflation and employee salary and benefit adjustments alone would have resulted in a larger increase, except that program cuts were made to balance the budget.

The General Purpose Funds Budget increased by only 3%.

With inflation at 3% and a population growth rate of 2%, General Purpose Funds Budget increase is not sufficient to sustain service levels.

All Funds Budget (\$ millions)	Operating	Capital	Total Budget	% Increase
Appropriations:				
Fiscal Year 2002	\$ 666.7	\$ 237.2	\$ 903.9	
Fiscal Year 2001	623.2	185.3	808.5	
Budget Increase	\$ 43.5	\$ 51.9	\$ 95.4	12%
Funding for the Budget Increase:				
General Purpose Funds	\$ 25.3	\$ 2.0	\$ 27.3	3%
Restricted Funds	<u>18.2</u>	<u>49.9</u>	<u>68.1</u>	<u>9%</u>
Budget Increase	\$ 43.5	\$ 51.9	\$ 95.4	12%

General Purpose Funds Budget Increase: The Fiscal Year 2002 General Purpose Funds Budget increase of \$27.3 million has three components:

Increases Included in the Recommended Budget = \$22.3 million

General Purpose Fund Budget increase of \$22.3 million from the Fiscal Year 2001 to the Fiscal Year 2002 recommended budget included added salary and benefit costs, a net increase for Sun Tran and Van Tran operations, election expenditures, the One & One Plus program of refuse and recyclables collection, and additional funding for neighborhood improvements.

Mayor and Council Expenditure Adjustments = -\$4.5 million

During budget discussions the Mayor and Council approved expenditure adjustments that netted to a \$4.5 million reduction: \$6.9 million in deferred expenditures, offset by \$2.4 million in added costs. The deferred expenditures include foregoing the replacement of equipment and fleet vehicles, across-the-board reductions, delaying implementation of the One & One Plus program, and rescheduling of capital projects. The added costs cover mid-year changes to the compensation plan, replacing a lost transit grant with General Purpose Funds, the addition of three new School Resource Officers, and other changes to increase the Library's book budget, the KIDCO program, and funding for outside agencies.

Carryforward Additions = \$9.5 million

The last component of the increase is for carryforward from the Fiscal Year 2001 budget added to the Fiscal Year 2002 budget for purchases and projects that could not be completed during Fiscal Year 2001. Revenue from prior year budgets is brought forward to cover these expenditures.

Choices Made to Balance the General Purpose Funds Budget: The Fiscal Year 2002 budget is balanced, but only precariously. A number of budget balancing adjustments had to be made when the Mayor and Council did not endorse new revenue sources that had been included in the city manager's recommended budget.

The one-time funding source and deferred expenditure choices made in Fiscal Year 2002 will not support a sustainable fiscal future.	
Use of one-time funding sources:	
No contribution to the strategic reserve	\$ 3.1 million
Use of deferred maintenance reserve	<u>3.0 million</u>
	\$ 6.1 million
Deferred expenditures:	
Deferred equipment and fleet replacement	\$ 3.0 million
Deferred across-the-board budget reductions	1.6 million
Delayed One & One Plus program	1.4 million
Rescheduling of capital building projects	<u>0.9 million</u>
	\$ 6.9 million
Total	\$ 13.0 million

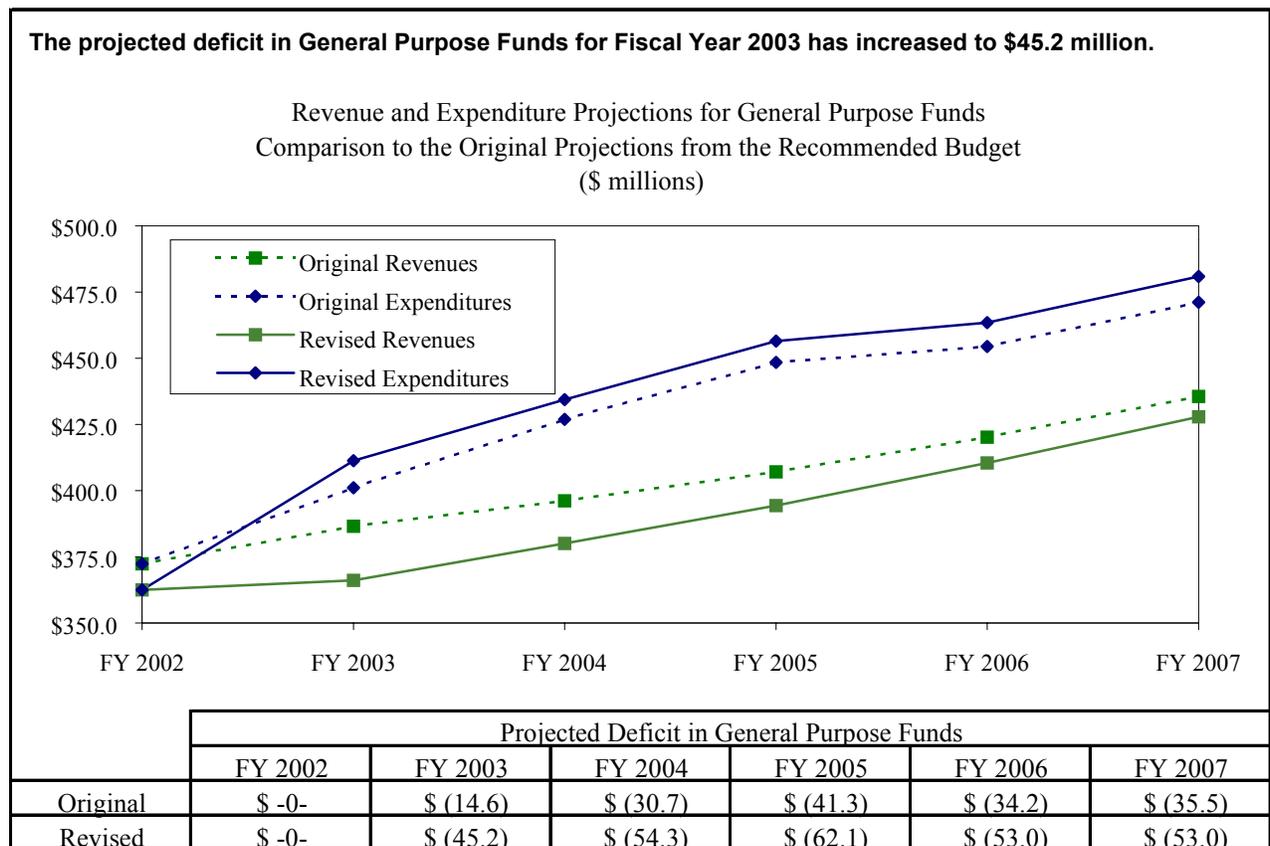
Rather than cover recurring expenditures with recurring revenues, Mayor and Council directed that one-time funding sources of \$6.1 million and deferred expenditures of \$6.9 million be used to balance the budget. These choices will make future budgets more difficult to balance.

FUTURE BUDGETS

Difficult decisions were required by the Mayor and Council to balance the Fiscal Year 2002 budget. Without new revenue sources, reserves were used and expenditure cuts or deferrals had to be made. As council members recognized, these choices were short-term solutions. Using one-time solutions to balance annual budgets leaves the city, over time, unable to continue providing current service levels and comply with mandates. For future budgets, staff and the Mayor and Council need to begin focusing on strategic, long-term solutions to funding the city's programs and service needs.

Five-Year Projection: General Purpose Funds

While the adopted budget for Fiscal Year 2002 is balanced, it did not solve many of the unfavorable revenue and expenditure trends that will drive the city towards future General Purpose Funds Budget deficits. Our most recent analysis indicates that we could face a General Purpose Funds Budget deficit of \$45.2 million in Fiscal Year 2003, growing to \$53 million by Fiscal Year 2007.



Comparison of the Revised to the Original Fiscal Year 2003 Projection: The current projected deficit for Fiscal Year 2003 increased significantly over the original projection presented in the recommended budget: from \$14.6 million to \$45.2 million. The difference of \$30.6 million is due to a \$20.4 million drop in revenues and a \$10.2 million increase in expenditures.

The difference in the two projections reflects the impact of choices made to balance the Fiscal Year 2002 budget: use of one-time revenue sources and the deferral of expenditures. As a result, recurring expenditures are projected to grow at a much faster rate than recurring revenues.

Revenue Growth Lags Behind Expenditure Growth: Given an assumption of no new recurring revenue sources, the Fiscal Year 2003 revenue projection has an overall increase of \$10.9 million. However, the projection also assumes a \$7.3 million reservation for the Strategic Reserve. The net effect is a projected revenue increase of only \$3.6 million for Fiscal Year 2003.

Future deficits are projected, because growth in recurring revenues is less than the growth in recurring expenditures.

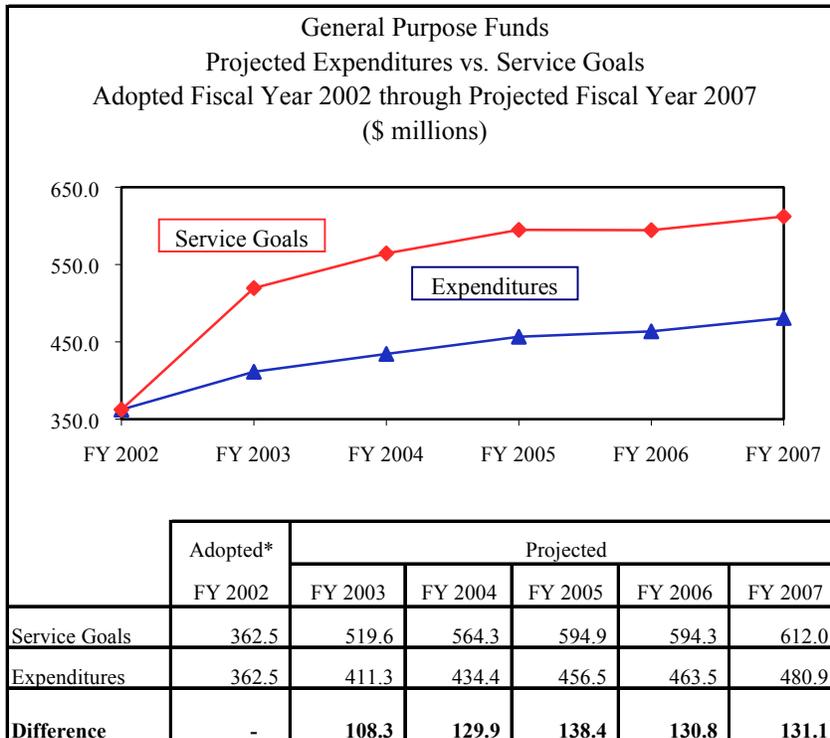
(\$ millions)	FY 2002*	Projected FY 2003	Increase
Recurring Revenues	\$ 362.5	\$ 373.4	\$ 10.9
Reservation for Strategic Reserve	<u>-0-</u>	<u>(7.3)</u>	<u>(7.3)</u>
Net Recurring Revenues	\$ 362.5	\$ 366.1	\$ 3.6
Recurring Expenditures	\$ 362.5	\$ 411.3	\$ 48.8
Deficit	\$ -0-	\$ (45.2)	

*FY 2002 excludes \$23.9 million of one-time funding brought forward from FY 2001.

By contrast, the projected expenditures for Fiscal Year 2003 reflect an overall increase of \$48.8 million. Close to \$8 million of the increase is driven by mandated improvements at landfills, operating budget impacts of the voter-approved bond program, and picking up the cost of grant-funded police officers as federal grants expire.

The restoration of expenditures deferred in Fiscal Year 2002 adds \$11.4 million: \$6.9 million to restore Mayor and Council-directed expenditure deferrals and \$4.5 million to restore expenditure deferrals that had already been included in the recommended budget. The expenditure projections assume that all recurring expenditures will be covered by recurring revenues. That assumption adds \$11.7 million, including the \$6.1 million of one-time funding sources noted on page A-3. Finally, the cost of maintaining services at existing levels, allowing for population growth and inflation, raises expenditure needs by \$17.7 million.

Unmet Needs Not Included in the Projected Expenditures: Projected expenditures (reflected in the graph on page A-4) assume current service levels plus factors for inflation and population growth. They do not include any unmet needs that have built up from prior year deferrals of expenditures or new programs needed to meet service demands. The impact of these unmet needs on projected expenditures can be seen in the chart on the following page.



The \$108 million in Fiscal Year 2003 includes \$60 million for the transportation infrastructure backlog of maintenance and construction, \$24 million to restore prior year cuts and expenditure deferrals, and \$24 million for new programs to meet service goals. The cost of meeting service goals increases in subsequent years due to new police and fire facilities and added funding for public transit.

These are preliminary estimates that will be refined during the strategic planning process I am proposing.

* FY 2002 excludes \$23.9 million of one-time funding brought forward from FY 2001.

Strategic Planning

As with any projection of revenues and expenditures, assumptions had to be made. The five-year analyses presented are not meant to predict the future, but to give us a starting point for discussing our financial future. If we begin early in the budget cycle to define our needs and policies, I believe we can be in a better position to make the necessary choices that our financial condition places upon us. Engaging in a formal, strategic planning process—before we start crunching numbers—will allow us to step back and take a long-term perspective on where we’re going and how we want to get there.

I cannot emphasize enough the importance of our beginning in earnest this fall. No one should underestimate the very thin margin with which we are trying to “run” this city. Our budget choices need to shift from one-time solutions to major strategic issues. As the Mayor and Council are aware, one-time adjustments and falling back on reserves will not sustain us.

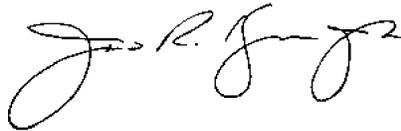
Biennial Budget: To broaden our focus and make thinking strategically our organizational perspective, I am recommending that we implement a biennial budget for Fiscal Years 2003 and 2004. With a biennial budget we will only be doing full budget preparation and review once every two years—a savings in money and time. We can make productive use of the “off year” to conduct program evaluations of key city services, with the aim of streamlining processes and reducing costs. While the transition to a biennial budget will require significant effort by staff and the Mayor and Council, I believe we can expect a good return on that investment.

CONCLUSION

During the Fiscal Year 2002 budget process, staff, Mayor and Council, and the public wrestled with the basic and perpetual challenge of local government: how to meet community needs with limited resources. The next few years will be much more difficult. I look forward to working through the strategic planning process with the Mayor and Council, staff, and the public as we begin early to prepare for the Fiscal Year 2003 budget.

For reference, the letter from the recommended budget is included in the adopted budget document. That letter provides a general discussion of favorable and unfavorable economic trends and outlines initiatives we can take to put Tucson on the road to long-term financial health.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Keene". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

James Keene
City Manager

JK:Ned Zolman, Director
Department of Budget and Research



CITY MANAGER'S MESSAGE

RECOMMENDED FISCAL YEAR 2002 BUDGET

April 9, 2001

Honorable Mayor and Council Members
of the City of Tucson
City Hall
255 West Alameda
Tucson, Arizona 85701

Re: City of Tucson Fiscal Year 2002 Recommended Budget

Dear Mayor Walkup and Council Members:

In accordance with the requirements of state law and the Tucson City Charter, I am submitting a financially balanced Fiscal Year 2002 Recommended Budget for your review and approval.

The recommended consolidated budget—operating and capital budgets for all funds—for Fiscal Year 2002 totals \$894.5 million, an increase of 11% or \$86 million more than the adopted budget for Fiscal Year 2001. The consolidated budget includes a recommended General Recurring Funds Budget of \$381.4 million, an increase of 6% or \$22.3 million more than the adopted General Recurring Funds Budget for Fiscal Year 2001. The number of city employees totals 5,918 or 15 fewer positions than in the adopted budget for Fiscal Year 2001.

While the recommended budget complies with the legal mandate for projected expenditures to equal estimated revenues, it is not “balanced” in the larger sense of meeting all community needs and significantly improving the health of the city. In this year’s budget message, I hope to clarify that distinction by not focusing solely on the Fiscal Year 2002 budget, but by widening our perspective to the long-term financial health of the city.

It may seem incongruous to suggest in still relatively good economic times that the City of Tucson needs to be concerned about its financial future. But the city has made certain choices over the past decade—use of the general fund for services that could be covered through user charges, dependence on revenues

subject to fluctuations of economic cycles, and deferral of infrastructure investments to help balance the budget—that leaves its long-term financial health vulnerable to future economic downturns and inflationary cost increases. In fact, over the past few years, the city’s budget grew in an attempt to catch up with significant service deferrals made in the late 1980s and early 1990s.

The recommended budget for Fiscal Year 2002 is a product of those choices. The city’s Executive Team has had to make difficult choices to close a \$39 million gap between departments’ requested expenditures for providing status-quo service and estimated revenues for the coming year. To close that gap and present you with a balanced budget, we have looked to both sides of the budget equation: expenditure requests were reduced and new fees and taxes are recommended.

To provide a logical framework for looking at the recommended budget, this message is organized into three sections:

1) City’s Current Financial Condition

Before jumping to specifics on the budget, this section contains background on the current conditions that are driving the proposed revenue increases and expenditure reductions. It provides a broad overview of the city’s economic forecast and looks at trends and issues that affect our ability, now and in the future, to provide quality services.

2) Moving Towards Long-Term Financial Health

This section includes discussion of strategic initiatives that have been taken and that I recommend be pursued so that future budgets will be balanced both financially and in the larger sense of providing value to the community.

3) Fiscal Year 2002 Recommended Budget

Summaries and highlights of the recommended budget for Fiscal Year 2002 are presented in this section, including a discussion of the expenditures and revenues as compared to the adopted budget for Fiscal Year 2001.

1) CITY'S CURRENT FINANCIAL CONDITION

A city in good financial condition can maintain existing services, weather economic downturns, and respond to growth and change.

Some of the factors that determine our financial condition are not within the city's direct influence, such as national and regional economies or legal limitations on spending. But, others are within our control—some of the choices we make on revenue sources and expenditure priorities.

Economic Outlook

The healthy regional economy of the past few years has benefited the City of Tucson. The average unemployment rate for 2000 (2.8%) was among the lowest recorded in the last 30 years. This low unemployment rate is partly the result of Pima County leading the nation in job growth in 2000 with the creation of 20,000 jobs.

Tucson Metro Area economic forecast is for the rate of growth to slow, but remain strong.

% change in:	1999	2000	2001	2002	2003
Personal income	8.0	8.9	6.4	5.8	5.4
Employment	4.4	5.7	3.2	2.6	1.8
Population	2.7	2.4	2.2	1.9	1.8
Retail sales (less food)	9.2	8.5	4.8	4.8	4.9

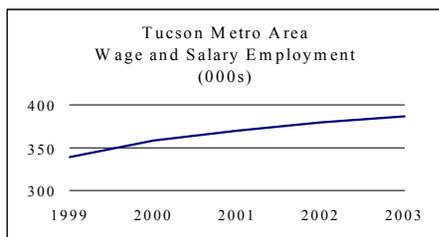
Source: Eller College of Business and Public Administration, University of Arizona

Predicting economic trends is not without its hazards, but the forecast for Tucson from the University of Arizona's Eller College of Business and Public Administration is for the pace of growth to slow, but still remain strong.

Favorable Trends

A growing economy translates into increased city government revenue from sales taxes, business licenses, building permits, and property taxes. Increases in these revenues assist the city in sustaining general services.

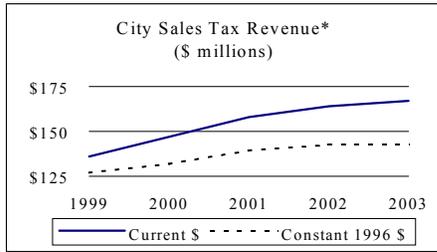
Job growth will continue.



Source: Eller College of Business and Public Administration, University of Arizona

Low Unemployment and Job Growth: Tucson's December 2000 unemployment rate of 2.6% was below both the state (3.7%) and national (4.0%) rates. Continued low unemployment and increasing job growth is good news for individuals, the community, and city government. Employed citizens are able to improve their own standard of living, as well as contribute to the community's quality of life through their taxes.

Projections for city sales tax receipts are good.



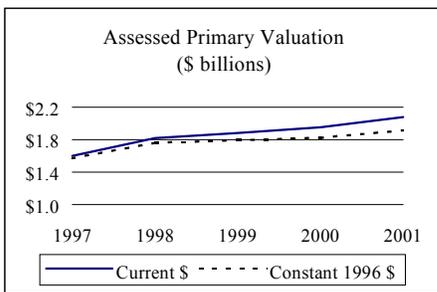
* As currently imposed

increase over the estimated amount for Fiscal Year 2001, given the city sales tax as currently imposed.

Increasing City Sales Tax Revenues: The city currently applies a 2% tax on 14 separate business activities, excluding the sale of food purchased for home consumption. The city's sales tax is one of our most important funding sources for general purposes.

Reflecting the economic forecast for increasing retail sales, receipts from city sales tax (business privilege tax) are expected to increase. The estimated receipt of \$158 million for Fiscal Year 2001 is an increase of 7% over the previous year's actual receipts of \$147 million. For Fiscal Year 2002, \$164.5 million is projected: a 4%

City property values have risen.



Source: Pima County Assessor's Office

Rising Property Values: Assessed property value is a measure of the taxable value of property in the city. Even after adjusting for inflation, the primary assessed valuation within the city has increased 22% since 1997.

Increasing property values signal to investors an ability to repay debt from the secondary property tax levy, which improves the investment quality of our bonds. Our bonding capacity also increases, because the state ties the amount of general obligation bonds the city can issue to assessed valuation.

Increasing property values also indicate a potential for additional revenue for the city from the primary property tax. *The city currently receives less than 1% of its annual revenue from the primary property tax levy.* While the state sets the upper limit on the primary property tax levy, the city has consistently been far below the allowable levy. The proposed primary property tax levy for this recommended budget is \$2.9 million; the allowable levy is \$7.8 million.

Unfavorable Trends

Of course, not all trends are favorable. Factors outside the city’s control, such as greater population growth in the rest of the state, and factors inside the city’s control, such as reliance on economically-sensitive revenue sources, combine to make us less financially flexible than we should be.

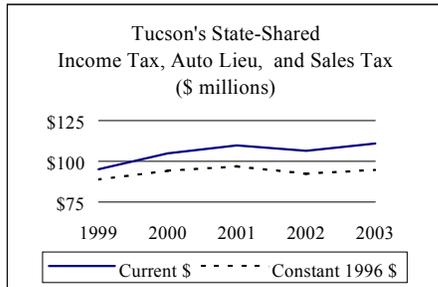
Shrinking Share of State Revenues Allocated Based on Population: Much of the city’s revenue comes from state-shared revenue allocations that are tied to our proportionate share of the state’s population: state income tax, state sales tax, state auto lieu tax, state gasoline tax, and lottery proceeds.

Tucson’s proportion of state’s population is declining . . .

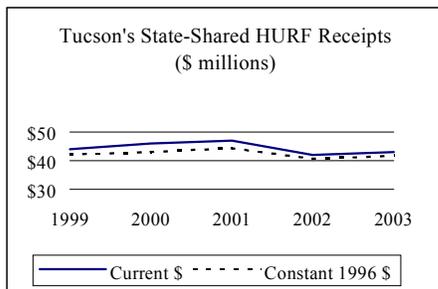
	1990	2000
Arizona	3,665,339	5,130,632
Tucson	405,371	486,699
% Tucson	11.1%	9.5%

Source: U.S. Census 1990 and 2000

. . . resulting in slow growth in state-shared revenues for general purposes . . .



. . . and no growth in state-shared revenues for streets.



Tucson’s population has grown in the last decade, increasing by 20%. The problem for the city’s budget is that the rest of Arizona grew faster: Phoenix 34%, Mesa 38%, Glendale 48%, Scottsdale 56%, Chandler 97%.

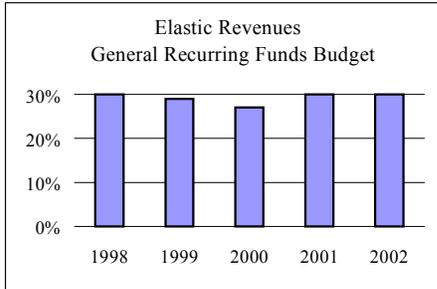
Our piece of the state-shared revenue pie has therefore shrunk. We have estimated a reduction of up to \$9 million from what might have been expected before the 2000 census. To provide the same level of services for our increasing population, the city must now find other funding sources.

Funding for General Purposes: The shared revenues allocated from the state’s sales tax, income tax, and auto lieu tax are used by the city for general purposes, such as police and fire protection, parks and library services, and refuse collection and disposal. After adjusting for the effects of inflation, there has been little growth in this funding source. Although service demands have increased, the means to fund them have not.

Funding for Streets: As required by law, the city uses its state-shared gasoline taxes (HURF: Highway User Revenue Fund) for street-related services and projects. This revenue pays for day-to-day operating expenses, pay-as-you-go capital projects, and repayment of debt on bond-funded capital projects.

Our declining share of the state’s population—compounded by the fact that the gasoline tax is a flat 18¢ and not indexed to inflation—has resulted in declining revenues from this funding source. As a result, we must forego needed new projects and services to concentrate on payments for existing bond projects.

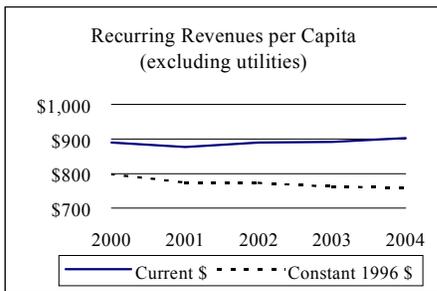
Elastic revenues fund a significant portion of the budget.



Overreliance on Elastic Revenues: Elastic revenues—city sales tax, hotel and motel taxes, business licenses, and building permits—are highly responsive to economic conditions. An overreliance on elastic revenues makes funding of programs and services vulnerable during economic downturns.

Approximately 30% of the city’s General Recurring Funds Budget comes from elastic revenues, a proportion that has remained fairly constant. We have not taken advantage of good economic times to diversify our revenue base in preparation for the future.

Revenue growth is not keeping pace with population growth.

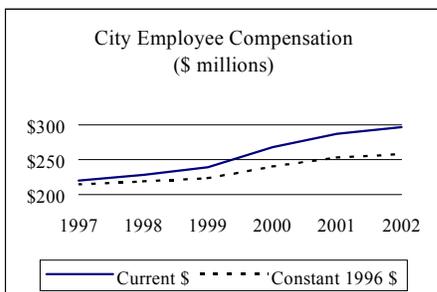


Decreasing Recurring Revenues per Capita: Recurring revenues are collections that the city expects to receive on an on-going, annual basis. They include virtually all revenue sources, including state-shared revenues, city sales taxes, licenses and permits, fees for services, property taxes, and fines.

Adjusted for inflation, non-utility recurring revenues are expected to decrease. Much of that decline is due to the shrinking share of state-shared revenues previously discussed. Declining revenues per capita may be a warning sign of the city’s inability to provide existing services as

our population grows. In a city our size, we can also generally expect diseconomies of scale to play a big role. In other words, our demand for service increases disproportionately to our population growth.

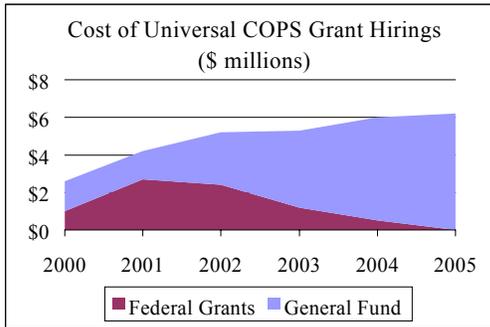
Employee compensation has been growing faster than the rate of inflation.



Rising Costs of Employee Compensation: As a service-oriented organization, city staff is one of our most important assets, and periodic compensation adjustments are needed to recruit and retain the highest quality employees.

Employee compensation is a major driver of the city’s expenditures. Approximately 45% of the operating budget (59% of the General Recurring Funds Budget) goes to cover employee compensation—wages, payroll taxes, and benefits. These costs have risen faster than the costs of inflation, due to across-the-board adjustments, merit increases, and rising costs for health care premiums.

The General Fund bill for new police officers hired with federal grants is coming due.



Paying the General Fund Bill for New Police Officers:

To increase the number of police officers, the city took advantage of two Universal COPS grants offered by the federal government. The grants provided for 50 additional positions in Fiscal Year 2000 and another 54 positions in Fiscal Year 2001.

Under the terms of the grants, federal support is phased out over four years. While the cost to the General Fund for the 104 positions was only \$1.5 million in Fiscal Year 2001, it grows to \$6.2 million by Fiscal Year 2005.

Backlog of Infrastructure Investments

While the City of Tucson is financially secure enough on an annual basis to pay short-term bills and meet long-term debt obligations, we have not sufficiently invested in maintaining or expanding our fixed assets—most significantly for roads, sidewalks, and street lighting, and to a lesser extent for libraries, recreational facilities, administrative offices, and police and fire stations.

Each year the Mayor and Council are presented with a five-year capital program that contains a significant amount of unfunded projects. This backlog of improvements isn't static. If not addressed, it only grows each year and impacts on our ability to address community goals in a meaningful way.

Regional transportation needs exceed existing funding sources.

PAG's 2001-2025 Regional Transportation Plan:

Maintenance of existing system	\$ 3.8 billion
New capacity for travel demand	5.1 billion
Maintenance of new capacity	1.2 billion
Non-capacity improvements & maintenance	<u>0.6 billion</u>
Total needs through 2025	\$ 10.7 billion
Existing sources of revenue	\$ 6.6 billion
Regional funding deficit	\$ 4.1 billion

Transportation System Demands: Population and economic growth has placed increased demands upon our regional transportation system. The Pima Association of Government's (PAG) recent twenty-five year Regional Transportation Plan identified \$10.7 billion in regional transportation system needs. However, there is only an estimated \$6.6 billion available from existing funding sources.

As a major player in the regional transportation system, the city's needs also exceed our current ability to pay for sustaining and improving transportation

infrastructure. We have relied primarily on state-shared gasoline taxes for street maintenance and capital projects, a revenue source that hasn't been sufficient to meet our needs and is now declining.

Just to meet minimum standards for the city's existing transportation infrastructure, we should be investing \$520 million.

Residential streets	\$ 60 million
Arterial and collector streets	30 million
Residential street lighting	85 million
Arterial and collector street lighting	145 million
Sidewalks	<u>200 million</u>
	\$ 520 million
Existing sources of revenue	\$ 32 million
Minimum standard deficit	\$ 488 million

We are only able to fund about 40% of the annual maintenance needs for existing infrastructure.

Annual maintenance of streets, alleyways, and drainageways	\$ 17 million
Fiscal Year 2002 budget	\$ 7 million
Annual maintenance deficit	\$ 10 million

Just to meet minimum standards for streets, streetlights, and sidewalks, we should be investing \$520 million. However, we have only been able to identify \$32 million for the next five years: \$12 million in 2000 bonds, \$12 million in federal funds, \$5 million in HURF (state-shared Highway User Revenue Fund) receipts, and \$4 million from special assessments.

To keep our system adequately maintained, we should be spending almost \$17 million per year. However, for Fiscal Year 2002 the city can only afford to fund about 40% or \$7 million of these needs. Deferring 60% of our annual maintenance needs will only exacerbate the \$520 million deficit we face to bring our transportation infrastructure up to minimum standards.

Remediation and Closure of Landfills: The city has some responsibility for twenty-three landfills: one operating landfill and twenty-two landfills no longer accepting waste disposal. Ensuring that past waste disposal does not pollute our air and water puts increasing demands on the city's limited fiscal resources from General Recurring Funds and general obligation bonds.

Given limited funds, the city has funded the only most urgent landfill needs and continued to backlog the rest. Even with the recent bond program, there are approximately \$23 million in identified landfill remediation and closure costs that are unfunded.

Deferred Building Maintenance: Another area in which the city is accumulating a backlog of infrastructure improvements is building maintenance. During the process of balancing the annual budget, routine building care often gets deferred. At the beginning of Fiscal Year 2001, the cost for this deferred maintenance was estimated at \$27 million.

An inevitable result of deferred facility maintenance is an increase in future costs. When roof maintenance is deferred, the underlying building structure suffers damage and it then has to be repaired as well. Money that could have been invested in additional facilities or service to the public has to be diverted to address building problems that could have been avoided.

For this budget, the Department of Operations identified \$11 million of building components that were up for replacement in Fiscal Year 2002: electrical system upgrades, re-roofings, heating and cooling system replacements. However, only

\$1 million of that request could be funded, bringing the backlog to \$38 million (\$27 million + \$10 million + \$1 million inflation adjustment for additional delays). While the most urgent needs have been funded for Fiscal Year 2002, we are falling farther behind on our backlog, increasing the city's risk of facility shutdowns and the potential for unsafe conditions for employees and citizens.

Lack of Office Space for City Employees: In June 1999, the Mayor and Council reviewed a report that indicated a need for 257,000 square feet of office space by 2010 for core city functions currently located downtown. A public hearing was subsequently held on plans for a new city hall tower adjacent to the existing City Hall. Following the public hearing, the Mayor and Council gave direction to pursue leased space, rather than construct a new city hall tower.

Office Space Leases	Annual Costs
New Leases:	
Westerner Building	\$ 398,150
Pioneer Building	412,250
Tucson House Annex	32,000
Existing Leases:	
City/County Public Works	840,000
Tucson Museum of Art	<u>38,000</u>
	\$ 1,720,400
Acquisitions and Improvements	One-time Costs
Westerner Building improvements	\$ 200,000
Pioneer Building improvements	200,000
800 E. 12 th Street acquisition & improvements	1,200,000
149 N. Stone acquisition & improvements (pending)	<u>600,000</u>
	\$ 2,200,000

To meet immediate downtown office space needs, the city leased space in three downtown buildings. To address storage and election-related needs of the City Clerk's Office, the city acquired a building at 800 East 12th Street. That facility is also providing temporary space for transit-related functions in the Department of Transportation that were displaced by the closing of the city hall annex and expansion of the Development Services Center. With a new facility to be acquired at 149 North Stone, using Federal Transit Administration funds, space allocation for core city functions will be at 177,000 square feet out of the total identified need of 257,000 square feet by 2010. That leaves a space deficit of 80,000 square feet that needs to be met over the next nine years.

Functions located in City Hall continue to operate in cramped quarters. Unfortunately, reconstruction

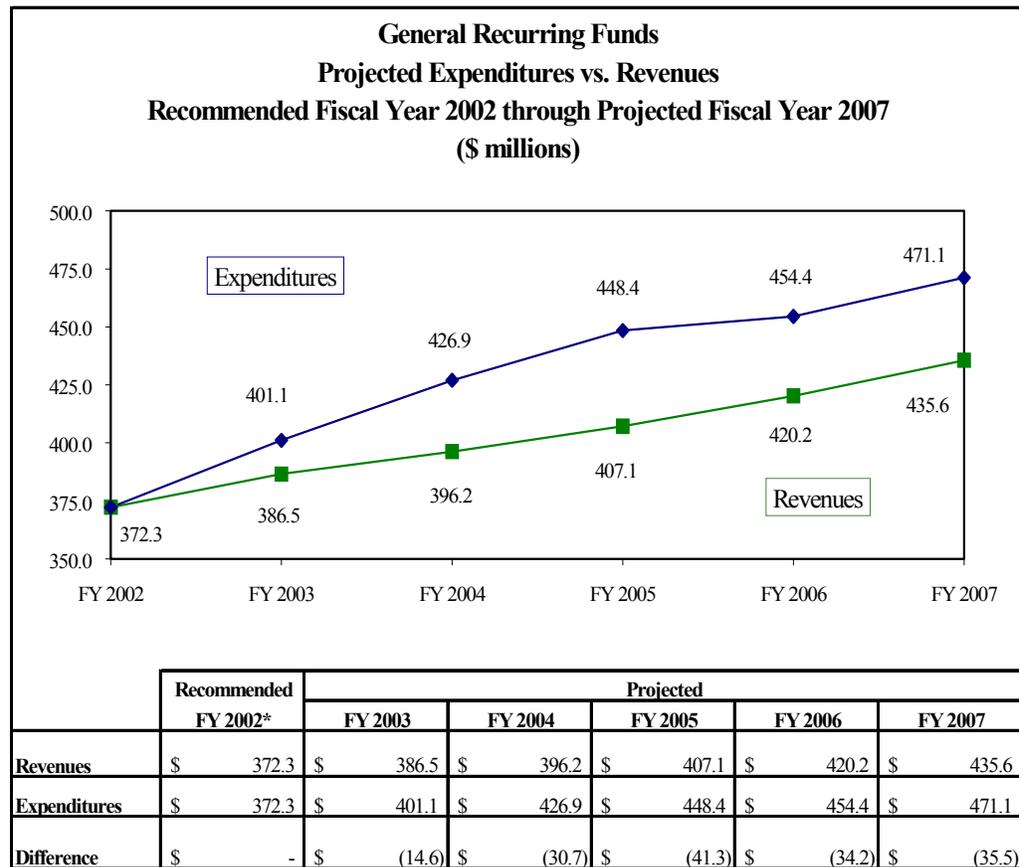
of offices within City Hall is complicated by the presence of asbestos, which requires the building to be vacant during certain construction phases. This translates into weekend and night work that extends project schedules and adds to project costs. Full remediation of City Hall as part of a major remodeling of the structure was estimated in the space report to cost \$10 million. No funding for a major remodeling of City Hall, and only minimal funding for smaller office-by-office remodelings, has been identified.

**Five-Year
Projection:
General
Recurring
Funds**

Although the recommended Fiscal Year 2002 budget has been balanced, many of the trends discussed in the preceding pages are driving us towards future General Recurring Funds deficits: \$14.6 million in Fiscal Year 2003, growing to \$35.5 million in Fiscal Year 2007.

General Recurring Funds expenditure projections assume continuation of merits, 2% pay adjustments in each year, continued increases in the cost of medical insurance, and non-salary inflationary adjustments of 3%. Other costs include the impacts of capital projects on the operating budget, city funding of police officers added through the Universal COPS grants, and a moderate building maintenance and improvements program. Unfunded needs for landfill projects and environmental remediation were added, but no other unmet needs were included.

Strong financial management coupled with governing body review and direction on potential new and enhanced revenue sources will be elements of discussion on this subject in the coming year.



* Does not include Brought Forward or TEAM Funds

State-Set Spending Limitation

Tucson, like all cities in Arizona, is subject to an expenditure limitation imposed by the state constitution (Article IX, Section 20). Not all revenues and expenditures are subject to this limit. Excluded are items such as bond proceeds and related debt service, interest earnings, and federal funds. For expenditures that are subject to the limitation, Mayor and Council cannot exceed the limitation regardless of how much revenue may be available.

Annually, the state’s Economic Estimates Commission is responsible for determining each local jurisdiction’s expenditure limitation, making adjustments to reflect population growth and increases in the cost of living. Cities are allowed to override the expenditure limitation by specific amounts if approved by at least two-thirds of its governing board and a majority of qualified electors in a regularly scheduled election.

In November 1987, the voters of Tucson passed an expenditure override of \$46.9 million. The city has used that additional budget capacity for public safety, recreation programs, and transportation services. With this expenditure override, the city has been able to stay well under the state-set spending limit. However, that cushion is being eroded by many of the trends previously discussed.

For Fiscal Year 2002, we will exceed the state’s official limitation, but if pending legislation is approved we will be in compliance with the adjusted limitation. Assuming the pending legislation also provides a temporary adjustment for Fiscal Year 2003, we can meet the requirement if no large, unanticipated expenditure increases are experienced. However, just a 2% increase in our projections would put us over the limit. And, the diminishing size of the cushion between expenditures and the limit reduces the city’s ability to implement new programs even if revenues become available.

The state legislature may put the question of spending limits before the voters. If sufficient relief is not made available by that initiative, we may have to ask city voters in November 2003 for another expenditure override.

The cushion between city expenditures and the state-set spending limit is eroding.				
(\$ millions)	Adopted FY 2000	Adopted FY 2001	Recomm'd FY 2002	Projected FY 2003
State Expenditure Limitation:				
Official Limitation	\$ 460.4	\$ 451.4	\$ 478.1	\$ 495.5
Adjusted Limitation*	n/a	\$ 481.0	\$ 494.4	\$ 512.3
City Expenditures Subject to Limitation	\$ 447.5	\$ 454.4	\$ 479.1	\$ 501.6
Amount Below/(Above):				
Official Limitation	\$ 12.9	\$ (3.0)	\$ (1.0)	\$ (6.1)
Adjusted Limitation*	n/a	\$ 26.6	\$ 15.3	\$ 10.7

*Due to problems with the state’s method of calculation, a temporary adjustment of the limitation for all cities was authorized for Fiscal Year 2001. Legislation is pending for temporary adjustments in Fiscal Years 2002 and 2003.

2) MOVING TOWARDS LONG-TERM FINANCIAL HEALTH

The warning signs from unfavorable trends may be pushed aside temporarily, but they remain issues for the city. If we don't begin to address them, we will be dealing with the consequences in future budget discussions, with even greater difficulty. Taking a reality-based, strategic approach to city revenues and expenditures will yield long-term financial rewards.

Existing Strategic Initiatives

The city has made some positive steps in recent years to take a long-range view of its needs and to plan for future expenditures. These initiatives have already improved budget stability and sustainability.

Equipment Replacement Plans: The city has three programs dedicated to the scheduled replacement of equipment: fleet replacement plan, fire apparatus replacement plan, and the personal computer replacement plan. Each of these plans contributes to the more efficient delivery of service.

- The *fleet replacement plan* was initiated in 1996 and became fully funded in 2000. Approximately \$8 million is set aside annually from General Recurring Funds and the Highway User Revenue Fund (HURF) for the replacement of vehicles that have exceeded their useful life.
- The *fire apparatus replacement plan* was established in 1999 for the replacement of the Fire Department's specialized equipment. Fiscal Year 2002 will be the final year of a three-year phasing, with \$0.9 million set aside from the General Fund.
- The *personal computer replacement plan*, which has a four-year replacement cycle, was initiated in Fiscal Year 1998. In this budget, Fiscal Year 2002, \$0.8 million has been included from the General Fund to continue the plan.

E-government Initiatives: Through a series of strategic e-government initiatives, Tucson's citizens are beginning to benefit from the application of electronic technology to city services. The use of electronic technology offers benefits in the form of reduced costs through more efficient use of personnel and improved quality by making access to services and data easier and more comprehensive. Investment in technology and Web-based services is a critical ingredient in the city's strategy to keep costs down and improve service over time.

In the past year, e-government initiatives have included online access to business site analysis tools and building permit inspection reports, electronic transfer of payments to vendors, and increasing availability of application forms through the city's Web site. The ability to submit building plans electronically is under development.

For Fiscal Year 2002, the recommended budget includes \$275,000 for expanding electronic payment capabilities and improved management of constituent services.

City departments, with the assistance of the Information Technology Department, will continue to review their services looking for more opportunities to benefit from the application of electronic technology.

Unbudgeted Strategic Reserve: Since 1990, when the city’s unbudgeted reserve had dropped to \$260,000, the Mayor and Council have been committed to setting aside a more appropriate reserve. In September 2000, the Mayor and Council voted to annually increase the current unbudgeted strategic reserve (\$17 million) until it reaches 7.5% of general recurring expenditures in Fiscal Year 2006 (\$26 million). This increase is comparable to other regional cities and will ensure that the city is less vulnerable to unexpected interruptions in revenue flow and unforeseen expenditure needs.

**New
Strategic
Initiatives**

In balancing the recommended budget, the Executive Team has tried to keep in focus a larger view of a balanced budget. We have concentrated not just on the financial conditions that drive this budget, but on a longer perspective that will allow for improved quality of service to the community in future years. To that end, I am supporting several strategic initiatives—some which require an investment in new funding, others simply an investment in our time and energy.

Community Planning: To work strategically, we first have to know where we’re going and why. As the city’s primary policy document for envisioning the future, the *General Plan* provides the foundation for those basic questions. By addressing the relationships between the use of land, transportation, environmental quality, compatible development, and costs, the *General Plan* helps determine how our city looks and functions.

Since its original adoption, the *General Plan* has been amended to keep it current, with the most recent amendments approved by the Mayor and Council in 1998. In response to citizen concerns with growth and urban sprawl, the state’s Growing Smarter Acts have required that cities and counties add new elements to their plans: Environmental Planning, Cost of Development, Growth Area, Open Space, and Water Resources. Once these new elements are added, cities must take the amended *General Plan* to their voters for ratification.

Much of Tucson’s current *General Plan* is already consistent with the Growing Smarter legislation. The most substantial changes will result from the new Growth Area Element and the Cost of Development Element. These two elements will benefit the city by enhancing planning for public improvements, such as roads and other facilities, and by providing guidance on how to ensure that new development pays its fair share for those improvements.

I have included \$200,000 in the Fiscal Year 2002 recommended budget to support work on these *General Plan* amendments and the mandated election, and another \$50,000 for our collaboration with Pima County on the Sonoran Desert Conservation Plan. An additional \$100,000 has been added for neighborhood planning activities in response to Mayor and Council decisions relating to Rio Nuevo and other initiatives. These efforts are important in planning for Tucson's future and keeping the city a livable community with a financially sustainable government.

Following the election, I anticipate the need for further, comprehensive review of the *General Plan*. The next few years may include a strong focus on visioning, further *General Plan* changes, and review of the land use code.

Building Organizational Capacity: Organizations depend heavily on the capacity of their employees. The efficient and effective delivery of public services is no different; it relies upon the competence, inventiveness, and productivity of city staff. To make it possible for our employees to do their best work, I will be retaining, and moving to expand where possible, budgetary commitments for equipment and training.

Not all actions to improve organizational capacity will require the additional expenditure of money. In Tucson, we are fortunate to have access to the expertise at local colleges and businesses, and I will be promoting collaborations with them and other governmental entities. In that spirit, the city has accepted Raytheon's invitation to participate in its organizational assessment training. Employees are taught to assess their operations and, as a final class project, do an assessment on an outside organization. The city has agreed to have Raytheon employees assess segments of our operations as one of numerous examples of capacity expansion.

Results-Oriented Organization: The Livable Tucson program and our current performance measurement were starting points for making the city more accountable to citizens. To build upon that foundation and better equip the organization to effectively carry out the community's priorities, I am realigning departments and offices into four service areas: Neighborhood Services, Environment and Development, Strategic Initiatives, and Support Services. A revised organizational chart showing the departments included in each of the four areas is presented on page i.

This realignment of functions is intended to facilitate departments and offices working in partnership to achieve city goals. The change will also allow the organization to introduce a more meaningful performance measurement system, one that connects across departments and measures results at all levels.

Systematic Approach to Human Service Funding: We currently have multiple funding sources for human services, each with their own allocation process and

degree of program evaluation and accountability. This approach makes it difficult to ensure that our human service dollars (approximately \$30 million) are allocated to yield the greatest benefit. Because we have not consistently established priorities before the processes begin, we tend to be reactive rather than goal oriented in our funding.

In December 2000, the Mayor and Council directed staff to explore models for combining or coordinating the Community Development Block Grant (CDBG) process with other city allocation processes. A team of city employees has begun looking at processes for CDBG, unallocated youth funding, the city's United Way contributions, and outside agency funding for areas of differences and commonality. The team's objective is to develop a more systematic approach to the city's funding of human services in Fiscal Year 2003, including possibilities for annual priority setting, coordinated funding allocation, and common performance indicators and contract monitoring guidelines.

Building a Stronger Revenue Base: In the past several years, services have been added—Back to Basics, new cops on the streets, and recycling, to name but a few. But, revenue sources have remained static. Without new revenue sources to strengthen our income base, the city's quality of service to the community cannot be sustained. To balance this budget with a minimum impact to services, I have included two additional revenue sources: an environmental fee connected with solid waste management services and reinstatement of the city sales tax on residential rental transactions.

New Environmental Fee for Solid Waste Management Services: The city only charges user fees for commercial landfill disposal and commercial refuse collection. The Department of Solid Waste Management continues to be funded primarily from General Fund contributions (\$20.6 million in Fiscal Year 2001 for operating expenses and payment of non-bonded debt), because residential customers are not paying a user fee. Also, as mentioned earlier, this level of funding is significantly below our solid waste obligations.

Reliance on the General Fund means that solid waste management services must compete with other high priority services, such as public safety. This approach is a failure. We are not able to meet the policy goals of the Mayor and Council for a significant level of waste stream diversion and for the responsible management of waste disposal.

To position ourselves to meet those policy goals, I have included in this recommended budget an environmental fee for solid waste management services to residential customers. The \$6 per month fee, to begin in January 2002, would provide funding for better environmental management of our landfills, programs to increase waste stream diversion and recycling, and reserves for future landfill development and landfill closure and post-closure care. While no one welcomes the idea of paying new fees, this environmental fee is a fair means of meeting policy goals and paying

for services rendered. At \$6 per month, the fee still represents only 1/3 of the cost of solid waste management services to residents.

Reinstatement of the Sales Tax on Residential Rental Transactions: In February the Mayor and Council gave approval to the pilot project for a Slum Abatement and Blight Enforcement Response (SABER) program. The pilot project, modeled after a successful 10-year campaign by Phoenix, aims for a consolidated approach to enforcing the city's new slumlord ordinance. To provide funding for a full implementation of SABER and other programs to strengthen neighborhoods, without impacting current services, will require additional revenue.

When Tucson instituted a sales tax in 1958, one of the activities subject to the tax was rental of real property, both residential and commercial. In 1979, the Mayor and Council exempted residential rental units from the city's 2% sales tax. At that time, the property tax assessment ratio was higher on a rental residence than on an owner-occupied residence.

Since 1979, the original inequity in assessment ratios has been corrected—both rental and owner-occupied residences now pay the same ratio. Reinstating the city sales tax on residential rental property would bring us into line with other Arizona cities, which impose a sales tax on residential rental income.

The revenue proposal I am advancing applies to taxing the rental income of landlords with three or more residential rental units at the 2% city sales tax rate. The proposal includes a lifeline exemption on income received from units renting below \$300 per month so that low income tenants would be protected. The revenue estimates for the recommended budget assume Mayor and Council approval of the city sales tax on residential rental income, with an effective date of October 2001.

Future Revenue Considerations: Given the backlog of transportation improvements, construction of the new emergency communications system and facility, and the increasing General Fund tab for new police officers, future discussions of additional revenue sources will be needed. The Mayor and Council have previously reviewed options for taking to the voters an increase to the city sales tax for street, transit, and public safety purposes. Present conditions suggest that further review of these options be considered in the near future.

Health Care Summit: The City of Tucson is impacted in two ways from soaring health care costs. First, the cost of securing good health coverage for employees has been increasing significantly. For Fiscal Year 2002, health care providers submitted large premium increases, as high as a 26% increase. Secondly, calls for paramedic service have increased dramatically. Presumably, citizens are calling 9-1-1 for primary care, impacting our ability to effectively provide emergency response.

Problems arising from the high cost of health care are not limited to our budget. Pima County has also received proposed premium increases from its health care providers. A recent article in USA TODAY reported that the 2nd largest purchaser of health care in the nation, California Public Employees' Retirement System, could face

premium increases of 15% to 18%. Around town, public and private organizations are facing double digit cost increases.

The situation has become serious enough that the Mayor and Council may want to endorse a health care summit. As has been suggested by various people, a health care summit, with representatives from businesses, local government, HMOs, hospitals, and doctors could help to collectively find ways to reduce costs and improve access to care. If attempts to address this problem have failed to produce results in the past, I think that the escalating situation, combined with our local economic slowdown, may finally force improvements and collaborations.

Adopting a Biennial Budget: With our annual budget cycle, we often get trapped into a short-term, number crunching perspective. By contrast, a biennial budget provides some time to plan strategically, especially during the second “off” year.

And, because departments would be allowed to carryforward first year savings, they will be freed from the traditional “use it or lose it” imperative, encouraging better cost discipline and attention to service performance and program outcomes. With a biennial budget we would only be doing full budget preparation and review once every two years, rather than each year—a savings in money and time, and an opportunity to use the “off year” to look at our plans and performance measures in

greater detail. The staff and management resources saved could be applied to activities that would further enhance strategic financial planning: program monitoring and evaluation, service delivery and policy analyses, and training.

A biennial budget is a strategic approach to city finances that . . .

- . . . takes a long-term perspective
- . . . links expenditures to goals
- . . . focuses on results
- . . . improves the efficiency of the budget process
- . . . facilitates more effective financial management

The State of Arizona and two Arizona cities, Scottsdale and Tempe, currently adopt a biennial budget. I am proposing that the City of Tucson develop a biennial budget for Fiscal Years 2003 and 2004. While that will put us on a different cycle from the state, there are no legal or practical reasons for having our budget

cycles coincide. (There is a senate bill under consideration that would change the state’s biennial budget cycle to Fiscal Years 2003 and 2004.) Making the transition to a biennial budget will require significant effort by staff, city management, and the Mayor and Council, but I believe we can expect a good return on that investment—a financial plan that reflects a sustainable commitment to the community’s goals.

Livable Tucson and Performance Measurement: From budget balancing we need to move to more strategic planning, assessment, priority setting, and critical investment decision making. Livable Tucson provides an umbrella of community values under which we can develop organizational performance measurements to better assess whether our programs and services are effective and efficient. The next 2 years will include an intensive staff effort to develop meaningful, outcome-based performance measures. I also plan to begin to lay the groundwork for citywide program budgeting, so we can better assess the full cost and benefits of programs across departments.

Class and Compensation Plan Review: The budget includes first year funding to begin implementing changes from the class and compensation study. Our plan is to develop a consistent and orderly and non-political process for valuing jobs and work and compensation in our organization. Not only is this the right thing to do, but the more consistent, predictable, and professional our employee pay system is, the more attractive we will be as an employer and the better our recruitment and retention efforts will be.

Neighborhood Investment: The deteriorating quality of many of our neighborhoods (aging housing stock and street, sidewalk, and lighting conditions) puts our whole community at risk. This budget begins to refocus on planning and increased investment and code enforcement through the Back to Basics program and nearly \$1 million in new funding recommended for other neighborhood programs.

3) FISCAL YEAR 2002 RECOMMENDED BUDGET

The city’s recommended budget is prepared in accordance with the Tucson City Charter (Chapter XIII, Sections 3 and 4) and the Arizona State Constitution (Article XI, Section 20). As required, the budget presented is balanced—expenditures equal revenues.

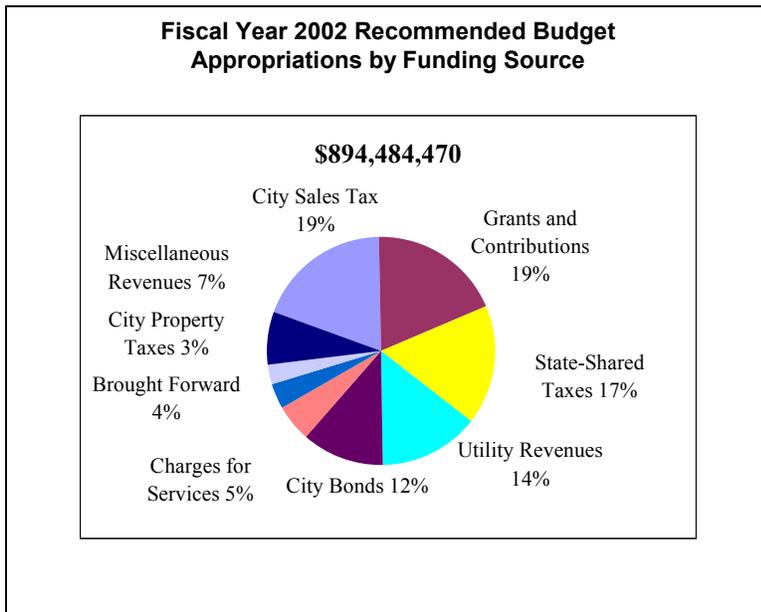
Financial Summary

Components of the Budget: This consolidated budget document contains both operating and capital expenditures from all city funding sources. The recommended All Funds Budget for Fiscal Year 2002 totals \$894,484,470 from the following components:

Fiscal Year 2002 Recommended Budget				
	General Recurring Funds	Restricted Funds	All Funds	
Operating	\$ 372,609,710	\$ 298,116,860	\$ 670,726,570	75%
Capital ¹	8,800,200	214,957,700	223,757,900	25%
Total	<u>\$ 381,409,910</u>	<u>\$ 513,074,560</u>	<u>\$ 894,484,470</u>	
	43%	57%		

¹ Amounts shown are for city funds only and do not include non-city funds, such as special assessments.

Where does the money come from . . .

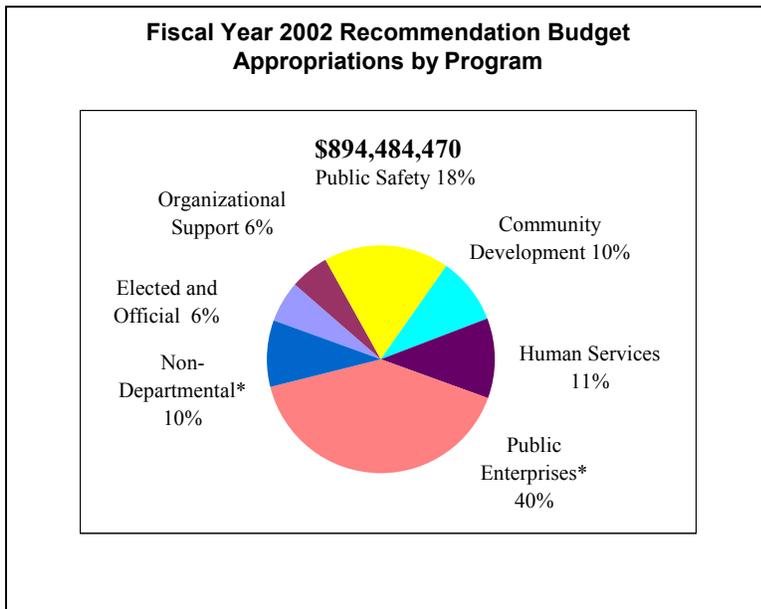


The largest local source of funding is the city sales tax, paying for 19% of budgeted expenditures.

Non-local grants and state-shared taxes provide for a total of 36% of the budget. While it is beneficial to have these outside sources, we are relying heavily on sources we cannot directly control.

City property taxes pay for only 3% of the budget, primarily for debt repayment from the secondary property tax. Receipts from the primary property tax (used for operating budget expenditures) are less than 1% of the budget.

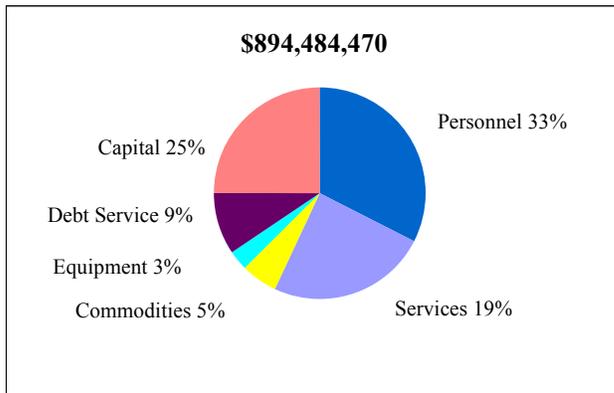
Where does the money go . . .



Appropriations by Program: As would be expected, most budget expenditures—Public Safety (18%) and Public Enterprises (40%)—provide for basic municipal services: police and fire protection, refuse collection and disposal, street maintenance, public transit, and water delivery.

*Public Enterprises includes Solid Waste Management, Transportation, and Tucson Water. Non-Departmental includes expenditures such as debt service, contributions to outside agencies, and retiree medical insurance.

**Fiscal Year 2002 Recommended Budget
Appropriations by Expenditure Type**



Appropriations by Expenditure Type: Because we are service-oriented, the largest component of the budget by expenditure type is Personnel (salaries and benefits). While employee-related expenditures are 33% of the consolidated capital and operating budget, they account for 45% of the operating budget and 59% of the General Recurring Funds Budget.

General Recurring Funds Budget: The General Recurring Funds Budget contains the funding available for general municipal purposes, such as police and fire protection, library and recreation services, solid waste management, mass transit, city court, and organizational support. It does not include appropriations funded from revenues restricted for specific purposes, such as federal funds, utility revenues, and restricted state funds. The General Recurring Funds Budget is where most of the difficult budget decisions of balancing needs and resources are made.

We began the budget process projecting a shortfall of \$27 million in General Recurring Funds, which included an anticipated loss of \$9 million in state-shared revenues. After receiving departments’ requested budgets, the gap between anticipated revenues and projected expenditures in General Recurring Funds grew to \$39 million.

Balancing the General Recurring Funds Budget required both expenditure and revenue solutions.

	<u>Millions</u>
Opening Deficit	\$ 39
Revenue Solutions	
Use of fund balance	5
Revised estimates for existing revenues	9
Proposed new fees and taxes	12
Total from Revenue Solutions	\$ 26
Expenditure Solutions	
Reductions to department requests	18
New program and service expenditures	(5)
Total from Expenditure Solutions	\$ 13
Closing Deficit	\$ -0-

Two interdepartmental committees—the Operating Budget Review Committee and the Revenue Enhancement Committee—met to review and make recommendations on cutting expenditures and increasing revenues. During January through March, the City Manager and the Department of Budget and Research, reviewed the committees’ recommendations and expenditure requests and revenue estimates, looking for reasonable ways to close the deficit.

It became clear that looking only at expenditure reductions would eliminate key programs and compromise commitments to community goals. Accordingly, the

recommended budget contains a combination of expenditure solutions (\$13 million) and revenue revision and recommendations (\$26 million). Of the \$26 million on the revenue side, \$12 million is from new revenue sources.

The cuts in requested expenditures were made without dramatic impact on services by focusing on program deferrals and service cost effectiveness—looking at where the investment versus return ratio was poor. The specific impacts of the expenditure and revenue solutions on the Fiscal Year 2002 Recommended Budget compared to the Fiscal Year 2001 Adopted Budget are presented in the “Expenditure Highlights” and “Revenue Highlights” sections that follow.

Restricted Funds Budget: For the first time in many years, difficult budget decisions also were made in the Restricted Funds Budget with respect to the city’s state-shared Highway User Revenue Fund (HURF) receipts. A multi-year projection of HURF receipts versus Department of Transportation’s operating and capital expenditures and debt service requirements on street and highway revenue bonds indicated that a budget deficit was looming in Fiscal Year 2003. As noted earlier in this budget message, this situation arises both from the city’s shrinking share of the state’s population and the fact that the gasoline tax is a flat 18¢ per gallon, not a percentage of the price for gasoline.

To give the city more breathing room, Transportation has reduced their planned expenditures for pay-as-you-go capital projects and street maintenance by \$2.7 million for Fiscal Year 2002. These expenditure solutions have pushed the projected deficit back to Fiscal Year 2004, which gives the city more time to work on revenue solutions to the projected deficit.

Expenditure Highlights

To meet the community’s service needs, the recommended budget for Fiscal Year 2002 is \$86 million more than the adopted budget for Fiscal Year 2001, an 11% increase in appropriations. Most of that increase (\$63.7 million) is in the Restricted

Appropriations for operating programs and capital projects are increasing by 11%.				
(\$ in millions)	Adopted FY 2001	Recomm'd FY 2002	Increase/ (Decrease)	% Change
Appropriations:				
Operating	\$ 623.2	\$ 670.7	\$ 47.5	8%
Capital	<u>185.3</u>	<u>223.8</u>	<u>38.5</u>	21%
Total	\$ 808.5	\$ 894.5	\$ 86.0	11%
Source of Funds:				
General Recurring	\$ 359.1	\$ 381.4	\$ 22.3	6%
Restricted	<u>449.4</u>	<u>513.1</u>	<u>63.7</u>	14%
Total	\$ 808.5	\$ 894.5	\$ 86.0	11%

Funds budget, primarily for utilities, capital projects, and federally-funded housing programs. General Recurring Fund appropriations increased by \$22.3 million, primarily for operating budget appropriations.

All Funds Capital Budget: The \$38.5 million increase in capital expenditures is largely due to three factors: increased spending as the city’s bond program ramps

up, increased federal funding for street projects, and a new emergency communications system and facility.

All Funds Operating Budget: The \$47.5 million increase in operating expenditures is the combined result of employee compensation increases, added debt service, and program changes. These changes are noted in the sections that follow on staffing level, employee compensation increases, and major operating program changes.

Staffing Level: The number of city employees in the recommended budget for Fiscal Year 2002 is a net decrease of 15.10 full-time equivalent (FTE) positions from the Fiscal Year 2001 Adopted Budget.

The total number of city positions is decreasing, but no employees will be laid off.			
Budget Category	Adopted FY 2001 FTEs	Recomm'd FY 2002 FTEs	Increase/ (Decrease)
Elected and Official	491.52	512.17	20.65
Organizational Support	739.25	738.25	(1.00)
Public Safety	1,925.00	1,930.00	5.00
Community Development	302.50	303.50	1.00
Human Services	1,245.00	1,194.75	(50.25)
Public Enterprises	1,226.50	1,233.50	7.00
Non-Departmental	<u>3.00</u>	<u>5.50</u>	<u>2.50</u>
Total	5,932.77	5,917.67	(15.10)

This reduction in positions—most of which are non-permanent or grant-funded positions—will be done through attrition and the management of vacant positions. No employee layoffs are anticipated.

Elected and Official: Staffing for the 2002 elections has added 20.5 positions to the City Clerk's office; these positions are created for each election and eliminated the following year. The remaining increase includes

1 prosecutor for the Neighborhood Resource Team in the City Attorney's office, 1 customer service clerk in the Public Defender's office, and a net decrease of 1.85 administrative positions in the City Manager's office.

Organizational Support: Two building maintenance positions in the Department of Operations are being eliminated. The remaining position decrease is the net result of 2 positions transferring from Human Resources to Police, offset by the addition of 3 positions (1 risk management coordinator in Finance, 1 systems analyst in Information Technology, and 1 contract officer in Procurement).

Public Safety: Staffing for the Police Department has increased by 4 positions: 1 permanent and 3 grant-funded. There are no new police officer positions in the recommended budget. The Fire Department's staff was increased by 1 training position.

Community Development: The net increase of one position in this category is the result of the following changes: loss of 2 federal grant-funded positions in Community Services, addition of 1 intern position in Planning, and addition of 2 systems analyst positions for Development Services.

Human Services: Staffing for the Parks and Recreation Department decreased by a net of 43.25 positions (3.50 permanent positions and 39.75 non-permanent and grant-funded positions). Six positions were added: 4 for grounds maintenance and 2 for capital project management. The 49.25 positions eliminated are related to completion

of grants (11.00), privatization of zoo concessions (9.00), and program changes in the following programs: elimination of the HICO program and the MIDCO lunch program (9.00) and staff reductions in the summer KIDCO program (5.50), the aquatics program (9.75), and fee classes (5.00). Tucson City Golf increased its staffing by 5.75 positions, primarily for management of pro shop merchandising by city staff as approved by Mayor and Council in December 2000. Staffing for the Library decreased by 12.25 positions: 10.75 positions due to the elimination of Sunday hours at the Woods, Mission, Green Valley, and Golf Links branch libraries and 1.5 miscellaneous positions. There is a net decrease of 0.5 position for the Tucson Convention Center.

Public Enterprises: The increase of 7 positions is due to 2 positions added for Solid Waste Management (1 environmental inspector and 1 routing analyst), 3 positions added for Transportation (1 safety coordinator and 2 data control clerks), and 2 positions added for Tucson Water (2 systems analysts).

Non-Departmental: To support the Rio Nuevo project, 2.5 positions were transferred from the City Manager's office; all costs are covered by the Rio Nuevo Multipurpose District.

Employee Compensation Increases: Employee-related expenses account for 45% of the operating budget and 59% of the General Recurring Funds Budget, making them a significant factor in annual budget increases. This recommended budget includes expenditure increases for both merit raises, salary adjustments, and the rising costs for employee group insurance benefits.

Salaries: Another round of merit increases—raises based on performance—has been included at a cost of \$3.6 million (\$2.7 million in General Recurring Funds and \$0.9 million in Restricted Funds). Additionally, \$4.7 million has been included for a 2% cost-of-living increase (\$3.9 million in General Recurring Funds and \$0.8 million in Restricted Funds) and \$1 million set aside for salary adjustments pending recommendations from the class and compensation plan.

Group Insurance Benefit: The city provides employees with three types of insurance coverage: medical, dental, and life. As noted earlier, bids for medical insurance have increased by as much as 26%. For the Fiscal Year 2002 recommended budget \$25.1 million has been included for these three insurance benefits, an increase of \$2.7 million over the adopted budget for Fiscal Year 2001.

Major Operating Program Changes – Adopted FY 2001 to Recommended FY 2002: Following is a listing of the major program changes, both increases and decreases, comparing the adopted budget for Fiscal Year 2001 to the recommended budget for Fiscal Year 2002. More detailed significant changes for each department's budget are provided in Volume II.

Elected and Official:

- City Clerk - \$1.3 million added for charter-mandated elections for city council offices; \$100,000 added to support the state-required election on the *General Plan* update
- City Manager's Office - Youth and family services allocation reduced by \$200,000 to help balance the General Recurring Funds Budget; \$130,500 added for workforce development through the Southern Arizona Institute of Advanced Technology; \$350,000 added for landfill monitoring
- City Court - \$145,000 added in capacity for magistrate salary increases per the plan approved by the Mayor and Council in March 2001

Organizational Support:

- Finance - \$120,000 added in property insurance coverage due to acquisition of a new police helicopter
- Information Technology - \$136,500 added for personal computer replacement; \$275,000 added for expansion of the e-government program (\$125,000 for electronic payment capabilities and \$150,000 for constituent request tracking)
- Operations - \$262,690 added for the maintenance of equipment and parking lots

Public Safety:

- Police - \$1.9 million added for computer software and hardware; \$1.8 million added for grant-funded technology projects; \$651,500 added due to increased jail boarding fees paid to Pima County
- Fire - \$358,080 added for final phase-in of the fire apparatus replacement fund; \$40,000 added to study call patterns

Community Development:

- Planning - \$150,000 added for the *General Plan* update and support of Pima County's Sonoran Desert Conservation Plan; \$100,000 added for neighborhood planning
- Community Services - \$15.3 million in additional federal funding for the Santa Rosa and South Park projects, and the Section 8 housing program; \$225,000 added for a projected increase in the city's Community Development Block Grant allocation; \$175,000 added for a federal Youth Opportunity grant; reduction of \$166,780 in the General Fund allocation to United Way agencies

Human Services:

- Library - \$435,990 added for building maintenance on existing facilities; \$211,190 added for full-year funding of the Infotech Literacy program; \$138,780 added to open the new Oro Valley branch; reduction of \$386,000 due to elimination of Sunday hours at the Woods, Mission, Green Valley, and Miller-Golf Links branch libraries; decrease of \$142,940 for materials acquisition

- Parks and Recreation - \$107,000 added for building maintenance; \$98,000 added for zoo improvements needed for accreditation by the American Zoos and Aquarian Association; \$174,570 added for opening of the new Freedom Center; elimination of HICO for a reduction of \$162,100; reductions in MIDCO programming of \$102,640; decrease in KICDO budget of \$35,000 based on prior year expenditures, which is not anticipated to impact service level
- Tucson City Golf - \$938,260 added for revisions to the business plan approved by Mayor and Council, including city management of pro shop merchandising

Public Enterprises:

- Solid Waste Management - \$904,690 added for implementation of the One and One Plus residential program that will provide once per week refuse collection, one per week recyclables collection, and periodic yard waste collection (additional program costs of \$650,470 are included in Non-Departmental for lease/purchasing of containers)
- Transportation - \$2 million added for increased cost of Sun Tran and Van Tran operations, though service reductions were still required: eliminated three Sun Tran routes, reduced frequency on three other Sun Tran routes, and reduced weekday Van Tran service by 50 hours
- Tucson Water - \$2.6 million added for increased debt service from the 2000 bond program; \$1.2 million added for power requirements for the Clearwater Renewable Resource Facility; \$1.1 million increase for city administrative charges; \$526,000 increase for chemical treatments required by regulatory changes

Non-Departmental:

- General Expense - \$700,000 added for neighborhood protection programs, including SABER (Slum Abatement and Blight Enforcement Response); \$500,000 added for a parking allowance for city employees who work downtown
- Debt Service - \$6.9 million added for increases to payments on financed equipment and projects (\$2.9 million on loans from the state's infrastructure bank, \$1.7 million for general obligation bonds repaid with the secondary property tax, \$1.4 million for non-bonded debt, and \$0.9 million for street and highway revenue bonds)
- Outside Agencies - 10% reduction totaling \$495,780 as part of citywide cuts needed to balance the budget

Summary of Service Reductions: To fund employee compensation increases and cover newly required expenditures—new library, parks, and fire facilities opening, mandated elections, programs and projects approved by Mayor and Council—expenditures in some other areas had to be decreased. Some of these expenditure decreases were program deferrals, but others resulted in direct service reductions to the public. These service reductions were kept to non-mandated services provided by the Library, Parks and Recreation, and Transportation departments, and by outside agencies. Every effort was made to limit the number of affected citizens by focusing on service cost effectiveness.

Service Reductions Needed to Balance the Fiscal Year 2002 Budget	
<u>Program Area/Service Reduction</u>	<u>Comments</u>
Library	
➤ Eliminated Sunday hours at four branch libraries	Pima County is not willing to share in the additional costs for Sunday service.
Parks and Recreation	
➤ Eliminated HICO afterschool program	With few participants in the afterschool program, the city is not getting a good return on its investment.
➤ Eliminated HICO and MIDCO lunch programs	Programs while school is in session could be school district responsibilities.
Transportation/Public Transit	
➤ Eliminated three Sun Tran routes	Routes were selected based on analyses of performance measures (passengers per hour and per mile, cost per passenger, and cost recovery rates).
➤ Reduced frequency of three Sun Tran routes	Reductions were kept to off-peak hours.
➤ Reduced Van Tran's weekday service by 50 hours	Cuts in paratransit service correspond to fixed-route (Sun Tran) service reductions.
Outside Agencies and United Way Agencies	
➤ Reduced funding by 10%	Funding cuts correspond to those imposed on city departments.

Revenue Highlights

To support increased appropriations, the recommended budget for Fiscal Year 2002 reflects a revenue increase of \$86 million or 11% more than the adopted budget for Fiscal Year 2001. Much of that increase (\$40.5 million or 32%) comes from grants and contributions. Deducting the increase for grants and contributions from the total, the revenue increase is \$45.5 million or 6% more than adopted for Fiscal Year 2001.

Most of the city's sources of funding are increasing, except for state-shared taxes; two new revenue sources are recommended.

(\$ millions)	Adopted FY 2001	Recomm'd FY 2002	Increase/ (Decrease)	% Change
City Sales Tax:				
As Currently Imposed	\$ 153.4	\$ 164.5	\$11.1	+7%
Residential Rental Tax	-0-	7.5	7.5	new
Grants and Contributions	128.0	168.5	40.5	+ 32%
State-Shared Revenues	153.0	151.5	(1.5)	- 1%
Utility Revenues	119.0	125.5	6.5	+ 5%
City Bonds	92.0	106.1	14.1	+ 15%
Charges for Services:				
As Currently Imposed	40.2	42.6	2.4	+ 6%
Environmental Fee	-0-	4.2	4.2	new
City Property Taxes	23.0	24.8	1.8	+ 8%
Brought Forward Funds	35.9	31.7	(4.2)	- 12%
Miscellaneous Revenues	<u>64.0</u>	<u>67.6</u>	<u>3.6</u>	<u>+ 6%</u>
Total	\$ 808.5	\$ 894.5	\$ 86.0	+ 11%

Increases are anticipated for many of the city's revenue sources. Unfortunately, receipts from state-shared taxes have decreased, which means that local fees and taxes must shoulder a large portion of the budget.

As noted earlier, two new local revenue sources have been added: an environmental fee for solid waste management services and reinstatement of the city sales tax on residential rental transactions.

Revenue Changes – Adopted FY 2001 to Recommended FY 2002: Following is a listing of the major revenue changes, both increases and decreases, comparing the adopted budget for Fiscal Year 2001 to the recommended budget for Fiscal Year 2002. More detail is provided in Volume I, Section E.

- *City Sales Tax (Business Privilege Tax):* There is a 12% or \$18.6 million increase in the city's sales tax receipts from the adopted budget for Fiscal Year 2001 to the recommended budget for Fiscal Year 2002. This increase results from two factors: 7% or \$11.1 million is due to projected economic growth and 5% or \$7.5 million is due to revenue from the recommendation to reinstate the city sales on residential rental transactions. Comparing the Fiscal Year 2002 city sales tax receipts to the current estimates for Fiscal Year 2001, the revenue increase is only 9%: 4.3% from economic growth and 4.7% from the reinstated residential rental tax.
- *Grants and Contributions:* The city is fortunate to be on the receiving end of additional grant funds, primarily from federal agencies, that will increase revenues from grants and contributions by \$40.5 million or 32% more than the adopted budget for Fiscal Year 2001. Community Services will be receiving an additional \$15 million in Fiscal Year 2002 for housing programs. Transportation is able to budget an additional \$18 million in federal highway funds and loans from the state's infrastructure bank. Pima County's bond program is providing an increase of \$4 million for parks and library improvements. Grants for the Parks and Recreation and Library Departments are increasing by \$2.5 million. Police and Fire Department grants have increased by \$1 million.
- *State-Shared Revenues:* The State of Arizona shares several of its revenue sources with municipalities: sales tax, income tax, gasoline taxes (highway user revenues), vehicle license taxes (auto lieu taxes), and lottery proceeds. Distribution of many of these sources is based on the city's proportionate share of the state's

population. Because we have not grown as fast as the rest of the state, our piece of the pie is shrinking.

The net impact to the city's budget for Fiscal Year 2002 is a revenue decrease of \$1.5 million from the adopted budget for Fiscal Year 2001. While the city's share of state income tax receipts is projected to increase by \$2.5 million and state sales tax receipts by \$0.5 million, those increases are more than offset by losses in state auto lieu tax receipts and highway user revenues. Tucson's state-shared auto lieu taxes are projected to decrease by \$1.4 million and state-shared highway user revenue by \$3.1 million from the adopted budget for Fiscal Year 2001.

➤ *Utility Revenues:* The city has two functions that operate as utilities (i.e., self-supporting): Tucson City Golf and Tucson Water. Tucson City Golf is anticipating a 10% increase in revenues from increased play and the city taking over operation of the pro shops, which was approved by the Mayor and Council as part of Golf's business plan. The Mayor and Council have given tentative approval for a 4.2% increase in Tucson Water revenues to cover their projected expenditures for Fiscal Year 2002.

➤ *City Bonds:* The 15% or \$14.1 million increase over the adopted budget for Fiscal Year 2001 in bond expenditures is due to departments ramping up to implement the 2000 bond program.

➤ *Charges for Services:* This revenue source increased a total of 16% or \$6.6 million more than the adopted budget for Fiscal Year 2001, primarily due to changes in four areas: Solid Waste Management, Transportation/Public Transit, Development Services, and Tucson Convention Center. Solid Waste Management's revenues increased by \$4.9 million: \$4.2 million from the new environmental fee, \$0.2 million for additional revenue from the sale of recyclables, and \$0.5 million in commercial and landfill revenues. Revenues from public transit have been increased by \$0.7 million: \$0.5 million in capacity for potential agreements with neighboring jurisdictions and \$0.2 million for miscellaneous changes. Development Services fees are increasing by \$0.5 million due to fee adjustments to maintain cost recovery; these adjustments will be presented to the Mayor and Council during the budget review process. Tucson Convention Center revenues are increasing by \$0.4 million, primarily from the impact on rental revenue from expanded marketing activities.

➤ *Property Taxes:* The city imposes two property taxes: primary and secondary.

The primary property tax is used for operating expenses. The secondary property tax is restricted to repaying debt on general obligation bonds authorized by the voters.

The \$1.8 million or 8% increase in property tax revenues is almost entirely due to the secondary property tax. The primary property tax rate for Fiscal Year 2002 will remain the same as it was for Fiscal Year 2001: \$0.1406 per \$100 of assessed valuation.

The city's property taxes will rise less than 4¢ per \$100 of assessed valuation.

City of Tucson Property Tax Rate Comparisons (per \$100 of assessed valuation)			
	Actual FY 2001	Estimated FY 2002	Increase
Primary	\$ 0.1406	\$ 0.1406	\$ -0-
Secondary	<u>0.9864</u>	<u>1.0243</u>	<u>-0.0379</u>
Total	\$ 1.1270	\$ 1.1649	\$ 0.0379

That rate is expected to bring in an additional \$121,130 for Fiscal Year 2002, because the primary assessed valuation for property within the city has increased.

To cover debt service requirements on bonds sold for the 2000 bond program, the secondary property tax rate will increase by slightly less than 4¢ per \$100 of assessed valuation—from \$0.9864 to \$1.0243—bringing in an additional \$1.7 million.

➤ *Brought Forward Funds:* Brought forward funds are a combination of funds carried forward for projects not completed in Fiscal Year 2001 and the use of fund balance. The \$4.2 million decrease in brought forward funds in Fiscal Year 2002 is due to a reduction in funds carried forward (-\$7.8 million), offset with an increased use of fund balance (+\$3.6 million). Most of the increased fund balance being used is from the Highway User Revenue Fund (HURF) that is necessary to make up for reductions in annual revenues received from the state.

➤ *Miscellaneous Revenues:* All other revenue sources increased a net of \$3.6 million from the adopted budget for Fiscal Year 2001. The increase is primarily due to the following: parking facility rates (\$1.0 million), telecommunication and utility franchise fees and taxes (\$1.0 million), and non-revenue receipts (\$1.6 million).

New Fees and Taxes: As mentioned earlier, the recommended budget for Fiscal Year 2002 depends upon Mayor and Council approval of the following new fees and taxes: an environmental fee for solid waste management services and reinstatement of the city sales tax on residential rental transactions. Without these two new revenues, additional expenditures will have to be cut.

Environmental Fee	
<i>For what purpose?</i>	To fund implementation of the new One and One Plus Collection Program in Fiscal Year 2002 To provide future funding for landfill remediation and closure projects To avoid service cuts
<i>What amount?</i>	\$6.00 per month
<i>Who is directly affected?</i>	Residential households
<i>Effective date?</i>	January 2002
<i>Revenue generated?</i>	\$4,212,000 for Fiscal Year 2002 \$8,424,000 annually

City Sales Tax Applied to Residential Rental Transactions	
<i>For what purpose?</i>	To fund the <i>General Plan</i> update and SABER (Slum Abatement and Blight Enforcement Response) program in Fiscal Year 2002 To recover a revenue source lost in 1979 and strengthen the city's revenue base To avoid service cuts
<i>What amount?</i>	2% city sales tax (business privilege tax) on residential rental transactions
<i>Who is directly affected?</i>	Owners of three or more residential rental units, with an exemption on income from units that rent for less than \$300 per month
<i>Effective date?</i>	October 2001
<i>Revenue generated?</i>	\$7,500,000 for Fiscal Year 2002 \$10,000,000 annually

CONCLUSION

I have raised concerns about the city's budget and our financial situation, more out of re-emerging concern about our financial situation over the next five years rather than the immediacy of a problem for this year. In the end, we were able to balance the budget for Fiscal Year 2002 without significant reductions.

There are some cuts—which some constituencies can argue against—and other good and necessary new requests for which I was just not able to include funding. The larger issue looming over us is the more significant cuts we would have made, had I not felt willing to recommend needed, and I believe, fair revenue and tax changes. Without this revenue, which essentially supplants the losses we suffered in state-shared revenues and a projected slow down in sales tax collections, I would be proposing more serious service and program cuts. I am prepared to review this with Mayor and Council as we proceed through your budget work sessions.

What is most important to keep in mind as you review the recommended budget are the huge unfunded needs for this city which this budget does not address. We have long deferred necessary infrastructure improvements, which in the realm of transportation alone total more than \$1 billion. We have current and future demands for employee pay and benefits to keep our work force competitive and fairly compensated. We have numerous programs and strategic investments we cannot fund, and heavier debt service requirements than I would like to pay for the \$77 million emergency communications system overhaul.

Any future economic downturns or our own inability to grow the local economy and our economic base will have exacerbating consequences on our financial situation and our community quality of life.

This year's budget does include continued funding for the Back to Basics program. I have set aside almost \$1 million of the new revenue that could be used to support neighborhood improvements through the SABER program and more neighborhood and community planning. This funding could be reallocated if the Mayor and Council see greater benefit elsewhere. While the budget includes 2% for cost-of-living salary adjustments, I have also set aside \$1 million to help fund recommendations from the class and compensation study due in the fall.

This budget is a modest budget. It maintains our efforts to deal with a backlog of service and system improvements dating to the early 1990s, but it does not begin to try and close the gap with what funding is needed to provide for the kind of complex 21st century we have already become. To accomplish this, we will need to turn our attention to more than just budget balancing. We will have to grow our revenue base through an honest assessment of our local fee and tax structure in addition to aggressive economic base expansion strategies. And, we will have to temper our expenditure decisions with a greater focus on defining your key priorities and transforming our work culture into a more customer-focused, creative, and business-like decision making organization.

On behalf of our staff and the Executive Team, I look forward to working with you on these challenges.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Keene". The signature is fluid and cursive, with a large initial "J" and a stylized "K".

James Keene
City Manager

JK:Ned Zolman, Director
Department of Budget and Research

BUDGET PROCESS

The city's fiscal year begins on July 1 and ends on June 30.

While the budget process begins and ends with community input, it evolves through a number of stages and is the result of the combined efforts of the Mayor and Council, city management and staff, and the citizens of Tucson. The budget process can be broken down into four steps: (1) identification of community priorities, (2) five-year forecast of revenues and expenditures, (3) department requests and city manager's recommendation, and (4) Mayor and Council adoption.

Step 1: Identification of Community Priorities

In October 1996, the Mayor and Council adopted the Strategic Approach for Budget Development and Planning—a process for allocating resources based on community-identified values and priorities. To identify the community's priorities, the *Livable Tucson Vision Program* was initiated with public forums conducted during 1997.

Seventeen community goals emerged from that process. These goals, listed on the following pages, serve as the policy direction for budget development and program evaluation. Information on department programs in support of the goals is provided in the Departments Programs section and in Volume II.

Step 2: Five-Year Forecast

Each summer a five-year forecast of revenues and expenditures is prepared for all funding sources. The first year of this forecast is a first-cut analysis of how estimated revenues compare with department needs. Generally, there will be deficit between revenues and expenditures. During the budget development and review, the gap for the first year is brought to zero, producing a balanced budget.

A copy of the current five-year forecast is presented in the City Manager's message for the adopted budget at the beginning of this Executive Summary.

Step 3: Department Requests and City Manager Recommendation

Departments are given instructions for preparing their budget requests in October, with submittals due at the end of November. These requests, along with any new program requests, are reviewed and modified by the Budget and Research Department and the City Manager's Office. The City Manager then submits his recommended budget to the Mayor and Council in April.

Step 4: Mayor and Council Adoption

The Mayor and Council set aside study sessions during April, May, and early June to review department budgets and hold three public hearings that allow the community input on resource allocations. The first public hearing is held prior to the Mayor and Council's study session reviews of the recommended budget. The second and third public hearings are held after the study session reviews. The second public hearing is held when the Mayor and Council tentatively adopt the budget in early to mid June. The third and last public hearing is the truth-in-taxation hearing, which is held when the Mayor and Council set the property tax levies in mid to late June.

As part of their study session reviews, the Mayor and Council may also hear from the two citizen advisory committees established for budget oversight: Budget Advisory Committee and Bond Project Oversight Committee.

A RESULTS-ORIENTED ORGANIZATION

The City of Tucson continues with its efforts to become a more strategic, results-oriented organization. The process began in the mid-1990s with the introduction of performance measurement and the Livable Tucson Vision Program. It will continue in Fiscal Year 2002 with an organizational realignment and a renewed emphasis on performance measurement.

To become more efficient and effective in delivering quality service to residents, the city is following a five-step strategic approach:

1. Identify community values and interests

During 1997, over 1,200 community members and city employees participated in public forums to identify community priorities. As a result of that process, 17 Livable Tucson Goals were identified.

While the Livable Tucson Goals provided an initial foundation for community values and interests, our community is always changing and new information is needed to ensure that the City of Tucson's priorities reflect the community's priorities. One source of such information will come from a citizen survey that the city is conducting in partnership with the International City/County Management Association. Tucson was selected as one of five jurisdictions to pilot a citizen survey that will be used for nationwide comparisons.

2. Use community values and interests to guide city priorities

A description of what the city is doing to further the 17 Livable Tucson Goals is presented within each department's budget. City staff and the Mayor and Council will be able to use the results from the citizen survey to help set future budget priorities.

3. Align the city organization to effectively carry out city priorities

For Fiscal Year 2002, departments and offices have been realigned to better equip the city to effectively carry out priorities and move towards a results-oriented organization.

The city's budget is now organized into the following six service areas:

- Elected and Official
- Neighborhood Services
- Environment and Development
- Strategic Initiatives
- Support Services
- Non-Departmental

4. Fund programs and projects that will further city priorities

Each year department operating and capital budgets are reviewed for their effectiveness in achieving the city's priorities and their contribution to a results-oriented organization.

5. Measure the results of our work and use the information to improve city services

The organization realignment will allow the organization to develop a more meaningful performance measurement system, one that connects across departments and focuses on the city's priorities.

SEVENTEEN LIVABLE TUCSON GOALS

Following are listed the seventeen Livable Tucson Goals as identified and prioritized during the *Livable Tucson Vision Program*.

**Better Alternatives To Automobile Transportation**

Definition: An improved public transportation system; bicycle- and pedestrian-friendly streets; improved roadways with landscaping, street lighting, sidewalks, and bus stops; the promotion of alternatives to automobile transportation.

**Engaged Community And Responsive Government**

Definition: Involvement by citizens in volunteering and neighborhood participation; government responsiveness to citizen input; connection between government and the people.

**Safe Neighborhoods**

Definition: People feel safe in their neighborhoods; positive perceptions about crime-levels and policing.

**Caring, Healthy Families And Youth**

Definition: Opportunities, services, and conditions that support families and youth.

**Excellent Public Education**

Definition: Quality education at all levels; availability of vocational, lifeskills, cultural, and civic training.

**Infill And Reinvestment, Not Urban Sprawl**

Definition: Well-planned growth; management of urban sprawl; development in the city's core, rather than the periphery.

**Abundant Urban Green Space And Recreation Areas**

Definition: Recreation and green space within the city including neighborhood and regional parks; common space and community gardens; bicycle and pedestrian paths; trees and urban landscaping.

**Protected Natural Desert Environment**

Definition: Protection of the Sonoran Desert ecosystem and protection of washes, hillsides, open space, and wildlife.

**Better Paying Jobs**

Definition: More jobs with good wages; job quality and diversity; an improved standard of living.



Clean Air And Quality Water

Definition: Reduced air pollution; provision of clean, potable water.



People-Oriented Neighborhoods

Definition: Design of new neighborhoods and investment in old neighborhoods that promotes a mix of commercial and residential uses; neighborhoods with a pedestrian focus, landscaping, and interaction among residents.



Respected Historic And Cultural Resources

Definition: Preservation and celebration of local landmarks, buildings, neighborhoods, archeological treasures, open spaces, cultures, and traditions.



Quality Job Training

Definition: Education, training, and skill development that will lead to high quality, living wage jobs.



Reduced Poverty And Greater Equality Of Opportunity

Definition: The fair distribution of resources, creating opportunities to overcome poverty and social and economic inequalities.



Strong Local Businesses

Definition: Support for the local economy, particularly small locally-owned businesses.



Efficient Use Of Natural Resources

Definition: Conservation of natural resources and use of sustainable energy sources.



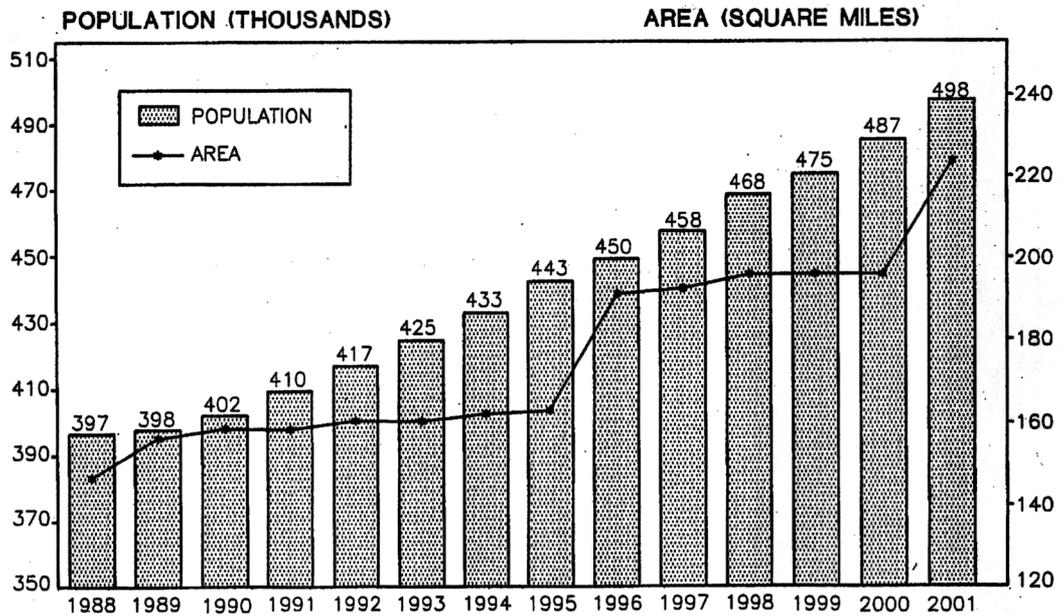
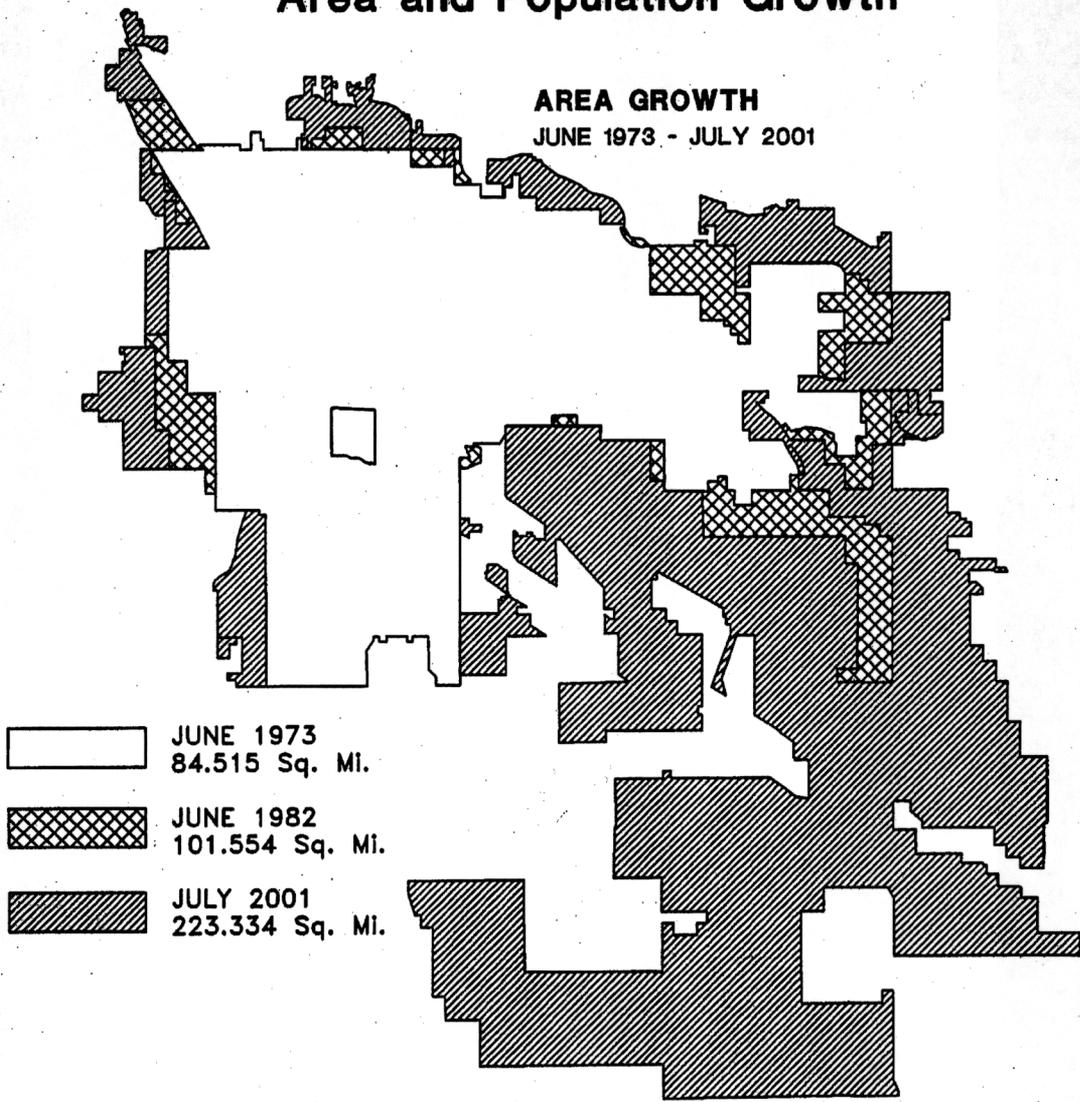
Successful Downtown

Definition: Promotion and development of the cultural and commercial aspects of the city center.

For the latest information on the *Livable Tucson Vision Program*, visit the city's Web site at www.ci.tucson.az.us/livable.html.

Area and Population Growth

AREA GROWTH
JUNE 1973 - JULY 2001



NOTE: Population figures are for July 1 of each year.

COMMUNITY PROFILE

Permanent settlements were built in Tucson nearly 2,000 years ago by people of the Hohokam culture.

A Long History of Many Cultures

The Hohokam culture thrived in this region until it suddenly declined during the fourteenth century. Native American cultures believed to be probable descendants of the Hohokam were joined by new arrivals from Spain, Mexico, and the eastern United States.

Mission San Xavier del Bac, the “White Dove of the Desert,” was established by the Franciscan Order in the late 1600s and still serves the Tohono O’Odham Native American community. The mission has been restored, with the cleaning of interior frescoes done by European artists who trained local Tohono O’Odham tribal members in the craft.

More than 300 years after Tucson’s founding as a mission site, the “Old Pueblo” continues to grow and celebrate its diverse cultural influences.

An Interesting Place to Live

Located in the Sonoran Desert, Tucson is surrounded by mountain ranges and lush desert valleys. Tucsonans enjoy over 300 days of sunshine each year and an average temperature of 82 degrees. In *Money Magazine’s* 1998 ranking of 300 cities, Tucson was selected as the fifth “Best Place to Live” for medium-size cities in the West.

Leisure activities are boundless. The Tucson area has more than 27,000 acres of park lands. In the nearby mountains and deserts, there are many places to camp, hike, and fish; the southern Arizona region is ranked one of the five best areas in the United States for bird watching. Golfing is available year-round on over 30 public and private golf courses, and the Tucson area annually hosts a Professional Golfers’ Association (PGA) and a Ladies Professional Golf Association (LPGA) golf tournament. In the winter, skiing is only a one-hour drive from Tucson.

The University of Arizona provides a full range of intercollegiate athletic events. The women’s softball team has won repeated National Collegiate Athletic Association (NCAA) championships. The men’s basketball team won the NCAA championship in 1997. Tucson is the spring training home for three major league baseball teams: Arizona Diamondbacks, Chicago White Sox, and Colorado Rockies. In addition, the Tucson Sidewinders, an AAA affiliate of the Arizona Diamondbacks, offers a full schedule of summer baseball.

Tucson provides opportunities to stimulate the mind as well as the body. The University of Arizona, which is located near the center of Tucson, offers undergraduate, graduate, and doctoral degree programs and has an extension program open to the public. Pima Community College is the fifth largest multi-campus community college in the nation and offers courses in 64 program areas.

There are over 215 arts groups and over 35 art galleries in Tucson. Tucson’s downtown arts district hosts over 800 arts and cultural events annually, with many other events and fairs available throughout Tucson. Many museums and other attractions are located in the Tucson area: the Tucson Museum of Art, the Arizona Historical Society Museum, the Arizona State Museum, the Center for Creative Photography, the Tucson Children’s Museum, the Fort Lowell Museum, the Pima Air and Space Museum, Biosphere 2, the Tucson Botanical Gardens, the Reid Park Zoo, the Flandrau Planetarium, Kitt Peak National Observatory, the San Xavier del Bac Mission, and the Arizona-Sonora Desert Museum (rated as one of America’s top ten zoos by *Parade Magazine*).

COMMUNITY PROFILE

We Mean Business

Tucson's business environment is as agreeable as its natural climate. Tourism, which accounted for over \$1.5 billion in the past year, will continue to be a major contributor to the region's economic base as three major league baseball teams have located their spring training camps in Tucson. And, not just the service sector is booming: manufacturing employment in metropolitan Tucson has more than doubled in the past ten years. Tucson is home to a premier research institution—the University of Arizona—and is recognized as one of the megatrend cities for the 21st century with its emerging presence as a center for optics, astronomy, and health services.

City leaders are committed to ensuring that growth will complement existing neighborhoods.

Balancing Growth and Preservation

The City of Tucson, founded in 1775 and incorporated in 1877, is the second largest city in the State of Arizona. Tucson is forecast to have a population of over 495,000 by the end of 2001. As with many communities in the west, growth has occurred at the edges of the urban area.

To ensure that areas in the central city remain attractive places to live and work, the City of Tucson works with neighborhoods through its Citizen and Neighborhood Services program/division and has implemented a *Back to Basics* program that directs financial resources to targeted areas. The aim of *Back to Basics* is to maintain and improve neighborhoods by collaborating with residents, businesses, and schools. Neighborhood residents are able to choose from a menu of options to determine for themselves how the financial resources are applied. Because “downtown is everyone’s neighborhood,” a special program has also been established to enhance downtown as a business, cultural, and residential area.

City Government

Tucson is the county seat for Pima County. Pima County is the second largest in population in Arizona. By charter from the State of Arizona, the City of Tucson is governed by a Mayor and Council. Council members are nominated by each of the six wards, but are elected in citywide elections. The Mayor is nominated and elected citywide. The Mayor and Council set policy and appoint a city manager to provide the general supervision and direction for city government operations.

Demographics

Tucson is growing: 45th largest city in 1980, 34th largest in 1990, and the 30th largest in 2000.

Population

	Tucson	Pima County
1980	330,537	531,433
1990	405,390	666,880
1995	442,910	758,585
2000	486,699	843,736
2001*	498,305	896,204

Land Area

1980	98.84 square miles
1990	158.30 square miles
1995	180.74 square miles
1996	191.88 square miles
1997	193.99 square miles
1998	194.12 square miles
1999	194.16 square miles
2000	195.46 square miles
2001	223.33 square miles

Land Use, 1990

Undeveloped	38.72%
Residential	30.70%
Commercial	5.83%
Government	4.48%
Industrial	4.11%
Open Space	4.02%
Agricultural	1.04%
Other	11.10%

Racial/Ethnic Composition, 2000

White, Non-Hispanic	54.2%
Hispanic	35.7%
Black	4.1%
Native American	1.6%
Asian/Pacific Islander	2.5%

Median Age

1970	25.7 years
1980	28.3 years
1990	30.8 years
2000	32.1 years

*Projected figures from the City of Tucson Planning Department assuming normal annexation rates.

Economy

For the next five years, Tucson is projected to be the 13th most rapidly growing metropolitan area in the United States for employment.

Major Employers - Southern Arizona, 2001*

(Based on number of full-time equivalent positions)

U.S. Army, Fort Huachuca	11,376
University of Arizona	11,032
Raytheon Systems Company	10,149
State of Arizona	9,978
Tucson Unified School District	9,102
Davis-Monthan Air Force Base	8,796
Pima County	7,119
City of Tucson	6,058**
Phelps Dodge Mining Company	4,200
Carondelet Health Network	3,329
University Medical Center	2,540
Tohono O’Odham Nation	2,425
Tucson Medical Center HealthCare	2,361
ASARCO Incorporated	2,336
Pima Community College	2,284
Amphitheater Public Schools	2,256
Wal-Mart	2,250

Total Employment

(Pima County)

1990	321,900
1998	418,075
1999	438,830
2000	448,544
2001	457,055

Unemployment Rates

(Pima County)

1990	4.6%
1998	2.7%
1999	2.9%
2000	2.8%
2001	3.0%

Annual Rate of Earnings

(Per worker in current dollars)

1990	\$20,015
1998	\$26,311
1999	\$27,453
2000	\$29,439
2001	\$30,570

Building Permits Issued

	Residential	Commercial	Industrial
1997	1,929	151	16
1998	2,359	238	34
1999	2,740	302	7
2000	2,689	236	17

*Source: “Star/Two Hundred,” *The Arizona Daily Star*, March 11, 2001.

**The City of Tucson’s Fiscal Year 2002 Adopted Budget includes 5,926 full-time equivalent positions.

COMMUNITY PROFILE

Key Statistics

Selected Economic Indicators for Tucson Metropolitan Area

	Calendar Year			
	2000	2001	2002	2003
Personal Income (Billions of Dollars)	\$ 20.732	\$ 21.884	\$ 23.110	\$ 24.268
Percentage Change	7.9%	5.6%	5.6%	5.0%
Retail Sales Without Food (Billions of Dollars)	\$ 6.803	\$ 7.149	\$ 7.504	\$ 7.879
Percentage Change	7.3%	5.1%	5.0%	5.0%
Residential Building Permits (Units)	7,799	7,494	6,160	5,863
Percentage Change	-8.7%	-3.9%	-17.8%	-4.8%
Population*	866,000	886,600	904,700	922,100
Percentage Change	2.4%	2.4%	2.0%	1.9%
Wage and Salary Employment	350,700	359,500	368,100	375,000
Percentage Change	4.2%	2.5%	2.4%	1.9%
Employment to Population Ratio	.405	.405	.407	.407
Real Per Capita Disposable Income (1982 Dollars)	\$ 11,752	\$ 11,652	\$ 11,771	\$ 11,846
Percentage Change	0.3%	-0.9%	1.0%	0.6%
Annual Earnings per Worker	\$ 29,439	\$ 30,570	\$ 31,628	\$ 32,571
Percentage Change	3.7%	3.8%	3.5%	3.0%
Percentage Change in Consumer Price Index (CPI) Western Region	3.5%	3.6%	2.5%	2.7%
Percentage Change in Personal Consumption Deflator	2.4%	2.0%	2.0%	2.2%
Percentage Change in Gross Domestic Product (GDP) Implicit Price Deflator	2.1%	1.7%	1.8%	1.8%
Gasoline Sales (Millions of Gallons)	400.0	418.2	434.5	444.7
Percentage Change	-0.1%	4.5%	3.9%	2.4%

Source: *Economic Outlook*, May 2001, Economics and Business Research Program, College of Business and Public Administration, University of Arizona, Tables P.3 and P.7.

*Census 2000 data available in March 2001 shows the population to be 843,746.

City Services

The City of Tucson is committed to providing appropriate and equitable levels of service to all of its citizens. Some examples are listed below.

Neighborhood Resources

Parks (District, Neighborhood, Regional, and Open Space)	99
Recreation Centers	7
Neighborhood/Senior Centers	6
Regional Centers	4
After-School Program Sites	67
Senior Citizen Program Sites	13
Municipal Swimming Pools	26
Municipal Golf Courses	5
Tennis Courts	55
Baseball, Little League, and Softball Fields	108
Libraries	22
Bookmobiles	2

Solid Waste Management

Tons of Waste Collected	315,000
Tons of Material Recycled	18,500
Number of Christmas Trees Mulched or Composted	44,031

Transportation

Number of Street Miles	1,585
Miles of Bikeways	300
Miles of Drainageways	700
Number of Street Lights	14,000
Number of Traffic Signals	348
Annual Miles of Fixed-Route Bus Service	7,828,515
Annual Miles of Paratransit Service	2,063,000

Water Utility

Miles of Water Lines	4,000
Number of Water Connections	197,199
Billions of Gallons of Water Storage Capacity	255
Billions of Gallons of Potable Water Delivered Annually	35.5

Public Safety

Number of Authorized Commissioned Law Enforcement Personnel	995.5
Average Police Emergency Response Time (in minutes)	3.76
Average Police Response Time for Emergency, Urgent and Routine Calls (in minutes)	33.52
Number of Commissioned Fire Personnel	527
Annual Number of Structural Fire Runs	300
Annual Number of Other Fire Runs	67,000
Number of Paramedics	88
Annual Number of Paramedic Runs	33,200

BENCHMARKING PROJECT

In recent years, the City of Tucson has used performance measures to increase its accountability and assess its effectiveness. Another way to measure municipal government performance is to benchmark with other cities. Benchmarking is a measure of performance that compares measures of efficiency and measures of output between organizations in the same business. This is commonly done in the private sector, particularly in health care and education. For example, universities are often ranked on the quality of their freshman classes and how well students do over their four years. Municipalities are just beginning to use this technique.

Included in this section are a number of benchmark measures comparing the City of Tucson with 10 other metropolitan areas: Albuquerque, Austin, Colorado Springs, Denver, El Paso, Las Vegas, Phoenix-Mesa, Salt Lake City, San Antonio, and San Diego. A map locating these metropolitan areas is provided on the following page.

These metropolitan areas, some larger and some smaller than Tucson, were chosen because of their western geography and governance, their ethnic distribution and economic variety, and their cultural and historical traditions—a combination of characteristics similar enough to allow comparison of some urban elements, yet sufficiently disparate to allow the contrast of others.

The benchmarks are comprised of ten economic benchmarks and six demographic benchmarks. These are listed below and displayed in a series of graphs on the following pages.

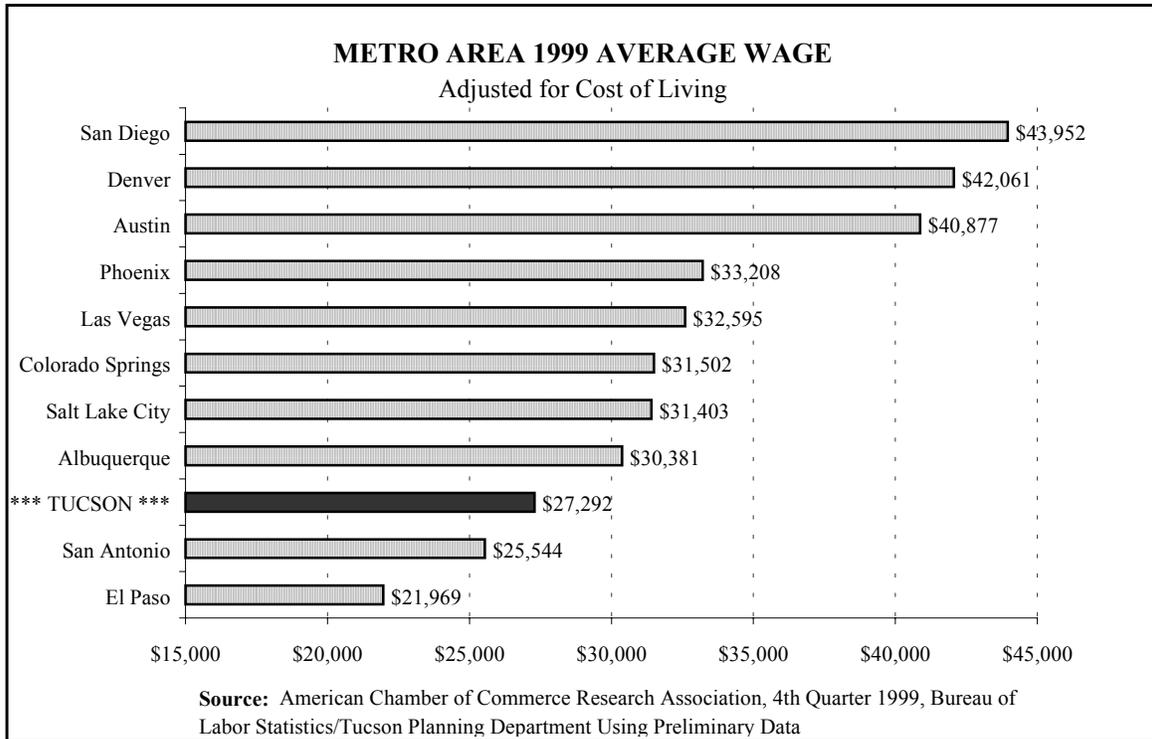
<u>Economic Benchmarks</u>	<u>Page</u>
Average Wage	52
Wage and Salary Employment	52
Population Below Poverty Level	53
Cost of Living	53
Cost of Groceries	54
Cost of Housing	54
Cost of Transportation Index	55
Mean Travel Time to Work	55
Percentage of Households That Use a Personal Computer	56
Cost of Health Care	56
 <u>Demographic Benchmarks</u>	
Percent of Population Less Than 18 Years Old	57
Percent of Population Greater Than 64 Years Old	57
Number of Persons Per Household	58
Infant Death Rate Per 1,000 Population	58
Percent of Population with High School Diploma	59
Percent of Population with Bachelor Degree	59

Benchmark Metropolitan Cities and Populations 2000



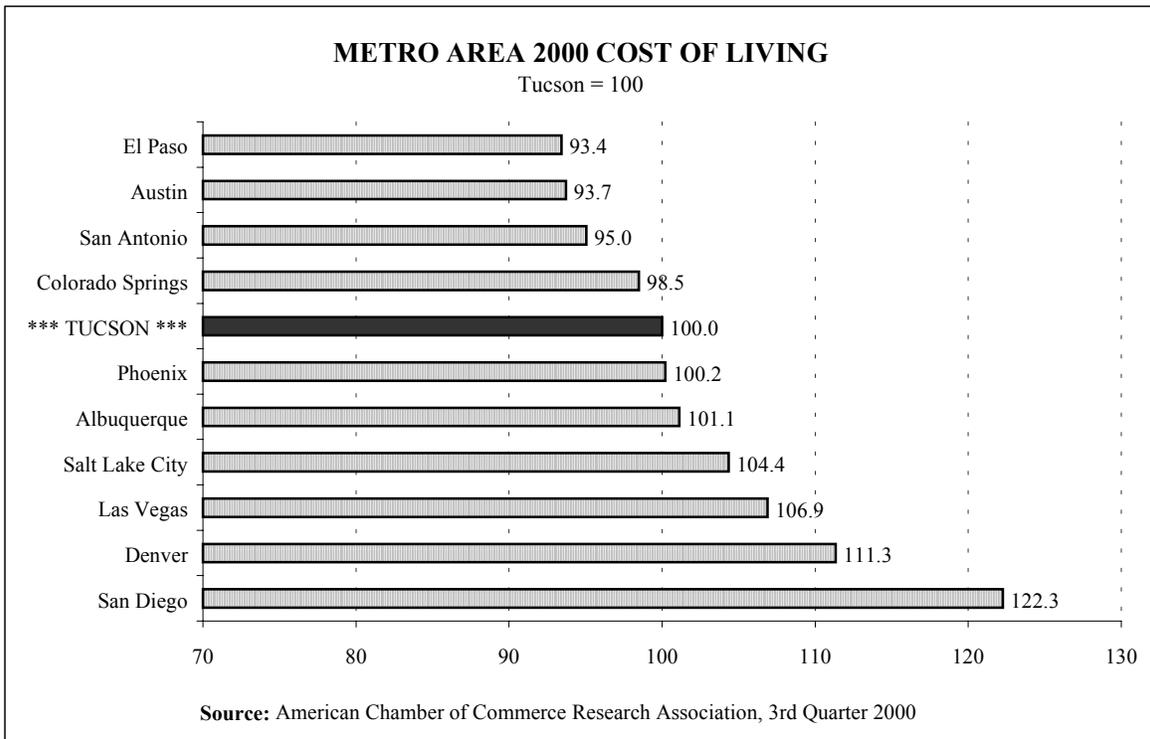
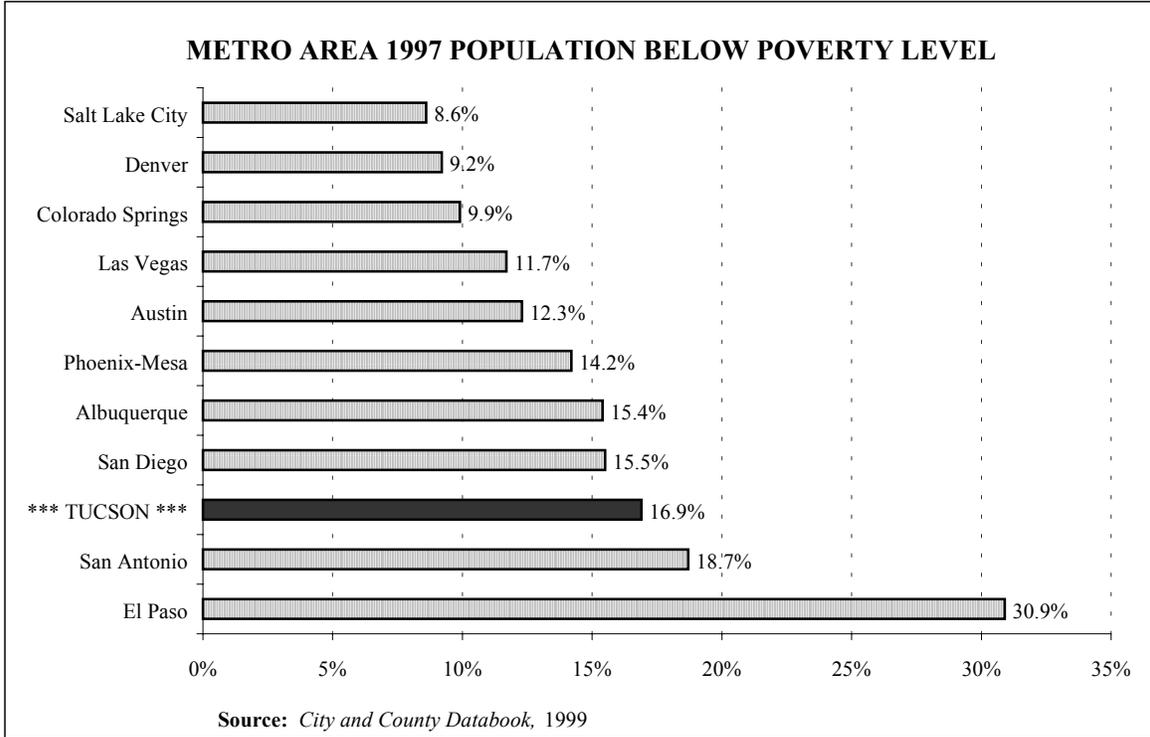
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



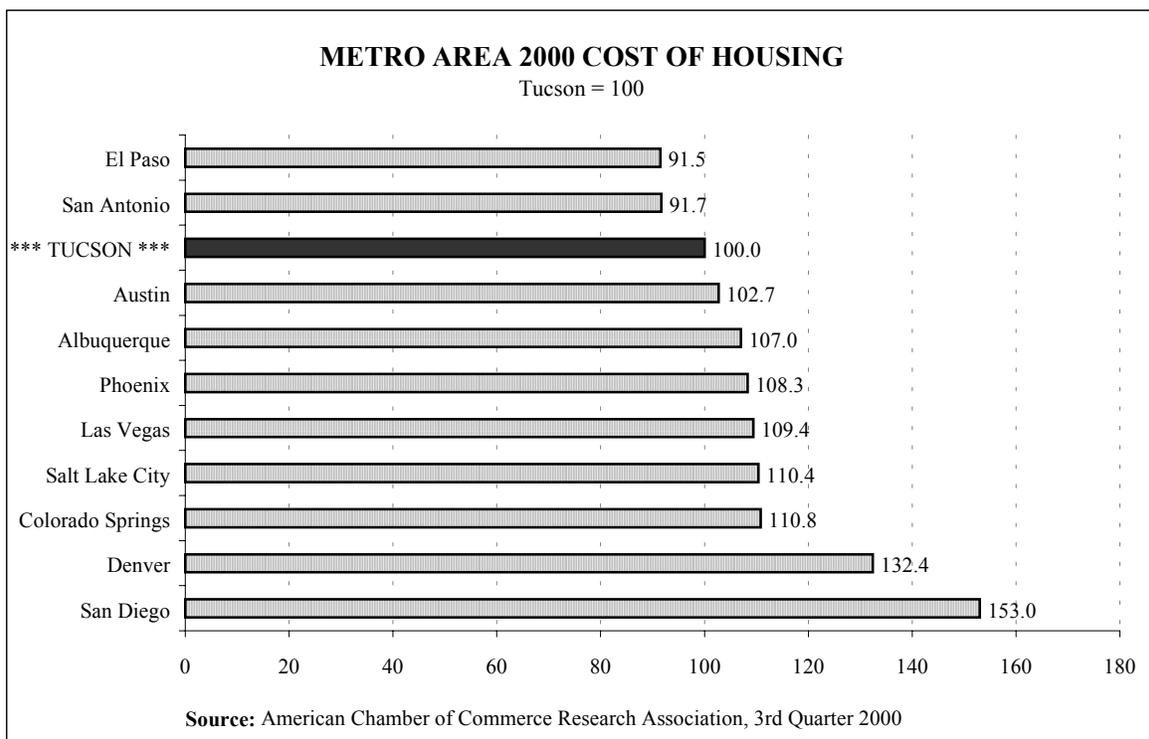
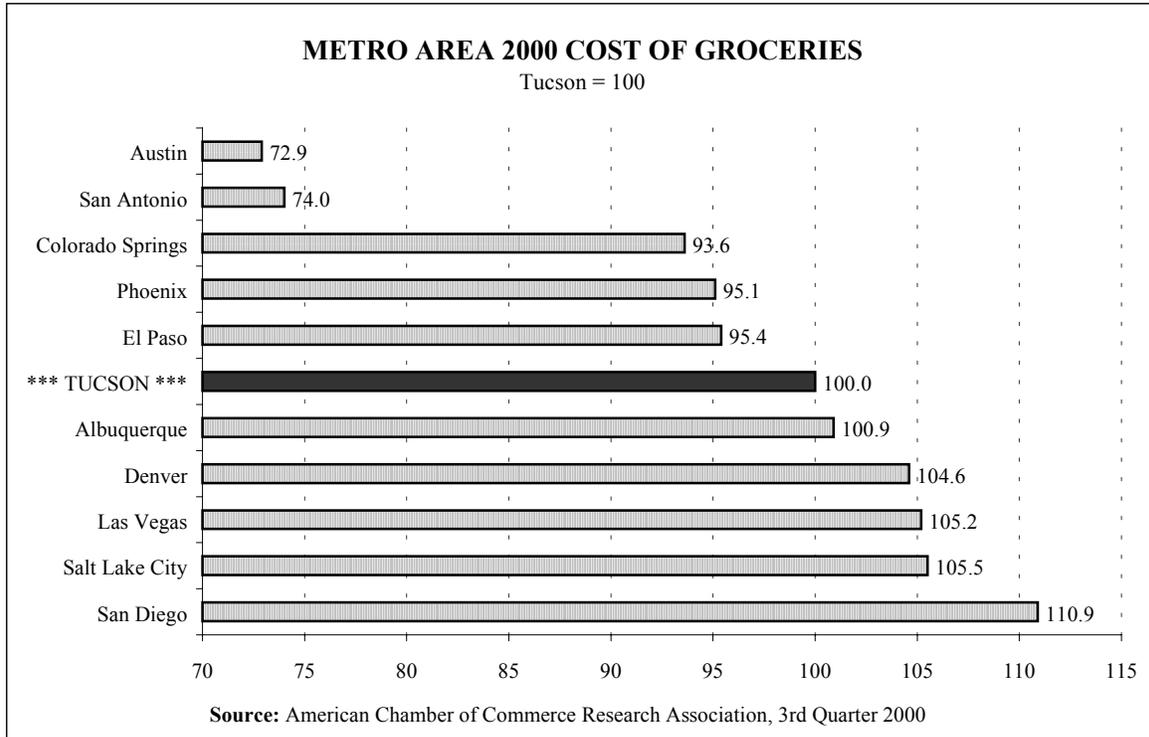
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Selected Regional Cities Benchmarked With Tucson



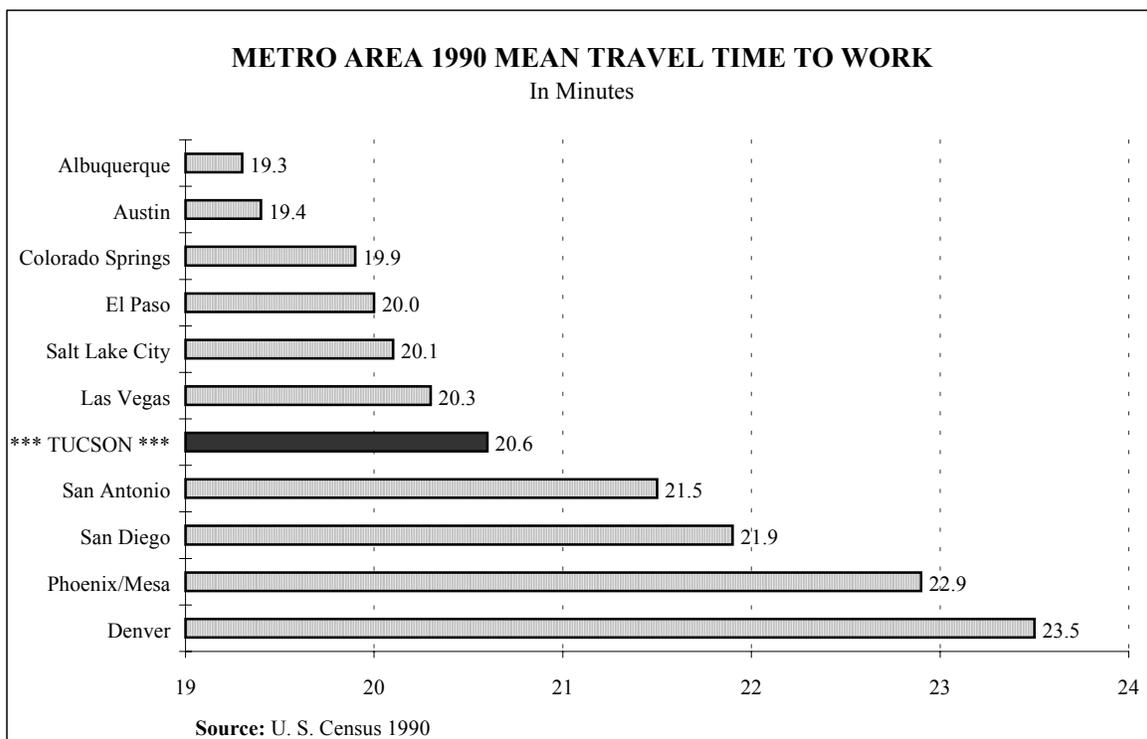
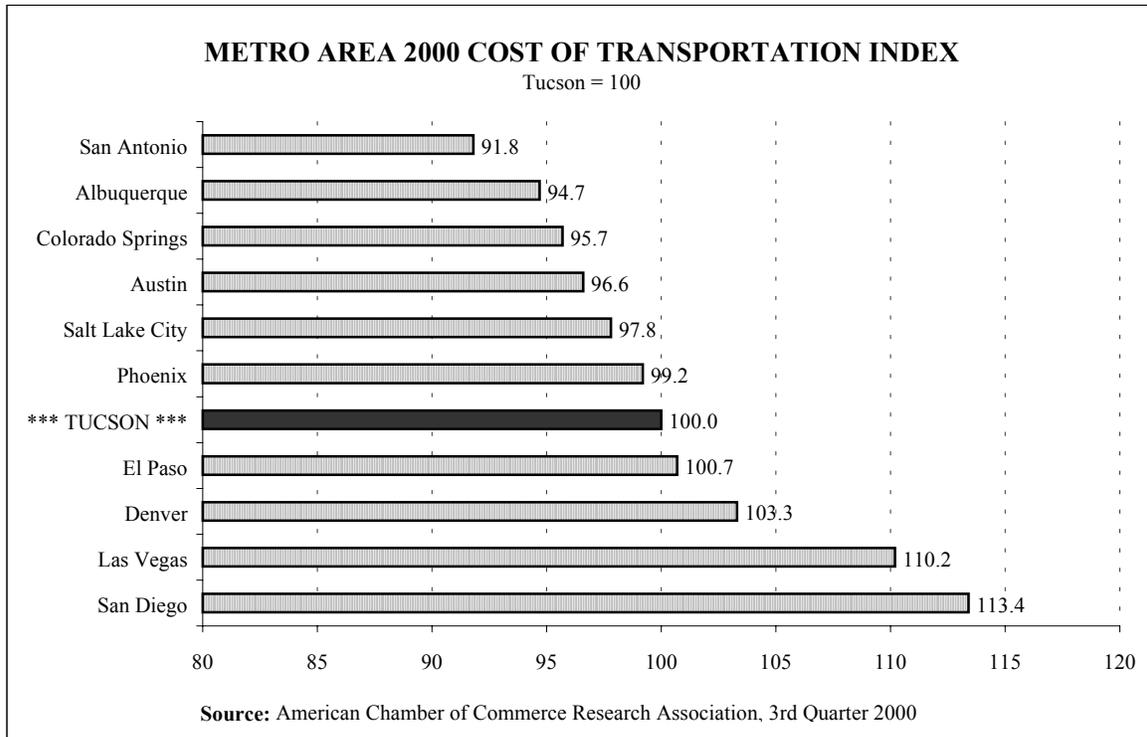
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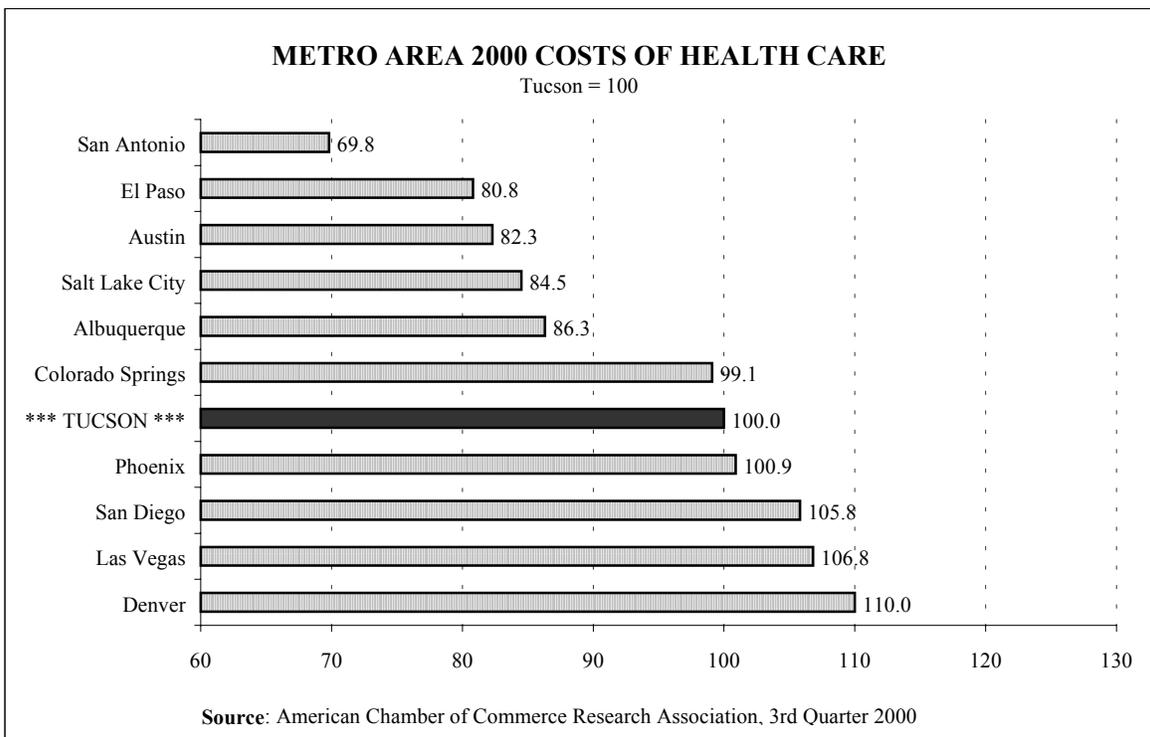
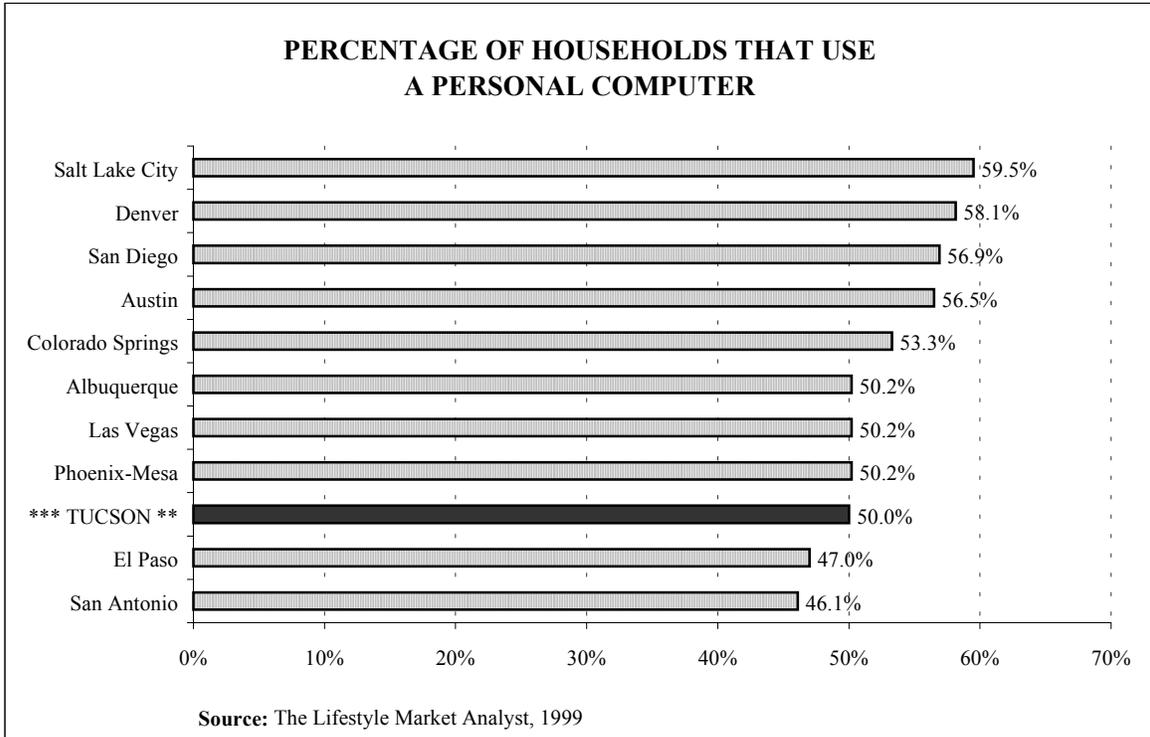
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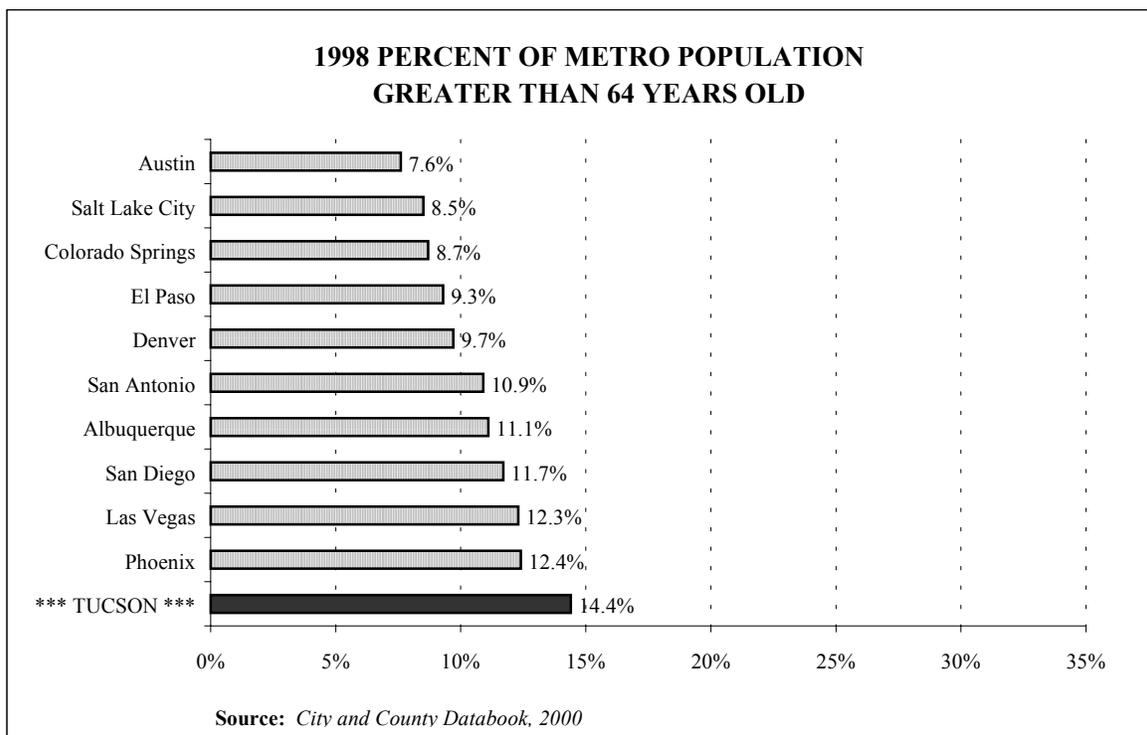
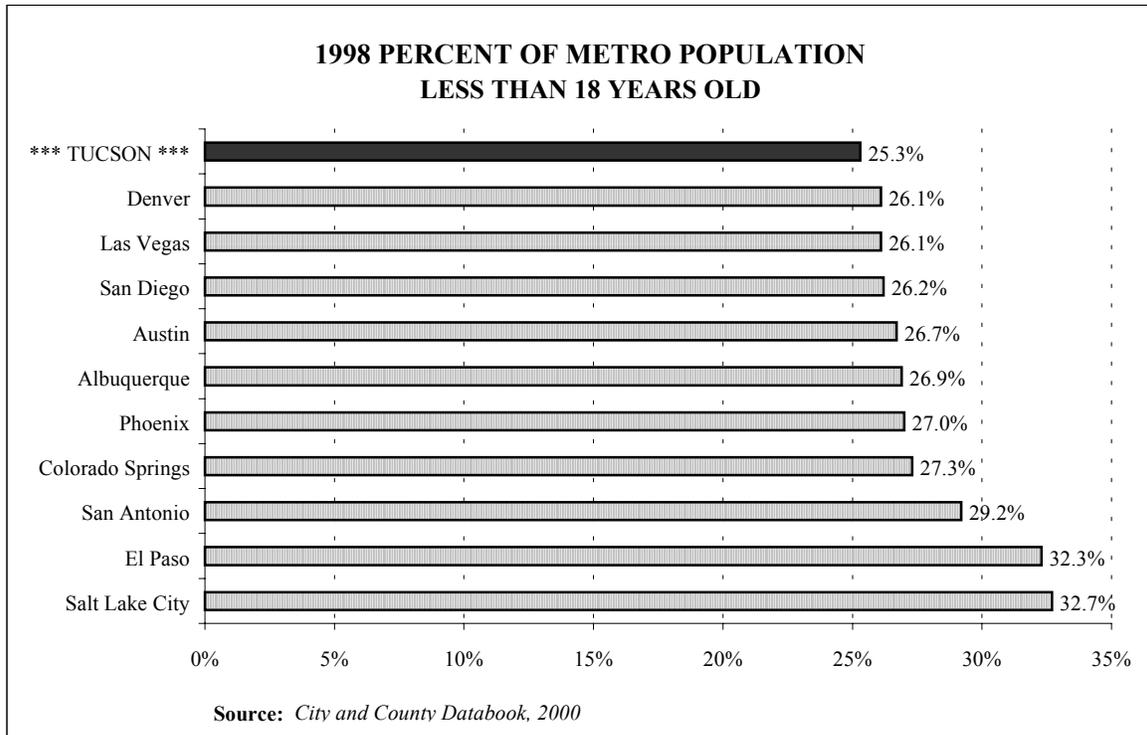
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



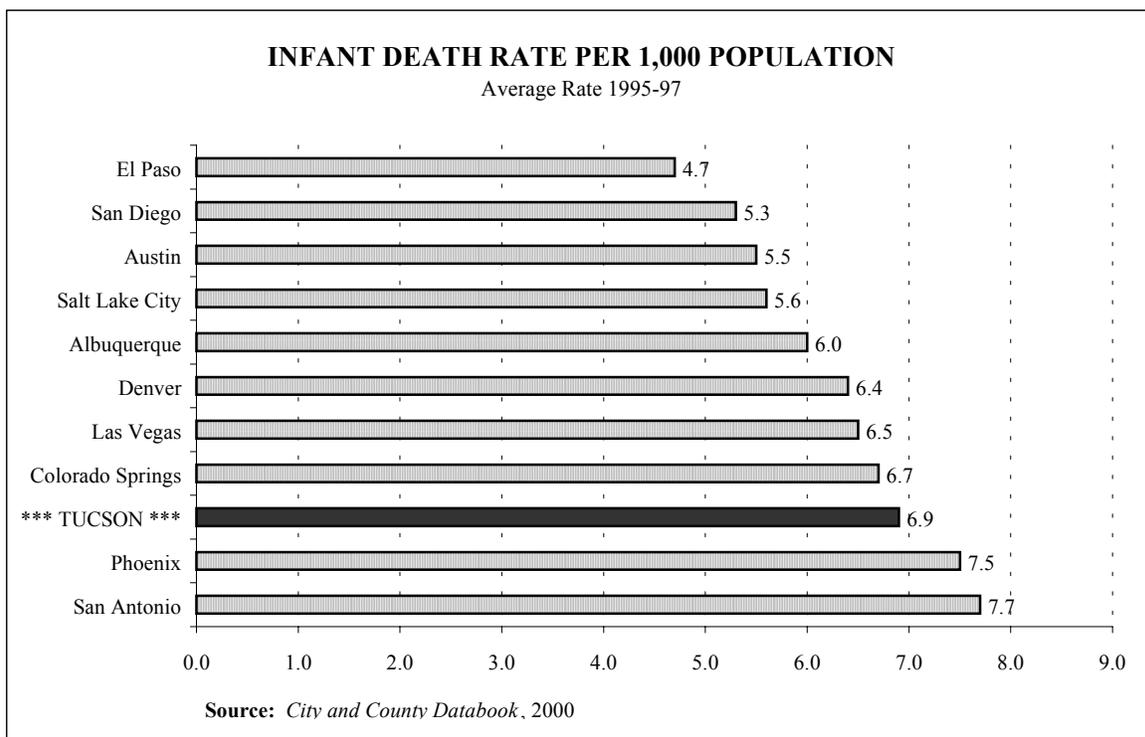
DEMOGRAPHIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



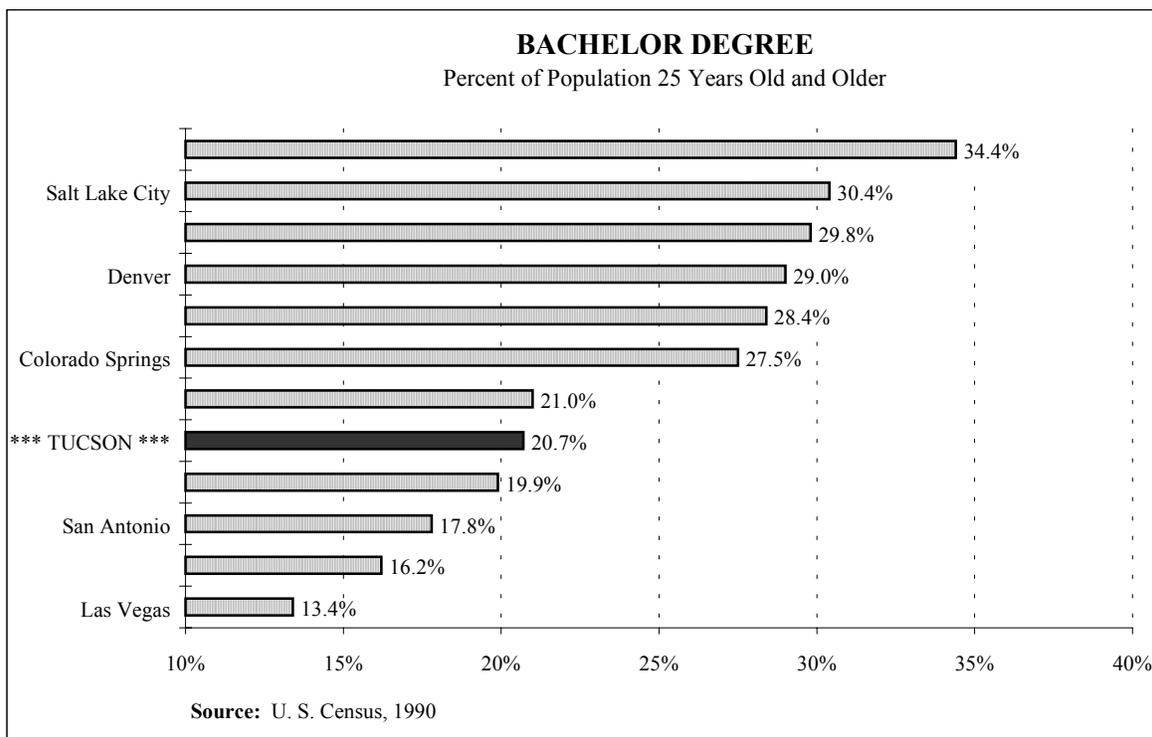
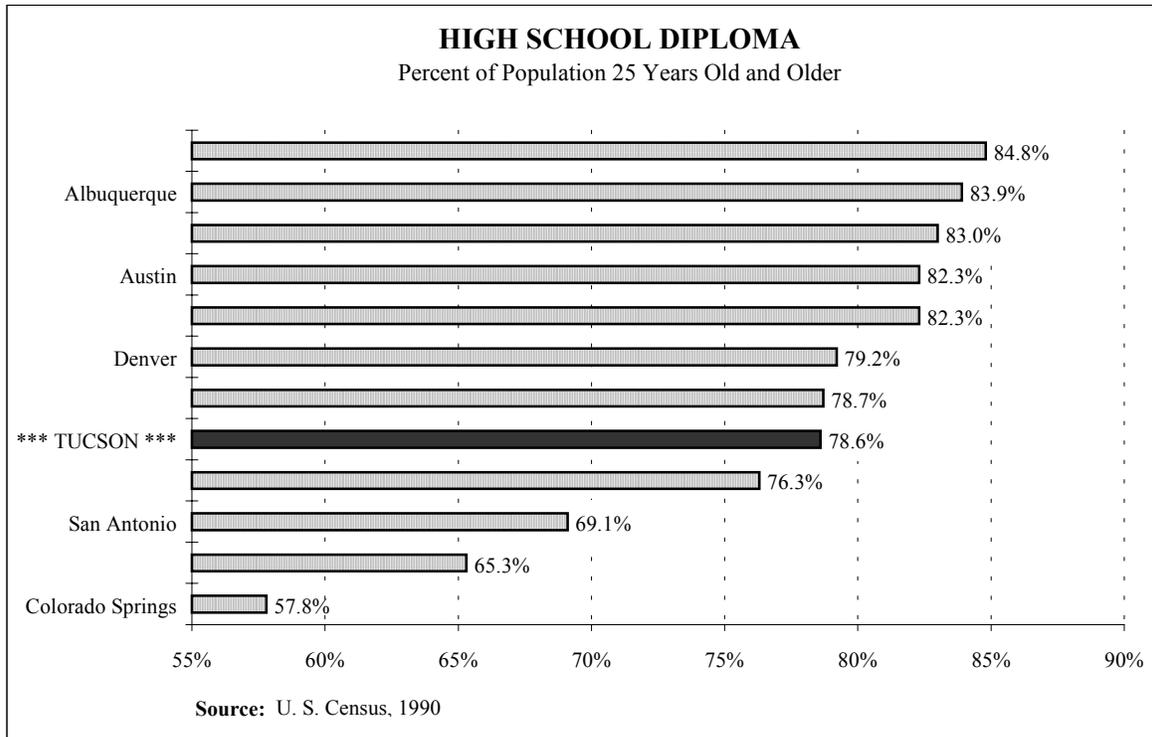
DEMOGRAPHIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



DEMOGRAPHIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



BUDGET OVERVIEW

Revenue and Expenditure Summary

WHAT IS THE ADOPTED BUDGET?

The adopted budget is a communication to taxpayers that provides answers to these questions:

➤ **How will city government spend my money?**

- What services will be provided and at what cost?
- How will these services further the goals of a Livable Tucson?
- How effective are the city's services in producing the desired outcomes?
- Is city government complying with legal and policy mandates on the use of funds?

➤ **How will city government pay for its activities?**

- What revenue will be raised locally from different kinds of taxes and fees?
- Will local tax rates be raised?
- What non-local support does the city receive?

State law requires that the city's annual budget be balanced: revenues and expenditures must be equal. The City Manager recommends a balanced budget to Mayor and Council, who have final approval over revenue estimates, expenditure appropriations for department programs, and the setting of property tax levies.

This section of the Executive Summary provides a broad overview of the revenue estimates and expenditure appropriations included in the adopted budget. Information in this budget overview section is presented for all funds, with a special highlight on General Purpose Funds. General Purpose Funds are highlighted because this is the money available for general municipal purposes that are of particular interest to the community. Other revenue sources—such as federal grants, state highway user revenue, and utility revenues—are restricted for specific purposes.

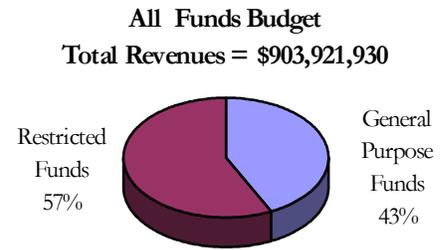
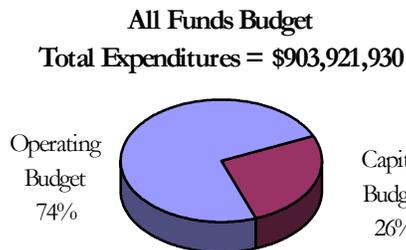
ADOPTED BUDGET: ALL FUNDS

The adopted budget for Fiscal Year 2002 has revenues and expenditures that total \$903,921,930, which is \$95,380,960 or, 12% more than the adopted budget for Fiscal Year 2001.

Expenditures and revenues for the Fiscal 2002 All Funds Adopted Budget increased primarily due to the capital budget, which reflects the city's ramping up to implement the voter-approved 2000 bond program, and an operating budget increase in federal funds for public housing.

All Funds Budget

	Adopted Fiscal Year 2001	Adopted Fiscal Year 2002	Amount of Change	Percent of Total Change
Operating	\$ 623,232,370	\$ 666,744,730	\$ 43,512,360	5%
Capital	<u>185,308,600</u>	<u>237,177,200</u>	<u>51,868,600</u>	<u>7%</u>
Total	\$ 808,540,970	\$ 903,921,930	\$ 95,380,960	12%
Source of Funds:				
General Purpose	\$ 359,130,910	\$ 386,446,760	\$ 27,315,850	3%
Restricted	<u>449,410,060</u>	<u>517,475,170</u>	<u>68,065,110</u>	<u>9%</u>
Total	\$ 808,540,970	\$ 903,921,930	\$ 95,380,960	12%



BUDGET OVERVIEW

Revenue and Expenditure Summary

ADOPTED BUDGET: GENERAL PURPOSE FUNDS

As mentioned earlier, General Purpose Funds are highlighted because this is the money available for general municipal purposes that are of particular interest to the community. These are the discretionary funds that the Mayor and Council have to meet community needs.

Those programs and projects funded from General Purpose Funds in Fiscal Year 2002 are estimated at \$386,446,760, which is \$27,315,850 or 8% more than the adopted General Purpose Funds budget for Fiscal Year 2001.

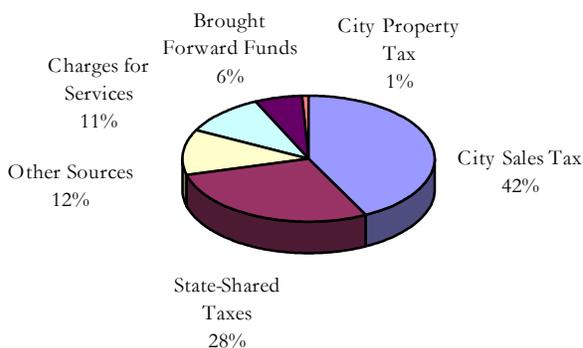
The expenditure increase is primarily due to operating budget funding for the Neighborhood Services and Environment and Development service areas. Included in the Neighborhood Services area are Police and Fire, which had employee salary and benefit adjustments based on union negotiations. The Environment and Development area includes Transportation, which required increased funding for Sun Tran and Van Tran.

The increase in estimated revenues is attributable primarily to city sales tax, based on anticipated economic growth. The other significant contributor is Brought Forward Funds, which reflects the Mayor and Council's decision to use reserve funds to balance the budget.

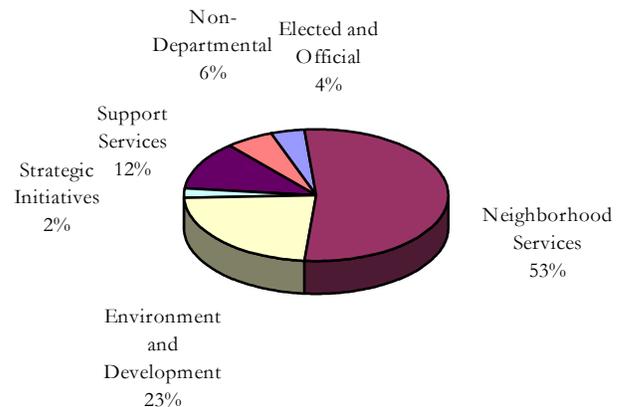
General Purpose Funds Budget Operating and Capital Appropriations

	Adopted Fiscal Year 2001	Adopted Fiscal Year 2002	Amount of Change	Percent of Total Change
Service Area:				
Elected and Official	\$ 14,882,940	\$ 16,591,910	\$ 1,708,970	0.5%
Neighborhood Services	189,900,300	203,558,740	13,658,440	3.8%
Environment and Development	79,248,500	89,260,670	10,012,170	2.8%
Strategic Initiatives	8,340,120	8,719,030	378,910	-0-
Support Services	46,363,160	46,303,570	(59,590)	-0-
Non-Departmental	20,395,890	22,012,840	1,616,950	0.5%
Total	\$ 359,130,910	\$ 386,446,760	\$ 27,315,850	7.6%
Sources of Funds:				
Primary Property Tax	\$ 2,809,770	\$ 2,930,900	\$ 121,130	-0-
Business Privilege (Sales) Tax	153,429,000	164,456,000	11,027,000	3.1%
Charges for Services	38,431,460	40,731,170	2,299,710	0.6%
State-Shared Taxes	107,663,750	109,439,770	1,776,020	0.5%
Brought Forward Funds	16,764,490	23,917,830	7,153,340	2.0%
Other Sources	40,032,440	44,971,090	4,938,650	1.4%
Total	\$ 359,130,910	\$ 386,446,760	\$ 27,315,850	7.6%

General Purpose Funds Total Revenues = \$386,446,760



General Purpose Funds Total Expenditures = \$386,446,760



BUDGET OVERVIEW

Revenue and Expenditure Summary

REVENUES: ALL FUNDS BUDGET

As mentioned earlier, the increase in estimated revenues from Fiscal Year 2001 to Fiscal Year 2002 is primarily due to anticipated economic growth and not to increases in city sales tax or primary property tax rates.

City's Primary Property Tax Rate and Tax Levy

The estimated primary property tax rate for Fiscal Year 2002 remained the same as the actual rate for Fiscal Year 2001: \$0.1406 per \$100 of assessed valuation. While the rate has stayed the same, the funds raised through this tax—the tax levy—have increased by \$121,130 or 4%, from \$2,809,770 in Fiscal Year 2001 to \$2,930,900 in Fiscal Year 2002.

The tax levy increase, while still maintaining the same tax rate, is possible because of an increase in assessed property values. The Fiscal Year 2002 rate is based on a primary assessed valuation of \$2.08 billion, compared to \$1.99 billion for the Fiscal Year 2001 rate.

City's Secondary Property Tax Rate and Tax Levy

The secondary property tax rate for Fiscal Year 2002 decreased by \$0.0067 per \$100 of assessed valuation, from \$0.9864 in Fiscal Year 2001 to \$0.9797 in Fiscal Year 2002. The secondary property tax levy for Fiscal Year 2002 is estimated at \$20,953,750, an increase of \$746,620 over the Fiscal Year 2001 levy.

The secondary rate decrease, even though the levy increased, is also due to the higher property values within the city. The Fiscal Year 2002 rate is based on a secondary assessed valuation of \$2.14 billion, compared to \$2.04 billion for Fiscal Year 2001.

City's Sales Tax

The city's sales (business privilege) tax rate has remained the same at 2%. However, the revenue receipts from that tax are estimated to be \$164,456,000, which is an increase of \$11,027,000 or 7% more than the Fiscal Year 2001 adopted budget. The increased estimate is due to economic growth and the effects of inflation on the cost of goods. The estimate reflects the assumption that economic growth will be moderate for the years 2000 and 2001.

Further detail on revenue sources can be found in the Revenue Estimates section of this document and in Volume I.

EXPENDITURES: ALL FUNDS BUDGET

Expenditures for the operating and capital budgets have increased by \$95,380,960, from \$808,540,970 in Fiscal Year 2001 to \$903,921,930 in Fiscal Year 2002.

Budgeted expenditures can be most easily understood on a department basis. Expenditure detail for the operating budget of each department can be found in the Department Programs section of this document and in Volume II and IIa. Expenditure detail on the capital budget for each department can be found in the Capital Improvement Program section of this document and in Volume III.

A three-year comparison of All Funds Budget revenues and expenditures is shown on the following page.

BUDGET OVERVIEW

Revenue and Expenditure Summary

REVENUES AND EXPENDITURES COMPARISONS

CLASSIFICATION	Actual FY 2000	Adopted FY 2001	Estimated FY 2001	Adopted FY 2002
Funds Available				
Primary Property Tax	\$ 2,596,208	\$ 2,809,770	\$ 2,809,770	\$ 2,930,900
Secondary Property Tax	17,136,880	20,207,130	19,385,750	20,953,750
Business Privilege Tax	147,229,852	153,429,000	157,723,060	164,456,000
Other Local Taxes	13,363,557	14,319,000	14,050,120	14,431,000
Licenses and Permits	15,731,101	16,138,000	16,417,460	16,687,000
Fines, Forfeitures, and Penalties	5,802,095	5,966,000	5,467,480	6,746,100
Use of Money and Property	7,526,259	6,543,870	6,822,920	7,434,080
Grants and Shared Taxes	131,544,938	136,084,390	136,137,230	139,962,110
State Revenue Sharing	49,154,072	48,590,780	51,619,370	51,047,000
Charges for Current Services	38,033,680	40,168,970	40,872,430	42,459,100
Non-Revenue Receipts	4,133,133	9,985,630	8,893,845	11,578,060
Public Housing	36,403,311	43,055,090	39,623,610	59,037,580
Other Federal Revenues	20,038,886	28,726,200	33,710,280	28,062,450
Golf Course	8,081,602	9,967,760	9,977,230	11,149,690
Water Utility	94,307,406	109,065,190	110,210,370	113,516,750
Non-Recurring*	70,794,063	127,602,230	104,854,240	160,642,090
Brought Forward	44,618,675	35,881,960	32,702,724	52,828,270
Total Funds Available	\$ 706,495,718	\$ 808,540,970	\$ 791,277,889	\$ 903,921,930
Expenditures				
Elected and Official	\$ 17,327,857	\$ 15,823,570	\$ 15,568,890	\$ 17,264,160
Neighborhood Services	257,844,378	302,925,480	295,476,110	359,042,180
Environment and Development	274,936,226	359,183,970	324,540,540	388,392,730
Strategic Initiatives	7,344,809	9,390,120	8,509,390	9,769,030
Support Services	42,363,523	50,791,760	46,985,090	55,075,240
Non-Departmental	62,823,134	70,426,070	63,338,900	74,378,590
Total All Organizations	\$ 662,639,927	\$ 808,540,970	\$ 754,418,920	\$ 903,921,930

*Note: This revenue category consists of non-recurring federal funds, bond proceeds, and certificates of participation.

BUDGET OVERVIEW

Budget and Financial Policies

Arizona state law, the City Charter, Generally Accepted Accounting Principles, and Mayor and Council policy govern the City of Tucson's budget. State laws and the City Charter prescribe the appropriate methods for adopting and revising the budget, and for setting the property tax levy. An annual expenditure limitation is also imposed by the state constitution. Generally Accepted Accounting Principles govern how revenues and expenditures are recorded. Mayor and Council have established a number of financial policies, such as debt management, maintenance of an unbudgeted strategic reserve, and establishment of vehicle and equipment replacement plans.

For Fiscal Year 2002, it is estimated that the general expenditures subject to the expenditure limitation will be approximately \$26 million below the state's alternative limitation.

Fiscal Year 2002 Spending Limitation	
Total City Expenditures	\$ 903,921,930
City Expenditures Subject to Limitation	\$ 480,479,760
<i>Official</i> State Expenditure Limitation	\$ 477,548,095
<i>Alternative</i> State Expenditure Limitation	\$ 506,451,730
Amount Below <i>Alternative</i> Limitation	\$ 25,971,970

STATE AND CITY LEGAL REQUIREMENTS

Spending Limitations

The Arizona Constitution sets limits on the city's legal budget capacity. In general, the Mayor and Council cannot authorize expenditures of locally generated revenues in excess of the expenditure limitation determined annually by the State of Arizona's Economic Estimates Commission. Specific funding sources are exempted from the limitation, including bond proceeds and related debt service, interest earnings, federal funds, money received from intergovernmental agreements, and certain state funds.

The expenditure limitation is based on the city's actual expenditures for Fiscal Year 1980, adjusted for inflation and growth and any voter approved adjustments to the expenditure base. In 1987, Tucson voters authorized a \$46.9 million increase in the expenditure base. The effect of this authorization was a permanent increase to the city's expenditure limitation that is used for improved police, recreation, transportation, and fire services.

Each year the state's Economic Estimates Commission (EEC) adjusts expenditure limitations for population growth and inflation, using the federal Gross Domestic Product (GDP) index. A problem arose with this procedure in Fiscal Year 2001 when expenditure limitations were unintentionally reduced for all Arizona cities and towns because of a "re-basing" of the GDP by the federal government. As a short-term solution, the EEC calculated alternative expenditure limitations for Fiscal Years 2001 and 2002. As long as a city's expenditures do not exceed its alternative limitation, the penalty for exceeding the original limitation will be only \$100.

Property Tax Levy Limitations – State Mandated

State law specifies a property tax limitation system that consists of two levies: (1) primary property tax levy for general purposes and (2) secondary property tax levy to retire general obligation bond debt.

Primary Property Tax Levy: This levy may be used for any general purpose and is primarily used by the city for current operations and maintenance expenses. However, there is a limit imposed on how much the city can levy with the primary property tax. The primary property tax levy is limited to an increase of 2% over the previous year's maximum allowable primary levy, plus an adjustment for property not taxed in the previous year. This adjustment takes into account any new construction and property added by annexation.

Secondary Property Tax Levy: This levy may only be used to retire the principal and interest, or redemption charges on general obligation bonds. The secondary property tax levy is referred to as the "unlimited" levy, because the city may increase the amount as needed to make payments on general obligation bonds issued by the city.

Property Tax Levy Limitation – Charter Mandated

The Tucson City Charter places additional restrictions on the annual property tax levies. The Charter sets a limit on the combined primary and secondary property tax rate of \$1.75 per \$100 of assessed value.

The table on the following page presents the Fiscal Year 2001 and Fiscal Year 2002 property tax levies.

Primary and Secondary Property Tax Levies

Property Tax Levy	Fiscal Year 2001	Fiscal Year 2002	Amount of Levy Increase	Percentage Levy Increase ²
	Revised Levy	Estimated Levy ¹		
Primary	\$ 2,809,770	\$ 2,930,900	\$ 121,130	4.3%
Secondary	<u>20,207,130</u>	<u>20,953,750</u>	<u>746,620</u>	3.7%
Total	\$ 23,016,900	\$ 23,884,650	\$ 867,750	3.8%

Property Tax Rate	Fiscal Year 2001	Fiscal Year 2002	Amount of Rate Increase	Percentage Rate Increase
	Actual Rate	Estimated Rate		
Primary	\$ 0.1406	\$ 0.1406	\$ -0-	-0-
Secondary	<u>0.9864</u>	<u>0.9797</u>	<u>(0.0067)</u>	(0.7%)
Total ³	\$ 1.1270	\$ 1.1203	\$ (0.0067)	(0.7%)

¹ The estimated maximum allowable primary property tax levy for Fiscal Year 2002 is \$7,775,417.

² The primary property tax rate is greater than the increase limit of 2% due to the adjustment for new construction and property added by annexation.

³ The City Charter limits the total property tax rate to \$1.75 per \$100 of assessed value.

Budget Adoption Requirements

State law and the City Charter set legal deadlines for the adoption of the annual budget. State law requires that the city adopt a tentative budget on or before the third Monday in July. However, the City Charter states that the City Manager shall submit a recommended budget to the Mayor and Council on or before the first Monday in May for the following fiscal year, with a tentative budget submitted on or before the first Monday in June.

Once the tentative budget has been adopted, the expenditures may not be increased. The tentative budget sets the maximum limit for expenditures, but expenditures can be reduced upon final adoption of the budget.

Both state law and the City Charter require that before the budget can be finally adopted, the tentative budget must be published once a week for at least two consecutive weeks. If the proposed primary property tax levy, excluding the amount due to new construction, is greater than the amount levied in the preceding year, the Mayor and Council must also publish a notice of the tax increase. This notice and subsequent public hearing is required by the state's "Truth in Taxation" legislation.

The Mayor and Council are required by state law and the charter to meet at least one week prior to the adoption of the budget and property tax levies and hold a public hearing so that taxpayers may be heard in favor or against any proposed tax levy.

By state law, the tax levy for the city must be adopted on or before the third Monday in August. The tax levy must be specified in an ordinance adopted by the Mayor and Council.

Budget Revisions

Once the budget is adopted no expenditures are to be made that exceed the amounts specified in the budget, except as provided by state law. This restriction applies whether or not the city has received revenue in excess of budget projections: The city cannot spend all the money it receives; it can only spend the money it has budgeted. The state's spending limitation legislation exempts certain funds, such as federal grants and bond proceeds, from this restriction.

State law also requires that no expenditures be made for a purpose not included in the adopted budget, except as provided by state law. The City of Tucson defines "purpose" as the departments and offices grouped into six service areas: Elected and Official, Neighborhood Services, Environment and Development, Strategic Initiatives, Support Services, and Non-Departmental.

State law permits budget changes within an individual purpose category. Departments prepare a formal change request that identifies the areas to be increased or decreased. These changes may be approved by the Director of Budget and Research, and under special circumstances also reviewed by City Manager or his designee. If there are major policy or program implications

associated with a change, the City Manager may submit the request to the Mayor and Council for approval.

A budget change between purpose categories is permitted by state law only on an emergency basis. The Mayor and Council, if approved by a majority at a public meeting, can transfer funds between purpose categories as long as the transfer does not violate the state's spending limitation.

ACCOUNTING PRACTICES

Fund Accounting

The city accounts for revenues and expenditures on the basis of funds and account groups. The operations of each fund are accounted for with a separate set of self-balancing accounts. The funds are grouped in the financial statements into three categories and two account groups.

Governmental Funds: General Fund, Special Revenue, Debt Service, and Capital Projects Funds

Proprietary Funds: Water and Golf enterprise funds and internal service funds for fleet service and self-insurance

Fiduciary Funds: pension trust, expendable and non-expendable trusts, and various agency funds

Account Groups: general fixed assets and general long-term debt, which are not funds for the accounting of operations but are concerned with the measurement of the city's financial position

Basis of Accounting

The modified accrual basis of accounting is used for all governmental funds, expendable trust funds, and agency funds. In this basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means that the amount of the transaction can be determined, and "available" means that the revenues can be collected within the current period. Expenditures are recorded when the liability is incurred, except for debt service payments which are recorded as liabilities when due.

The proprietary, pension, and non-expendable trust funds are maintained on the accrual basis of accounting: revenues are recognized when earned and expenses recorded when incurred.

Budget Basis of Accounting

The city's budget basis of accounting differs from Generally Accepted Accounting Principles (GAAP). The major differences are as follows:

- Encumbrances (contractual commitments) are considered the equivalent of expenditures. Encumbrances can be carried forward and rebudgeted for the following year.
- Grant revenues are budgeted on a modified cash basis rather than a modified accrual basis.
- Fund balances reserved for inventory and bonded debt are not included in the budget.
- Certain expenditures, such as depreciation, are not included in the budget.
- Certain funds, such as trust funds, are not included in the budget.

DEBT MANAGEMENT

The city uses a variety of financing mechanisms to meet the long-term capital needs of the community. To determine the appropriate indebtedness program for the city, consideration is given to the following conditions:

- Operating and maintenance costs
- Federal and state laws, the Tucson City Charter, and the Tucson Code
- Outstanding payments for existing debt
- Consistency between the source of debt repayment and the project being financed
- Term of financing is less than or equal to the useful life of the project
- Impact of tax or fee increases
- Impact on the city's future borrowing ability

The city's debt program includes general obligation bonds, street and highway revenue bonds, water revenue bonds, special assessment bonds, lease-purchase contracts, and certificates of participation. In all cases, the city aggressively manages the debt program with assistance from a financial advisor and bond counsel. Restructuring, refinancing, and advance bond refunding are used to limit the city's debt service costs and to provide maximum borrowing flexibility.

Bonded Debt

General Obligation Bonds: These bonds, financed from the secondary property tax levy, must be authorized by the

BUDGET OVERVIEW

Budget and Financial Policies

voters. The last general obligation bond authorization by the voters was in May 2000 for a five-year program totaling \$129.5 million. The program began in Fiscal Year 2001 and is scheduled to be completed in Fiscal Year 2005.

General obligation bond proceeds are used to finance capital projects for Environmental Management, Police, Fire, Parks and Recreation, Library, Solid Waste Management, and Transportation's drainage and street-lights. State law limits the amount of general obligation bonds that may be outstanding for water, sewer, lighting, parks, and open space to 20% of secondary property assessed valuation. General obligation bonds for environmental safety, police, fire, library, and other non-utility or open space purposes are limited to 6% of secondary property assessed valuation.

While the Tucson City Charter limits the combined primary and secondary property tax to \$1.75 per \$100 of assessed valuation, the combined rate is held to \$1.50 to provide assurance to the bond rating agencies. This assurance and the policy of maintaining an unbudgeted strategic reserve (discussed in "General Financial Policies") have enabled the city to retain a strong credit rating.

General Obligation Bond Rating	
Moody's	Aa2
Standard & Poor's	AA

The city's *debt burden* is a measurement of the relationship between the debt supported from its property tax base to the most generally available measure of wealth in the community: the assessed valuation of taxable property. In addition, net debt can be related to population.

General Obligation Debt Burden (as of June 30, 2000)

Population	486,810
Assessed Value	\$ 1,945,168,000
Gross Bonded Debt	\$ 211,169,000
Less Debt Service	315,000
Net Bonded Debt	\$ 210,854,000
Ratio of Net Bonded Debt to Assessed Value	10.8%
Net Bonded Debt per Capita	\$ 433.13

Street and Highway Revenue Bonds: Street and highway revenue bond proceeds, payable with the city's highway user revenue receipts, finance street improvement projects. These bonds also require voter approval. The last authorization by the voters was in May 2000 for a three-

year program totaling \$25.0 million. The program was scheduled to begin in Fiscal Year 2003, but will start in Fiscal Year 2002. It is still scheduled to be completed in Fiscal Year 2005.

State law limits the amount of street and highway bonds that can be sold. The prior fiscal year highway user revenue receipts must be equal to at least twice the highest annual debt service requirements for senior lien bonds and at least one and one-half times for junior lien bonds.

Street and Highway Revenue Bond Rating	
Moody's	Senior Lien: Aa3 Junior Lien: A1
Standard & Poor's	Senior Lien: A+ Junior Lien: A

Water Revenue Bonds: Bond proceeds, payable by system revenues, are used to finance capital improvements to the water system. Water revenue bonds also require voter approval. The last water revenue bond authorization by the voters was in May 2000 for a five-year program totaling \$123.6 million. The program began in Fiscal Year 2001 and is scheduled to be completed in Fiscal Year 2005.

By bond covenant, the city is limited to issuing water revenue bonds only if the net revenue after water system operations is equal to at least 120% of the maximum future annual debt service payment. However, to maintain a high credit rating and thereby reduce borrowing costs, the city maintains a 150% to 200% coverage.

Water Revenue Bond Rating	
Moody's	Aa3
Standard & Poor's	A+

Special Assessment Bonds: These bond proceeds are used to finance approved improvement districts. The bonds are payable, over a ten-year period, by tax assessments against the benefiting property owners.

Legal Bonded Debt Margin

As of June 30, 2000, the city's total bonded indebtedness was \$617,134,000. Based on the assessed valuation of property within the city, the state constitution imposed general obligation debt limits of \$389,032,000 for utility purposes and open space (20% bonds) and \$116,710,000 for other purposes (6% bonds). The city's outstanding general obligation debt of \$211,169,000 was well within the state limitation, with a legal margin of \$248,248,000 for

BUDGET OVERVIEW

Budget and Financial Policies

utility purposes and open space, and \$46,325,000 for other purposes.

Legal Debt Margin June 30, 2000 (\$000s)

	General Obligation (GO) Bonds	
	6%	20%
<u>Debt Limitation:</u> ¹	\$ 116,710	\$ 389,032
<u>City's Outstanding Bonded GO Debt:</u>		
\$ 211,169 =	\$ 70,385	\$ 140,784
<u>Legal Margin:</u>	\$ 46,325	\$ 248,248

¹ – Based on assessed valuation of \$1,945,168,000

Other Types of Debt

Lease Purchases, Certificates of Participation, and Installment Contract Debt: These financing mechanisms are used whenever the projects involved are unsuitable for bonding, or if alternative financing has advantages over bonding. The debt service payments are generally payable from the city's recurring revenues and are subject to annual appropriation by the Mayor and Council.

GENERAL FINANCIAL POLICIES

Other general administrative and Mayor and Council approved policies that guide budget development are summarized in this section.

Allocation of Expenditures Budgets: Each department is accountable for keeping expenditures within its appropriation and for ensuring that expenditures are an appropriate use of the taxpayers money. The Budget and Research Department prepares periodic expenditure and revenue projections to advise the city manager and Mayor and Council on budget status.

Employee Compensation Cost: Costs for employee compensation, including wages and benefits, are allocated to each department. The value of compensated absences for vacation and sick leave are accrued in the proprietary funds as earned. In the governmental funds, only the current portion of the accumulated leave liability is recorded. The long-term liability is not included in the budget, but is recorded in the general long-term debt account group in the Comprehensive Annual Financial Report.

Enterprise Program Cost Recovery: The enterprise programs of Water and Golf are self-supporting from rates, fees, and charges. Cost recovery includes direct operation and maintenance expense, indirect cost allocation for central services (for Water, but not Golf), capital expenditures, and debt service.

Self-Insurance: The city is self-insured for general and automotive liability. The costs of self-insurance are allocated to department budgets based on the loss experience for each department.

Unbudgeted Strategic Reserve: The unbudgeted balance serves as a source of financial stability and is a critical factor in determining how bond-rating agencies evaluate the city's finances. This reserve has increased from \$260,000 in June 1990 to \$17,118,000 as of June 30, 2001. In September 2000, the Mayor and Council voted to annually increase this reserve until it reaches 7.5% of general recurring expenditures in Fiscal Year 2006. However, the Fiscal Year 2002 contribution of \$3.1 million was deferred as a means to balance the budget.

Vehicle and Equipment Replacement: Vehicle and equipment replacement are governed by the Department of Operation's fleet replacement plan, the Fire Department's fire apparatus replacement plan, and Information Technology's personal computer replacement plan.

INVESTMENT POLICY

The City Charter and State Statutes authorize the city to invest in obligations of the U.S. Government, its agencies and instrumentalities, money market funds consisting of the above, repurchase agreements, bank certificates of deposit, commercial paper rated A-1/P-1, corporate bonds and notes rated AAA or AA, and the State of Arizona Local Government Investment Pool.

Investment maturities are scheduled so that maturing principal and interest, plus ongoing, non-investment, cash flow is sufficient to cover projected payroll, operating, and capital expenses as these become payable.

Funds available for the day-to-day operation of the city may be invested in authorized investments with a final maturity not exceeding three years from the date of the investment. Monies not related to the day-to-day operation of the city, such as bond proceeds, may also be invested for a maximum of three years with maturities based upon anticipated needs.

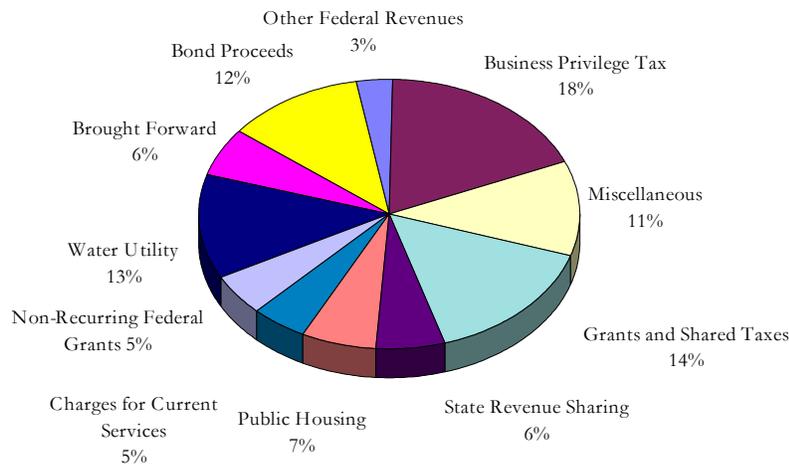
REVENUE ESTIMATES

Summary

Estimated revenues for Fiscal Year 2002 are based on the assumption that the local and state economies will continue to grow, although at a slower rate than in the recent past.

Estimated revenue for Fiscal Year 2002 totals \$903,921,930, which is an increase of \$95,380,960 or 12% more than the adopted budget for Fiscal Year 2001.

SUMMARY OF REVENUES FOR FISCAL YEAR 2002



Funds Available	2002 Annual Budget Total	Percent of Total	Estimated Revenues	
			Operating Budget	Capital Budget
Primary Property Tax	\$ 2,930,900	0%	\$ 2,930,900	\$ -0-
Secondary Property Tax	20,953,750	2%	20,953,750	-0-
Business Privilege Tax	164,456,000	18%	159,275,000	5,181,000
Other Local Taxes	14,431,000	2%	14,431,000	-0-
Licenses and Permits	16,687,000	2%	16,687,000	-0-
Fines, Forfeitures, and Penalties	6,746,100	1%	6,746,100	-0-
Use of Money and Property	7,434,080	1%	7,434,080	-0-
Grants and Shared Taxes	139,962,110	14%	111,406,910	28,555,200
State Revenue Sharing	51,047,000	6%	51,047,000	-0-
Charges for Current Services	42,459,100	5%	42,459,100	-0-
Non-Revenue Receipts	11,578,060	1%	11,578,060	-0-
Public Housing	59,037,580	7%	59,037,580	-0-
Other Federal Revenues	28,062,450	3%	26,263,650	1,798,800
Total Recurring Revenues (Without Utilities)	\$ 565,785,130	62%	\$ 530,250,130	\$ 35,535,000
Golf Course	11,149,690	1%	10,602,790	546,900
Water Utility	113,516,750	13%	99,147,750	14,369,000
Total Recurring Revenues	\$ 690,451,570	76%	\$ 640,000,670	\$ 50,450,900
Non-Recurring Federal Grants	45,341,600	5%	-0-	45,341,600
Bond Proceeds	104,413,400	12%	-0-	104,413,400
Certificates of Participation	10,887,090	1%	226,490	10,660,600
Brought Forward	52,828,270	6%	26,517,570	26,310,700
Total Funds Available	\$ 903,921,930	100%	\$ 666,744,730	\$ 237,177,200

REVENUE ESTIMATES

Fund Groups

FUND GROUPS

Revenue is budgeted in the five groups shown in the following table. These groups and their major revenue

sources are briefly described in this section of the Executive Summary. Additional detail can be found in Volume I, Section E.

All Funds Revenue Summary

	Actual FY 2000	Adopted FY 2001	Estimated FY 2001	Adopted FY 2002
General Fund	\$ 297,770,222	\$ 303,312,150	\$ 305,034,454	\$ 326,565,120
Special Revenue Funds	223,068,036	258,283,580	248,155,075	311,760,320
Enterprise Funds	102,389,008	119,532,950	120,687,600	124,666,440
Debt Service Funds	32,555,446	35,442,390	34,621,010	36,516,650
Capital Projects Funds	50,713,006	91,969,900	82,779,750	104,413,400
Total All Funds	\$ 706,495,718	\$ 808,540,970	\$ 791,277,889	\$ 903,921,930

General Fund

The General Fund accounts for all revenue and expenditures used to finance the traditional services of a municipal government that are not accounted for in other fund types. The major revenue sources for this fund type include the primary property tax, a portion of the business privilege tax (city sales tax) and state-shared revenues, and certain user fees.

General Fund revenue for Fiscal Year 2002 totals \$326,565,120, which is an increase of \$23,252,970 or 8% more than the adopted budget for Fiscal Year 2001. The majority of the difference is due to an increase in city sales tax revenue, additional certificates of participation, and an increased reliance on the use of fund balance and reserves.

General Fund

	Actual FY 2000	Adopted FY 2001	Estimated FY 2001	Adopted FY 2002
Primary Property Tax	\$ 2,596,208	\$ 2,809,770	\$ 2,809,770	\$ 2,930,900
Business Privilege Tax	99,527,475	97,796,140	102,397,130	105,769,770
Other Local Taxes	13,363,557	14,319,000	14,050,120	14,431,000
Licenses and Permits	15,723,326	16,128,800	16,408,260	16,677,000
Fines, Forfeitures, and Penalties	5,802,095	5,966,000	5,467,480	6,746,100
Use of Money and Property	4,439,921	4,743,870	5,102,920	5,929,080
Grants and Shared Taxes	56,793,548	58,829,500	59,408,310	58,152,620
State Revenue Sharing	49,154,072	48,590,780	51,619,370	51,047,000
Charges for Current Services	15,992,335	16,102,900	16,739,660	16,770,130
Non-Revenue Receipts	4,133,133	9,985,630	8,893,845	11,578,060
Certificates of Participation	6,214,405	8,695,430	5,900,650	10,565,590
Brought Forward	9,602,817	8,547,950	5,440,559	11,711,990
Use of Fund Balance	14,427,330	10,796,380	10,796,380	14,255,880
Total General Fund	\$ 297,770,222	\$ 303,312,150	\$ 305,034,454	\$ 326,565,120

REVENUE ESTIMATES

Fund Groups

Special Revenue Funds

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. Statute, charter provision, local ordinance, or federal grant regulations restrict these funds. Major revenue sources include a portion of the business privilege tax (city sales tax), the city's share of state highway user revenues, lottery receipts from the state's Local Transportation Assistance Fund, state and federal grants, and certain user fees.

Special Revenue Funds include the following: Solid Waste Management Fund, Library Fund, Tucson Convention Center Fund, Mass Transit Fund, Capital Agreements Fund, Highway User Revenue Funds, and Federal Grant Funds, Police Safety Academy Fund, Community Development Block Grant Fund, Public Housing Fund, and Transportation Efficiency Act Fund.

The Special Revenue Funds group totals \$311,760,320 for Fiscal Year 2002, which is an increase of \$53,476,740 or 21% more than the adopted budget for Fiscal Year 2001. The majority of the difference is due to increased funding from federal grants for public housing and street projects.

Special Revenue Funds

	Actual FY 2000	Adopted FY 2001	Estimated FY 2001	Adopted FY 2002
Business Privilege Tax	\$ 47,702,377	\$ 55,632,860	\$ 55,325,930	\$ 58,686,230
Licenses and Permits	7,775	9,200	9,200	10,000
Use of Money and Property	2,775,534	1,800,000	1,720,000	1,505,000
Grants and Shared Taxes	60,603,928	62,019,630	61,493,660	66,246,590
Charges for Current Services	22,041,345	24,066,070	24,132,770	25,688,970
Public Housing Local Revenue	2,238,560	1,900,940	1,893,370	1,942,620
Federal Grants	61,563,170	96,317,250	87,114,360	130,499,010
Certificates of Participation	6,507,119	-0-	-0-	321,500
Brought Forward	11,543,658	7,828,300	7,756,455	15,563,980
Use of Fund Balance	8,084,570	8,709,330	8,709,330	11,296,420
Total Special Revenue Funds	\$ 223,068,036	\$ 258,283,580	\$ 248,155,075	\$ 311,760,320

Enterprise Funds

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The city currently has two enterprise funds: Water Utility Fund (for Tucson Water) and the Golf Course Fund (for Tucson City Golf). Expenses for goods and services are recovered through user charges.

The Enterprise Funds group totals \$124,666,440 for Fiscal Year 2002, which is an increase of \$5,133,490 or 4% more than the adopted budget for Fiscal Year 2001. The difference is primarily due to increases in the Water Utility's operating expenses.

Enterprise Funds

	Actual FY 2000	Adopted FY 2001	Estimated FY 2001	Adopted FY 2002
Golf Course	\$ 8,081,602	\$ 10,467,760	\$ 10,477,230	\$ 11,149,690
Water Utility	94,307,406	109,065,190	110,210,370	113,516,750
Total Enterprise Funds	\$ 102,389,008	\$ 119,532,950	\$ 120,687,600	\$ 124,666,440

REVENUE ESTIMATES**Fund Groups****Debt Service Funds**

Debt Service Funds account for the payment of principal and interest on long-term bonded debt other than that issued by an enterprise fund. Major revenue sources include the secondary property tax for debt service on outstanding general obligation bonds and highway user revenue receipts for debt service on street and highway user revenue bonds.

The Debt Service Funds group for Fiscal Year 2002 totals \$36,516,650, which is \$1,074,260 or 3% more than the adopted budget for Fiscal Year 2001. Debt service requirements for general obligation bonds, repaid from the secondary property tax, increased due to the sale of additional bonds for the 2000 authorization. However, the secondary property tax rate actually decreased, because of higher property values within the city. Debt service requirements on street and highway revenue bonds, repaid from state-shared gasoline taxes, also increased due to the sale of additional bonds from the 1994 and 2000 authorizations.

Debt Service Funds

	Actual FY 2000	Adopted FY 2001	Estimated FY 2001	Adopted FY 2002
Secondary Property Tax	\$ 17,136,880	\$ 20,207,130	\$ 19,385,750	\$ 20,953,750
State-Shared Taxes	14,147,462	15,235,260	15,235,260	15,562,900
Use of Money and Property	310,804	-0-	-0-	-0-
Use of Fund Balance	960,300	-0-	-0-	-0-
Total Debt Service Funds	\$ 32,555,446	\$ 35,442,390	\$ 34,621,010	\$ 36,516,650

Capital Projects Funds

Funds for capital projects are established to account for the purchase or construction of major capital facilities that are not financed from other funds. Major revenue sources are proceeds from general obligation bonds, street and highway user revenue bonds, and water revenue bonds.

Capital Projects Funds for Fiscal Year 2002 total \$104,413,400, which is \$12,443,500 or 14% more than the adopted budget for Fiscal Year 2001. The increase is primarily due to the city's ramping up implementation of the bond program authorized by the voters in May 2000.

Capital Projects Funds

	Actual FY 2000	Adopted FY 2001	Estimated FY 2001	Adopted FY 2002
Bond Proceeds	\$ 50,713,006	\$ 91,969,900	\$ 82,779,750	\$ 104,413,400
Total Capital Projects Funds	\$ 50,713,006	\$ 91,969,900	\$ 82,779,750	\$ 104,413,400

REVENUE ESTIMATES

Revenue Descriptions

REVENUE DESCRIPTIONS: LOCAL SOURCES

This section describes several locally generated revenue sources. Locally generated property tax and sales tax fund a significant portion of the basic services provided by the city.

City's Primary Property Tax

The city levies a primary property tax on real and personal property located within the city limits. Revenue from the primary property tax can be used to pay any expense legally chargeable to the General Fund. Under the Arizona Constitution, the annual increase in the primary property tax is limited to 2% more than the previous year's maximum allowable levy, plus an adjustment for new construction and annexed property. Over the past several years, the city has consistently levied less than the maximum allowed.

Comparison of Maximum to Actual Levy

Fiscal Year	Maximum Allowable Tax Levy	Actual Primary Property Tax Levy
FY 1998	6,512,000	2,466,000
FY 1999	6,805,000	2,584,000
FY 2000	7,117,000	2,596,208
FY 2001 (estimate)	7,436,000	2,809,770
FY 2002 (estimate)	7,775,000	2,930,900

The estimated primary property tax levy for Fiscal Year 2002 is \$2,930,900, which is \$121,130 or 4% more than the adopted and estimated budgets of \$2,809,770 for Fiscal Year 2001. This revenue increase did not result from a higher primary property tax rate. The increase results instead from a higher assessed valuation for property within the city limits. The table below provides a comparison of primary property tax levied and rates for the past five years.

Primary Property Tax Levies and Rates

Fiscal Year	Primary Assessed Valuation	Percent Change	Primary Property Tax Levy	Increase (Decrease)	Percent Change	Rate per \$100 of Assessed Valuation
FY 1998	\$ 1,727,233,000	9.2%	\$ 2,466,000	\$ (173,000)	(6.6%)	\$ 0.1428
FY 1999	1,809,220,000	4.7%	2,584,000	118,000	4.8%	0.1428
FY 2000	1,886,840,000	4.3%	2,596,208	12,208	0.5%	0.1428
FY 2001 (estimate)	1,999,070,000	5.9%	2,809,770	213,562	8.2%	0.1406
FY 2002 (estimate)	2,084,563,000	4.3%	2,930,900	121,130	4.3%	0.1406

City's Secondary Property Tax

In addition to the primary property tax, the city levies a secondary property tax to pay the principal and interest on general obligation bonds. All receipts from this tax are accounted for in the Debt Service Funds group. Unlike the primary property tax levy, there is no limitation on the annual increase. The amount levied is determined by the debt service payments required for outstanding bonds.

The estimated debt service requirement on general obligation bonds for Fiscal Year 2002 is \$20,953,750, which is \$746,620 or 4% more than the adopted and estimated budgets of \$20,207,130 for Fiscal Year 2001. The secondary property tax rate for Fiscal Year 2002 is estimated to be \$0.9797 per \$100 of assessed valuation, a decrease of \$0.0067 from the Fiscal Year 2001 rate of \$0.9864. The following table provides a comparison of secondary property tax levies and rates for the past five years.

Secondary Property Tax Levies and Rates

Fiscal Year	Secondary Assessed Valuation	Percent Change	Secondary Property Tax Levy	Increase (Decrease)	Percent Change	Rate per \$100 of Assessed Valuation
FY 1998	\$ 1,818,909,000	13.8%	\$ 15,439,000	\$ (549,000)	(3.4%)	\$ 0.8488
FY 1999	1,875,875,000	3.1%	15,332,000	(107,000)	(0.7%)	0.8173
FY 2000	1,945,160,000	3.7%	17,136,880	1,804,880	11.8%	0.8810
FY 2001 (estimate)	2,048,620,000	5.3%	20,207,130	3,070,250	17.9%	0.9864
FY 2002 (estimate)	2,138,699,000	4.4%	20,953,750	746,620	3.7%	0.9797

REVENUE ESTIMATES

Revenue Descriptions

City of Tucson property taxes are only a small portion of a resident's total property tax bill. The following tables indicate the amounts other jurisdictions are imposing relative to the City of Tucson's property taxes.

Property Tax Rate Summary¹
Comparison of City of Tucson Levies to Other Jurisdiction Levies

Taxing Jurisdiction	FY 1998	FY 1999	FY 2000	FY 2001
Tucson Unified School District ²	\$ 6.46	\$ 6.26	\$ 6.03	\$ 6.05
Pima County ³	5.34	5.41	5.74	5.72
Pima Community College	1.18	1.19	1.37	1.56
City of Tucson	0.99	0.96	1.02	1.13
Flood Control District	0.33	0.32	0.30	0.30
CAP ⁴ Conservation District	0.14	0.14	0.14	0.13
Fire District	0.05	0.05	0.05	0.05
State of Arizona	-0-	-0-	-0-	-0-
Total	\$ 14.49	\$ 14.33	\$ 14.65	\$ 14.94

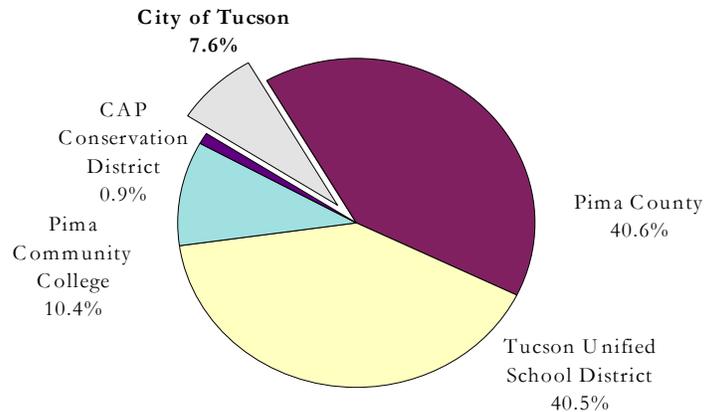
¹ The rates shown are the combined primary and secondary property tax rates per \$100 of assessed valuation. No special improvement districts are included.

² The Tucson Unified School District rate reflects that actual tax levy after the state's Aid to Education decrease (\$3.00 in Fiscal Year 2001).

³ The Pima County rates include the Education Assistance rate (\$0.51 in Fiscal Year 2001).

⁴ CAP = Central Arizona Project

Fiscal Year 2001 Property Taxes for Average Home
 Owner-Occupied Home with Assessed Valuation of \$100,000



Jurisdiction	Combined Tax Rate per \$100	Total Tax Amount	Percent of Total
Pima County levies ¹	\$ 6.07	\$ 607.00	40.6%
Tucson Unified School District ²	6.05	605.00	40.5%
Pima Community College	1.56	156.00	10.4%
City of Tucson	1.13	113.00	7.6%
CAP Conservation District	0.13	13.00	0.9%
Total	\$ 14.94	\$ 1,494.00	100.0%

¹ The rate shown for Pima County also includes rates for the Flood Control and Fire Districts.

² The rate shown for TUSD is the actual levy after the state's Aid to Education decrease.

REVENUE ESTIMATES

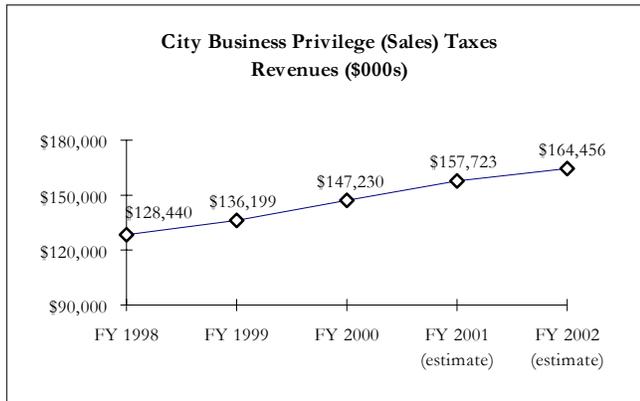
Revenue Descriptions

City Business Privilege (Sales) Taxes

The Tucson City Charter authorizes a 2% sales tax, as long as the city's combined property tax does not exceed \$1.75 per \$100 of assessed valuation. That sales tax is imposed on 14 separate business activities within the city.

The city sales tax provides 18% of the revenue for the Fiscal Year 2002 budget, making it one of the largest sources of funding. The city sales tax can be used to pay any expense legally chargeable to the General Fund, and by Mayor and Council policy, sales tax receipts can also go to Special Revenue Funds to fund mass transit, solid waste management, library, convention center, and public housing operations.

The city sales tax estimate for Fiscal Year 2002 is \$164,456,000, which is \$6,732,940 or 4% more than the estimated budget of \$157,723,060 for Fiscal Year 2001. (The adopted budget for Fiscal Year 2001 was \$153,429,000.) The estimate for Fiscal Year 2002 reflects the assumption that near-term economic growth will be moderate.

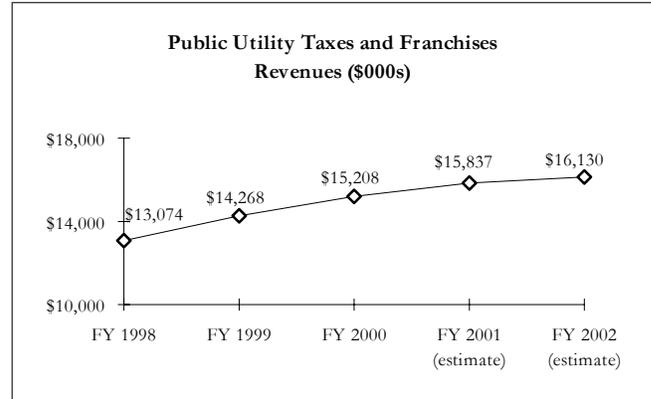


Public Utility Tax and Utility Franchise Payments

The Tucson City Charter authorizes a tax on the gross sales by public utilities to customers within the city limits. By ordinance, the tax rate is set at 2% and is in addition to the 2% city sales tax.

Under terms of voter-approved franchises granted to Tucson Electric Power (TEP) and Southwest Gas (SWG) for use of the public right-of-way, the city also collects franchise payments equal to another 2.25% of gross sales of electricity and 2.0 % of gas consumed within the city. These franchise payments from TEP and SWG are credited against their utility taxes due.

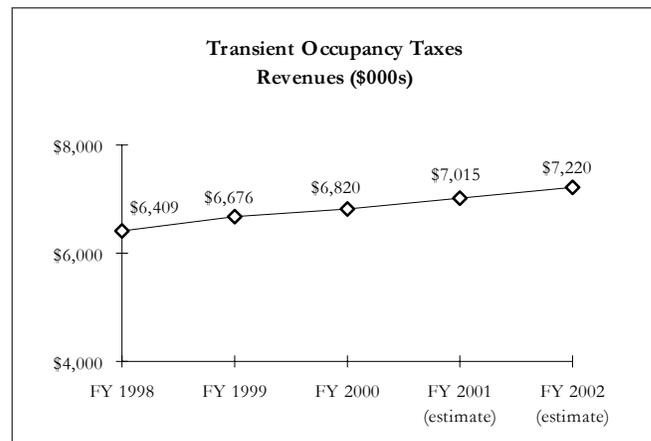
Revenue from utility tax and franchise payments is accounted for in the General Fund. The estimated revenues for Fiscal Year 2002 total \$16,130,000, which is \$293,480 or 2% more than the estimated budget of \$15,836,520 for Fiscal Year 2001. (The adopted budget for Fiscal Year 2001 was \$15,664,000.)



Transient Occupancy Taxes

The Tucson City Code authorizes a 4% transient occupancy tax on rooms rented for 30 days or less and an additional daily hotel/motel surtax of \$1.00 per room rented. This revenue can be used to pay any expense legally chargeable to the General Fund.

The estimated receipts for Fiscal Year 2002 are \$7,220,000, which is \$205,400 or 3% more than the estimated budget of \$7,014,600 for Fiscal Year 2001. (The adopted budget for Fiscal Year 2001 was \$7,348,000.)



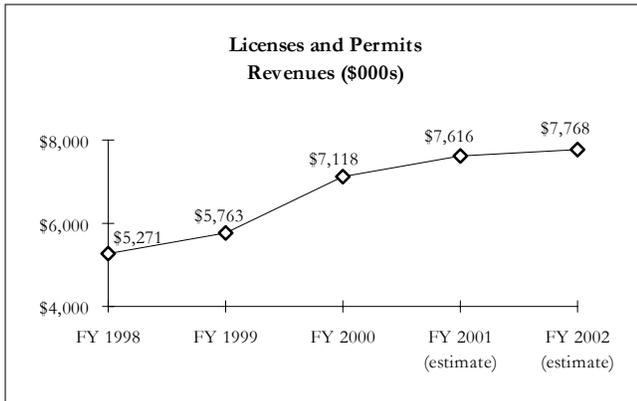
REVENUE ESTIMATES

Revenue Descriptions

Licenses and Permits

Revenues from licenses and permits include business licenses, liquor licenses, sign and street work permits, parking meter collections, refuse hauling permits, and cable television and telecommunications licenses. These revenues are accounted for in the General Fund and Special Revenue Funds groups depending upon the nature of the license or permit.

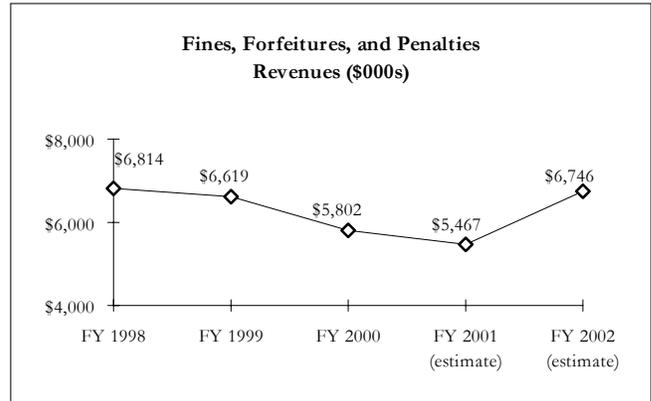
Revenue from licenses and permits totals \$7,768,000 for Fiscal Year 2002, which is an increase of \$151,540 or 2% more than the estimated budget of \$7,616,460 for Fiscal Year 2001. (The adopted budget for Fiscal Year 2001 was \$7,445,000.)



Fines, Forfeitures, and Penalties

This revenue comes from fines for violations of state statutes and the City Code, including driving under the influence, criminal misdemeanors, civil traffic violations, zoning code violations, and parking violations. Revenue collected can be used by the city to pay any expense legally chargeable to the General Fund.

Revenue from fines, forfeitures, and penalties total \$6,746,100 for Fiscal Year 2002, which is \$1,278,620 or 23% more than the estimated budget of \$5,467,480 for Fiscal Year 2001. (The adopted budget for Fiscal Year 2001 was \$5,966,000.) The increased revenue is primarily due to higher estimates for traffic and parking violations.



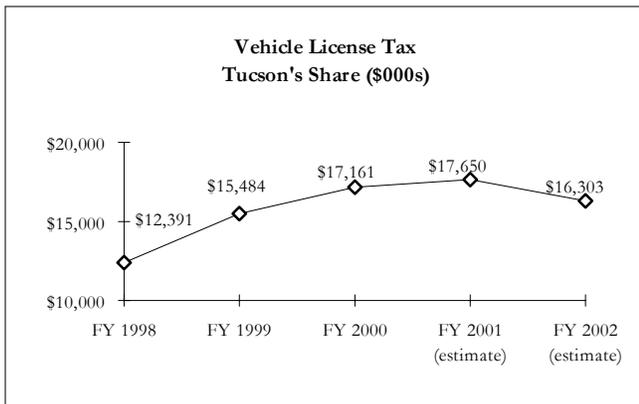
REVENUE DESCRIPTIONS: STATE-SHARED TAXES

This section describes tax revenue that the state provides to the City of Tucson. In total, state-shared taxes are estimated to be \$151,776,950 or 17% of the adopted budget for Fiscal Year 2002.

Vehicle License (Auto Lieu) Tax

The state imposes a vehicle license tax on the value of vehicles that is in lieu of a personal property tax. The revenue collected by the state is shared with cities and counties. This revenue can be used to pay any expense legally chargeable to the General Fund.

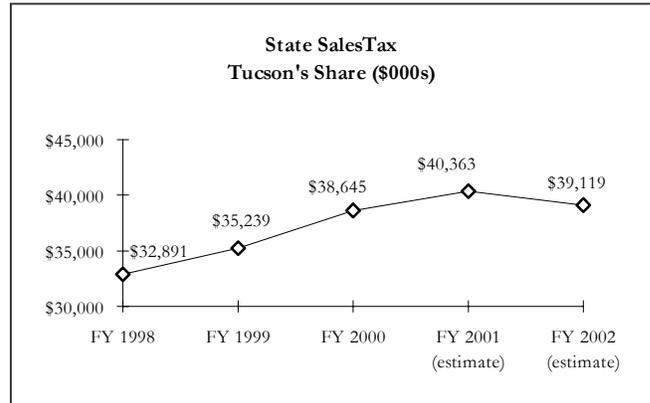
The city's share for Fiscal Year 2002 is estimated to be \$16,303,000, which is a decrease of \$1,347,000 or 8% less than the estimated budget of \$17,650,000 for Fiscal Year 2001. (The adopted budget for Fiscal Year 2001 was \$17,650,000.)



State Sales Tax

The state imposes a sales tax on approximately 20 separate business activities with rates ranging from 3.1% to 5.6%. A portion of this revenue is distributed to cities and counties based on population. The city's share can be used to pay any expense legally chargeable to the General Fund.

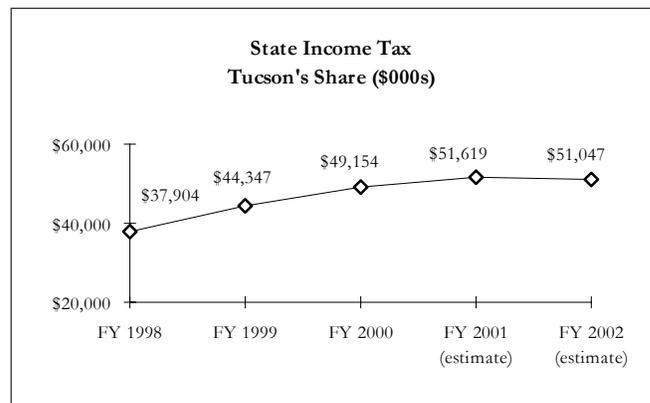
The estimate for state-shared sales tax for Fiscal Year 2002 is \$39,119,000, which is \$1,244,000 or 3% less than the estimated budget of \$40,363,000 for Fiscal Year 2001. (The adopted budget for Fiscal Year 2001 was \$38,604,000.)



State Income Tax (Urban Revenue Sharing)

State law prohibits incorporated cities and towns from imposing local income taxes. However, a share of individual and corporate income taxes collected by the state is shared with cities and towns; the distributions are referred to as Urban Revenue Sharing. The city's distribution can be used to pay any expense legally chargeable to the General Fund.

The city's estimated distribution for state-shared income tax for Fiscal Year 2002 is \$51,047,000, which is \$572,370 or 1% less than the estimated budget of \$51,619,370 for Fiscal Year 2001. (The adopted budget for Fiscal Year 2001 was \$48,590,780.)



The decrease in the amount of these three state-shared revenues, which are deposited in the city's General Fund to provide for basic services, is primarily due to the 2000 Census population figures. Tucson is not growing as fast as other Arizona cities, which means that our proportion of the state's shared revenue is declining.

Highway User Revenue Fund (HURF) Allocation

State gasoline tax and highway user fees are deposited in the state's Highway User Revenue Fund (HURF). These revenues are then shared with cities and counties. The city's share is restricted for use on street-related operations and capital projects, and the payment of principal and interest on street and highway user revenue bonds.

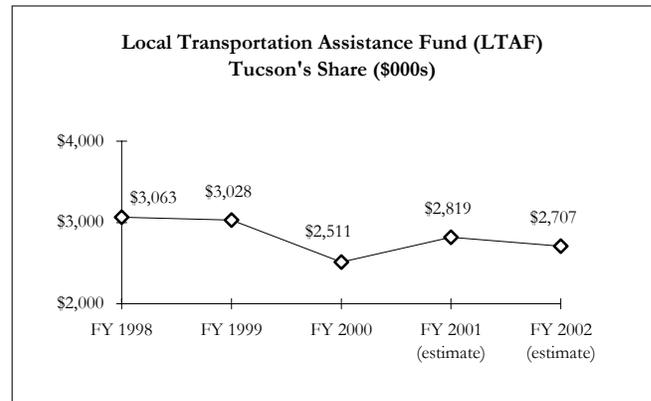
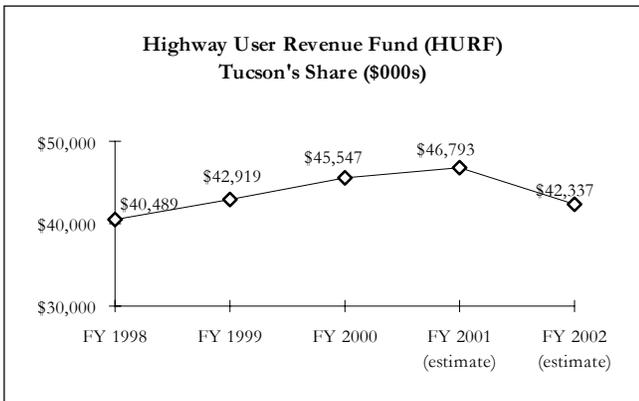
The city's estimated HURF allocation for Fiscal Year 2002 is \$42,337,180, which is \$4,456,080 or 10% less than the estimated budget of \$46,793,260 for Fiscal Year 2001. (The adopted budget for Fiscal Year 2001 was \$45,311,000).

The loss in HURF revenue is also related to the decline in Tucson's percentage of the state's population, with an additional decrease due to the state's decision to give more of the gasoline tax revenue to the Department of Public Safety in Fiscal Years 2002 and 2003.

Local Transportation Assistance Fund (LTAF)

State law requires that a portion of state lottery revenues be deposited in the state's Local Transportation Assistance Fund. The state distributes some of the funds to cities and counties, restricting the uses based on population size. The City of Tucson, which has a population of more than 300,000, is required to use its state lottery LTAF monies for public transit expenses. Multi-state lottery revenues (Powerball) are also deposited in the LTAF, but are allocated through a grant application process. This revenue source is also currently used by the city for public transit expenses.

The city's estimated LTAF distribution for Fiscal Year 2002 is \$2,706,800, which is \$112,170 or 4% less than the estimated budget of \$2,818,970 for Fiscal Year 2001. (The adopted budget for Fiscal Year 2001 was \$2,818,970.)



Budget Purpose Categories

State law requires that no expenditures be made for a purpose not included in the adopted budget. The City of Tucson defines “purpose” by grouping department programs into six service areas:

- Elected and Official: Mayor and Council
City Manager
City Clerk
City Attorney
- Neighborhood Services: City Court
Community Services
Fire
Library
Parks and Recreation
Tucson City Golf
Police
Citizen and Neighborhood Services
Independent Police Auditor
Public Defender
- Environment and Development: Development Services
Planning
Solid Waste Management
Transportation
Tucson Water
Environmental Management
Historic Preservation Office
Zoning Examiner
- Strategic Initiatives: Tucson Convention Center
Office of Economic Development
Intergovernmental Relations
Tucson-México Project
- Support Services: Budget and Research
Finance
Human Resources
Information Technology
Operations
Procurement
Community Relations
Equal Opportunity Office
Grants Office
- Non-Departmental: Outside Agencies
General Expense
Contingency Fund
Debt Service

This section of the Executive Summary provides summary information on department programs, presented in the order listed above, and includes departments’ missions and highlights, support for the Livable Tucson Goals, measures

of performance, and staffing and financial data. (For greater detail on department programs, see Volume II.)

Sources of Funding for Department Programs

The total adopted budget for all programs in Fiscal Year 2002 is \$903,921,930. In this section, sources of funding for programs are shown grouped into two categories—General Purpose Funds and Restricted Funds—to give readers a better understanding of what services are paid for from each type of funding source.

General Purpose Funds: This group contains funding sources that can be used for any general purpose such as police and fire protection, library services, solid waste management, public transit, and organizational support. Revenue sources include the primary property tax, the city sales tax, state-shared taxes, and certain fines and user fees.

General Purpose Funds should not be confused as equivalent with the General Fund summarized in the Revenue Estimates section. General Purpose Funds include most, but not all, of the revenue sources in the General Fund. Excluded are revenue sources, such as certificates of participation, that are used for non-recurring (one-time) purchases or that have restrictions on their use, such as certain Parks and Recreation grants. General Purpose Funds also include revenue sources accounted for in the Debt Service Fund for the repayment of certain certificates of participation and lease-purchases.

Programs funded with General Purpose Funds are where the more difficult decisions of balancing the budget are made. These are the funds that the Mayor and Council have discretion to allocate to address the community’s needs, but account for less than half of the budget.

General Purpose Funds pay for only forty-three percent (\$386,446,760) of the adopted budget for Fiscal Year 2002.

Restricted Funds: This group contains funding sources that are earmarked for specific purposes and are not available to allocate for general municipal services. Revenue sources include state highway user revenue (gas tax) for transportation purposes, receipts from other jurisdictions for specific projects and programs, bond proceeds and other long-term financing instruments, grants, and user revenues for the operation of the Golf and Water utilities.

Restricted Funds pay for fifty-seven percent (\$517,475,170) of the adopted budget for Fiscal Year 2002.

DEPARTMENT PROGRAMS

Summary

The tables below present a summary of financial and position information by service area. The same types of

information (positions, expenditures, and funding sources) are presented for each department in the following pages.

Financial Summary By Budget Purpose Category

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Elected and Official	\$ 17,327,857	\$ 15,823,570	\$ 15,568,890	\$ 17,264,160
Neighborhood Services	257,844,378	302,925,480	295,476,110	359,042,180
Environment and Development	274,936,226	359,183,970	324,540,540	388,392,730
Strategic Initiatives	7,344,809	9,390,120	8,509,390	9,769,030
Support Services	42,363,523	50,791,760	46,985,090	55,075,240
Non-Departmental	<u>62,823,134</u>	<u>70,426,070</u>	<u>63,338,900</u>	<u>74,378,590</u>
Total	\$ 662,639,927	\$ 808,540,970	\$ 754,418,920	\$ 903,921,930
Source of Funds:				
General Purpose Funds	\$ 331,847,792	\$ 359,130,910	\$ 348,053,425	\$ 386,446,760
Restricted Funds	<u>330,792,135</u>	<u>449,410,060</u>	<u>406,365,495</u>	<u>517,475,170</u>
Total	\$ 662,639,927	\$ 808,540,970	\$ 754,418,920	\$ 903,921,930

Position Summary By Budget Purpose Category

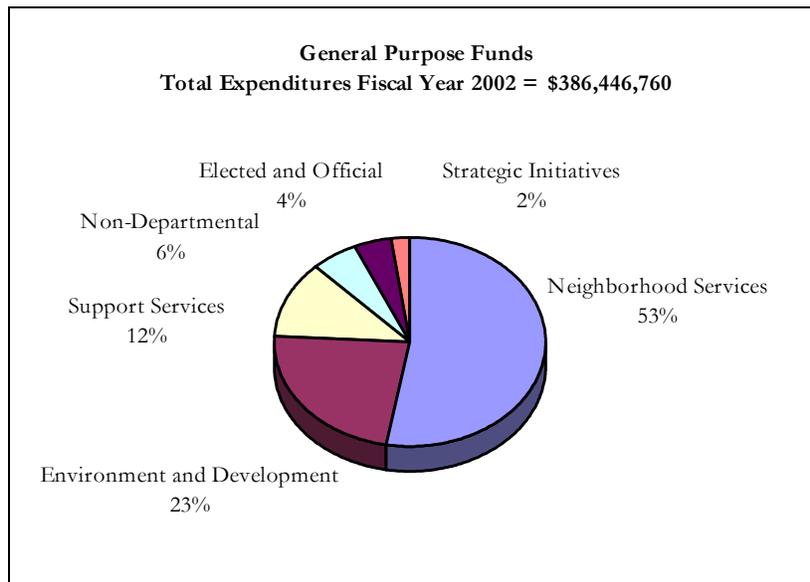
	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Elected and Official	248.00	229.00	230.00	251.00
Neighborhood Services	3,236.80	3,452.80	3,458.30	3,412.05
Environment and Development	1,370.18	1,391.85	1,394.85	1,401.00
Strategic Initiatives	82.00	86.00	85.50	85.50
Support Services	751.37	770.12	776.62	770.62
Non-Departmental	<u>3.00</u>	<u>3.00</u>	<u>5.00</u>	<u>5.50</u>
Total	5,691.35	5,932.77	5,950.27	5,925.67

Note: While the total number of employees has increased by 234.32 or 4% since Fiscal Year 2000, the number of city employees relative to population growth is still at 11.9 employees per 1,000 population. A table showing the number of city employees per 1,000 population for the past 10 years is provided on page 82.

Use of General Purpose Revenue

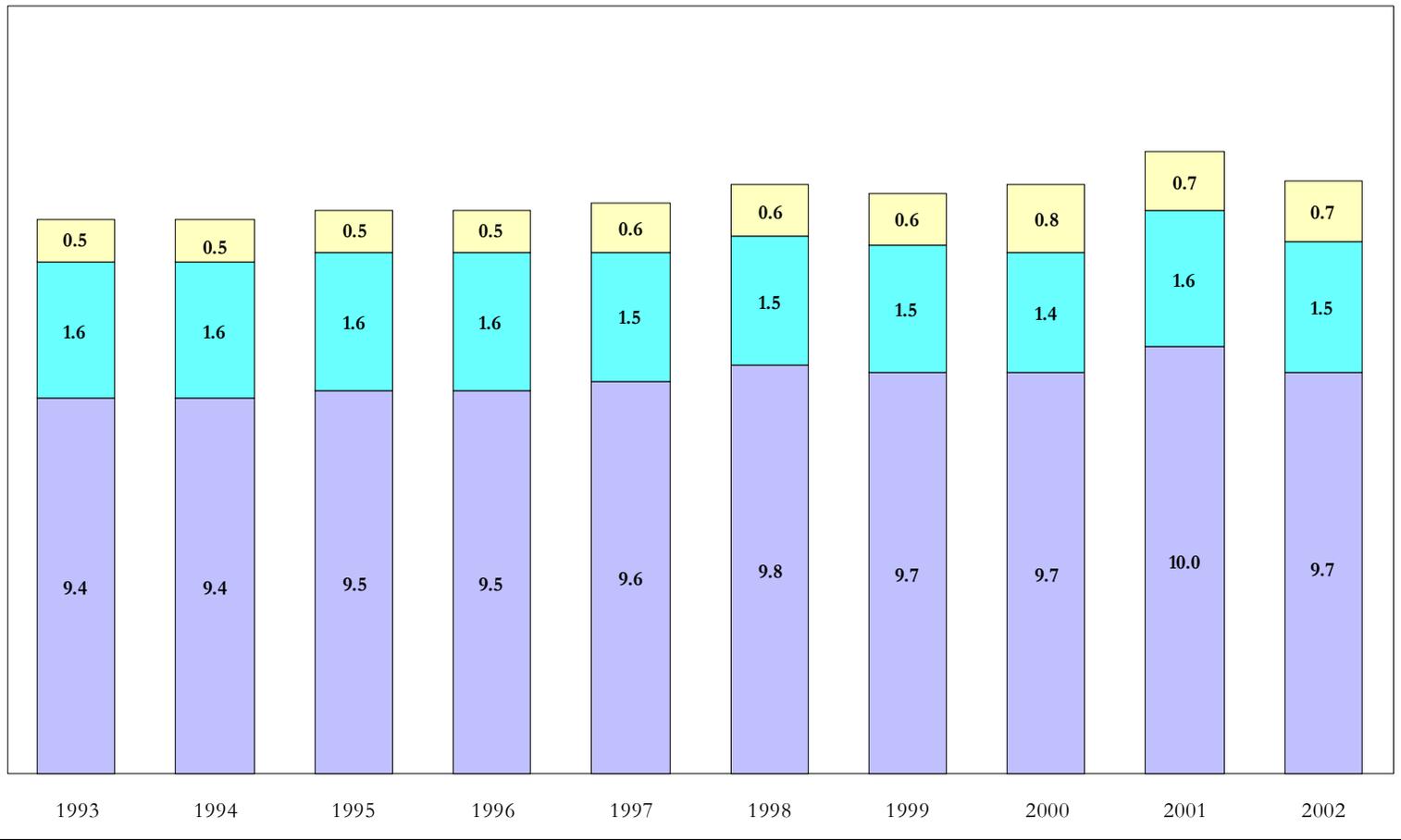
As mentioned earlier, most basic municipal services are funded from General Purpose Funds, which accounts for less than half of the city’s annual budget. The following pie chart indicates which department programs have been allocated General Purpose Funds for Fiscal Year 2002.

As would be expected, most of the available General Purpose Funds (76%) are appropriated for the two areas that provide basic services directly to the public: Neighborhood Services (53%) and Environment and Development (23%). The Neighborhood Services category includes services such as Police and Fire, Library and Parks, and City Court. The Environment and Development category provides services such as Transportation and Solid Waste Management.



NUMBER OF CITY EMPLOYEES PER 1,000 POPULATION

■ Recurring Revenues
 ■ Utilities (Golf and Water)
 ■ Grant-Funded Positions



DEPARTMENT PROGRAMS

Elected and Official

MAYOR AND COUNCIL

Mission and Highlights

The Mayor and Council establish public policy, develop programs as mandated by the City Charter, represent community interests, and work with city management to effectively meet the city's current and long-term needs.

Tucson is a charter city with a council-manager form of government: the Mayor and Council set policy and an appointed city manager provides the general supervision and direction for city government operations. While the mayor is nominated and elected at-large, the six council members are nominated by ward and elected at-large. Each of the six wards contains approximately 78,000 citizens.

The Mayor and Council deliberate and set policy at public meetings held on Mondays. Agendas and reference

materials are available for public review in the lobby of City Hall (255 West Alameda Street), at the office of the City Clerk (City Hall, 9th floor), and at the Government Reference Desk in the Main Library (101 North Stone Avenue). Meeting agendas are also available on the city's Web site (www.ci.tucson.az.us).

There are two sessions for each Mayor and Council meeting: study session and regular session. The study session provides a forum for the Mayor and Council to ask questions, discuss issues facing the city, and provide direction to staff. At the regular session, the Mayor and Council consider and enact ordinances and resolutions. Citizens are also provided an opportunity to address the Mayor and Council on any subject.

The Mayor and Council frequently schedule public hearings to obtain the community's perspective on issues and topics of interest. Telephone and e-mail comment lines are also available for citizen comments.

HOW TO CONTACT YOUR ELECTED REPRESENTATIVES

Position	Incumbent	Office Location	Phone Number	Term Expires
Mayor	Robert E. Walkup	City Hall, 255 West Alameda Street	791-4201	December 2003
Ward 1	José J. Ibarra	940 West Alameda Street	791-4040	December 2003
Ward 2	Carol W. West	7575 East Speedway Boulevard	791-4687	December 2003
Ward 3	Jerry Anderson	1510 East Grant Road	791-4711	December 2001
Ward 4	Shirley C. Scott	8123 East Poinciana Drive	791-3199	December 2003
Ward 5	Steve Leal	4300 South Park Avenue	791-4231	December 2001
Ward 6	Fred Ronstadt	2205 East Speedway Boulevard	791-4601	December 2001
E-mail addresses for council members are linked to the city's Web site - http://www.ci.tucson.az.us/mcc.html				
Comment Line (leave a phone message 24 hours, 7 days per week)			791-4700	
City Web Site Comment Box		http://www.ci.tucson.az.us/mcc.html		

Significant Expenditure Changes

Operating Budget: The Mayor and Council's operating budget of \$2,480,820 is a decrease of \$167,220, 6% less than the adopted budget for Fiscal Year 2001. The budget decrease is primarily due to an 11% reduction to balance

the budget (-\$297,500). That decrease is offset by employee salary and benefit adjustments (+\$116,060) and other miscellaneous changes (+\$14,220).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	46.50	53.00	53.00	53.00
Operating Budget	\$ 2,172,491	\$ 2,648,040	\$ 2,529,130	\$ 2,480,820
Source of Funds:				
General Purpose Funds	\$ 2,172,491	\$ 2,648,040	\$ 2,529,130	\$ 2,480,820

CITY MANAGER**Mission and Highlights**

The City Manager's mission is to provide leadership so that the legislative policy of the Mayor and Council is effectively implemented.

The City Manager leads the development and administration of organizational work plans and special programs that are strategically aligned with the priorities established by the governing body and the public. The City Manager formulates and oversees fiscal plans that allocate current and future resources and systematically monitors performance and progress to ensure accountability and to attain desired outcomes.

For Fiscal Year 2002, a citywide realignment of programs and work units was done to better support community needs and goals. Many of the units that had been included in prior year City Manager budgets—Citizen and Neighborhood Services, Community Relations (formerly Information Outreach), Office of Economic Development, Environmental Management, Equal Opportunity Office, Grants Office (formerly part of Intergovernmental Affairs), Historic Preservation Office, Independent Police Auditor, Intergovernmental Relations (formerly Intergovernmental Affairs), Tucson-México Project, and Zoning Examiner—have been separated out and are now included in other service areas.

The City Manager's budget now includes the following six units:

- City Manager
- Agenda
- Annexation
- Organizational Development – from resources formerly in the Human Resources Department
- Strategic Planning – from resources formerly in the Budget and Research Department
- Youth and Family Services

Support for Livable Tucson Goals

As the central point in city government for communication and coordination to ensure the alignment of Mayor and Council policies and citizen needs, the City Manager fosters the goal of an *Engaged Community and Responsive Government*.

The goal of *Caring, Healthy Families and Youth* is facilitated by the City Manager's coordination of the community-wide Youth Strategy, which is adopted by the Mayor and Council and distributes city funds for youth and family projects and services.

In support of *Infill and Reinvestment, Not Urban Sprawl*, the City Manager provides leadership and guidance to the Back to Basics program, which rehabilitates older neighborhoods, and the Slum Abatement Blight and Enforcement Response (SABER) project, which targets problem residential rental properties for focused code enforcement.

With the oversight of the City Manager, the Civano development creates a mixed-use community that provides a model for *People-Oriented Neighborhoods*. Civano balances the needs of people in cars with those on foot or bicycles and will leave 35% of its site as open and natural space. Through its use of energy efficient construction, the Civano project is also furthering the goal of *Efficient Use of Natural Resources*.

The goal of a *Protected Natural Desert Environment* is the focus behind the City Manager's stewardship of the A-7 Ranch and leadership of the city's participation in Pima County's Sonoran Desert Conservation Plan.

Under the direction of the City Manager, city staff supports the Rio Nuevo Project that is working towards the goal of a *Successful Downtown*. The Rio Nuevo Project will re-create Tucson's birthplace, restore historic buildings and museums, construct new museums and businesses, and reinvest in the downtown city center.

DEPARTMENT PROGRAMS

Elected and Official

CITY MANAGER (Continued)

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of city departments/offices to develop work plans	N/A	N/A	N/A	35
Number of reports issued with data on key indicators of performance	N/A	N/A	N/A	2
Number of strategic planning and organizational improvement projects implemented	N/A	N/A	N/A	6
Number of neighborhoods with active Back to Basics projects	8	N/A	12	19
Key Outcomes				
Number of city services that achieve a satisfactory or better rating on a citizen survey	N/A	N/A	15	20
Number of neighborhoods with completed Back to Basics projects	6	N/A	3	12
Increase in the total assessed value for property within city limits due to annexations	\$ 1,700,000	\$ 4,000,000	\$ 3,800,000	\$ 35,000,000

Significant Expenditure Changes

Operating Budget: The City Manager's operating budget of \$4,109,810 is a decrease of \$59,670, 1% less than the adopted budget for Fiscal Year 2001. The decrease is due to a reduction in federal grant capacity (-\$250,000), a reduction in the youth and family services allocation (-\$200,000), and a 1% reduction to balance the budget

(-\$20,000). These decreases are offset by the transfer of Organizational Development and Strategic Planning resources from other departments (+\$353,250), employee salary and benefit adjustments (+\$54,420), and other miscellaneous changes (+\$2,660).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	20.00	20.00	21.00	20.50
Operating Budget	\$ 4,583,012	\$ 4,169,480	\$ 4,063,890	\$ 4,109,810
Source of Funds:				
General Purpose Funds	\$ 4,583,012	\$ 3,819,480	\$ 4,063,890	\$ 4,009,810
Restricted Funds	<u>-0-</u>	<u>350,000</u>	<u>-0-</u>	<u>100,000</u>
Total	\$ 4,583,012	\$ 4,169,480	\$ 4,063,890	\$ 4,109,810

DEPARTMENT PROGRAMS

Elected and Official

CITY CLERK

Mission and Highlights

The City Clerk provides administrative, clerical, and logistical support to the Mayor and Council, and to the their boards, commissions, and committees. As the official scribe for the Mayor and Council, the City Clerk is the official record keeper for city documents and ensures that requirements of the Open Meeting Law are met. The City Clerk also conducts city elections and administers the campaign finance program.

During Fiscal Year 2000, a new optical scan ballot tabulating system was used to produce election results. The electorate responded positively to the convenience of the

system and the immediate availability of election returns on the city's Web page. Voter turnout for the November 2000 franchise and special charter election was 74.4%.

For Fiscal Year 2002, the City Clerk will conduct a scheduled election for city council representation and for amendment of the city's General Plan as required by the state's Growing Smarter Acts.

Support for Livable Tucson Goals

The City Clerk supports the goal of an *Engaged Community and Responsive Government* by ensuring fair and accurate elections and by providing citizens a means to interact with elected officials and to access public records.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of comments to the Citizen Comment Line received and transcribed	4,640	4,200	4,000	4,000
Number of campaign finance program reports from candidates reviewed and processed	90	10	10	63
Number of campaign finance program audits completed	22	2	2	16
Number of official city documents processed for the public record	14,000	16,750	16,750	16,750
Number of Mayor and Council meetings attended by the City Clerk's office as the official scribe	42	43	46	43
Key Outcomes				
Percent of citizen comments distributed to the Mayor and Council within ten working hours	100%	100%	100%	100%
Percent of documents archived within the required timeframes	100%	100%	100%	100%
Percent of meeting requirements met	100%	100%	100%	100%

Significant Expenditure Changes

Operating Budget: The City Clerk's operating budget of \$3,796,710 is an increase of \$1,491,580, 65% more than the adopted budget for Fiscal Year 2001. The budget

increase is due to the cost of scheduled elections (+\$1,392,080), employee salary and benefit changes (+\$56,910), and other miscellaneous changes (+\$80,590). These increases are offset by a 1% reduction to balance the budget (-\$38,000).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	69.50	43.00	43.00	63.50
Operating Budget	\$ 4,619,612	\$ 2,305,130	\$ 2,404,120	\$ 3,796,710
Source of Funds:				
General Purpose Funds	\$ 4,619,612	\$ 2,305,130	\$ 2,404,120	\$ 3,796,710

Note: No city elections were held in FY 2001.

DEPARTMENT PROGRAMS

Elected and Official

CITY ATTORNEY

Mission and Highlights

The City Attorney's mission is to ensure the legality of the official business of the city, avert litigation that is contrary to the city's interest, enforce criminal state statues and local ordinances, and protect the interests of consumers. The Civil Division represents the city in all legal proceedings and administrative matters involving issues of law, while the Criminal Division prosecutes all criminal and civil cases within the jurisdiction of City Court. The Consumer Affairs Division provides consumer protection assistance to citizens on such matters as landlord-tenant rights, retail sales, and consumer financing.

The City Attorney continues to be at the forefront on a variety of issues of importance to Tucson: zoning and land use code amendments, development of Rio Nuevo, issues associated with the Clearwater Renewable Resource Facility, and the licensing and franchising of fiber optic telecommunications systems.

Support for Livable Tucson Goals

The City Attorney's Neighborhood Resource Team promotes *Safe Neighborhoods* by working with neighborhood associations and the Tucson Police Department to reduce criminal activity such as prostitution, loitering, noise abatement, weedy lots, and building code violations.

Through the Serious Victims' Crime Program, the City Attorney supports the goal of *Caring, Healthy Families and Youth* by handling cases involving child abuse or neglect, and domestic violence. The Victim Notification and Assistance Program works closely with the Brewster Center and the Tucson Center for Women and Children to ensure that victims know about their rights and legal options.

The Consumer Affairs Division, through assistance to tenants facing wrongful eviction or unsafe living conditions, supports the goal of *Reduced Poverty and Equality of Opportunity*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of active civil cases	142	150	143	143
Number of in-house wrongful act litigation cases	45	60	48	48
Number of victims notified of their rights, case status, etc.	31,801	35,000	31,617	31,617
Number of victims assisted in obtaining restitution	3,067	3,700	3,300	3,300
Key Outcomes				
Amount of money saved through settlement or litigation	\$ 1,367,000	\$ 1,000,000	\$ 1,560,000	\$ 1,560,000
Amount obtained in restitution awards	\$ 327,000	\$ 320,000	\$ 312,000	\$ 312,000

Significant Expenditure Changes

Operating Budget: The City Attorney's operating budget of \$6,876,820 is an increase of \$175,900, 3% more than the adopted budget for Fiscal Year 2001. The budget increase is primarily due to employee salary and benefit adjustments

(+\$300,110). That increase is partially offset by a 1% reduction to balance the budget (-\$63,000), a decrease in grant funding (-\$24,660), and other miscellaneous changes (-\$36,550).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	112.00	113.00	113.00	114.00
Operating Budget	\$ 5,952,742	\$ 6,700,920	\$ 6,571,750	\$ 6,876,820
Source of Funds:				
General Purpose Funds	\$ 5,599,236	\$ 6,110,290	\$ 6,013,330	6,304,570
Restricted Funds	<u>353,506</u>	<u>590,630</u>	<u>558,420</u>	<u>572,250</u>
Total	\$ 5,952,742	\$ 6,700,920	\$ 6,571,750	\$ 6,876,820

DEPARTMENT PROGRAMS

Neighborhood Services

CITY COURT

Mission and Highlights

City Court's mission is to serve the community and protect individual rights by providing fair and prompt administration of justice. City Court hears cases for traffic citations, misdemeanors, driving under the influence, drug possession, prostitution, shoplifting, domestic violence, and city code violations. City Court is also the central contact point in Pima County for the issuance of Orders of Protection for domestic violence cases and for related hearings.

City Court has been working to improve access to the judicial process. Saturday Court provides walk-in hearings on civil traffic infractions. Warrant Court established evening hours to arraign individuals with outstanding criminal warrants on a walk-in basis.

Following completion of its remodeling project, City Court will be the first municipal court in Arizona with a self-service center for unrepresented defendants.

Support for Livable Tucson Goals

City Court furthers the goal of *Safe Neighborhoods* by mediating family and neighborhood problems through the issuance of Orders of Protection and injunctions prohibiting harassment. Safe streets are promoted through warrant sweeps and the enforcement of court orders.

Caring, Healthy Families and Youth are a priority for City Court, which protects victims of domestic violence and promotes family harmony through intervention screening and counseling and by issuing Orders of Protection 24 hours per day.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of criminal arraignments	42,330	42,000	42,000	42,000
Number of trials	856	940	865	865
Number of hearings	3,840	N/A	4,000	4,000
Key Outcomes				
Percent of caseload disposed of within 60 days	N/A	80%	80%	80%

Significant Expenditure Changes

Operating Budget: City Court's operating budget of \$9,471,210 is an increase of \$562,550, 6% more than the adopted budget for Fiscal Year 2001. The budget increase is due to employee salary and benefit adjustments (+\$242,600), salary increases for magistrates (+\$145,000), unallocated capacity for a potential increase in revenue (+\$100,000), additional building maintenance costs due to remodeling (+\$94,320), and other miscellaneous changes

(+\$69,630). These increases are offset by a 1% reduction to balance the budget (-\$89,000).

Capital Budget: City Court's capital budget of \$577,000 is a decrease of \$23,000, 4% less than the adopted budget for Fiscal Year 2001. The decrease is due to partial completion of facility remodeling project in Fiscal Year 2001.

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	141.80	143.80	143.80	143.80
Operating Budget	\$ 8,520,310	\$ 8,908,660	\$ 8,667,700	\$ 9,471,210
Capital Budget	<u>50,335</u>	<u>600,000</u>	<u>780,670</u>	<u>577,000</u>
Total	\$ 8,570,645	\$ 9,508,660	\$ 9,448,370	\$ 10,048,210
Source of Funds:				
General Purpose Funds	\$ 8,304,635	\$ 8,970,510	\$ 9,110,220	\$ 9,510,810
Restricted Funds	<u>266,010</u>	<u>538,150</u>	<u>338,150</u>	<u>537,400</u>
Total	\$ 8,570,645	\$ 9,508,660	\$ 9,448,370	\$ 10,048,210

COMMUNITY SERVICES

Mission and Highlights

The Community Services Department’s mission is to improve the quality of life for the citizens of Tucson by providing housing and service programs that strengthen and enhance the social, economic, and physical environment, especially for those of lower income.

In Fiscal Year 2002, the department’s theme is “Creating Community Opportunity.” The department’s strategy is to bring diverse groups together in productive working relationships to create opportunities for better living conditions and quality of life for citizens. Department programs and projects that reinforce the theme are highlighted below.

- *Rehabilitation Collaborative.* This is a group of nine organizations that can collectively provide more comprehensive and efficient home rehabilitation services than if they were working independently.
- *Landlord Outreach.* The department’s Housing Assistance Division initiated a program to inform more landlords about the procedures and benefits of renting to Section 8 clients. Because of its initial success—200 property owners attended outreach meetings—the landlord outreach program will become a permanent element of the department’s housing assistance strategy.
- *HOPE VI Projects.* During Fiscal Year 2002, the city’s first Housing Opportunities for People Everywhere (HOPE) VI project—the revitalization of the Santa Rosa neighborhood—will be completed. The department was able to leverage \$15 million from a federal grant into \$60 million for new home construction, the acquisition of scattered-site homes, construction of a new neighborhood center, and assistance to neighborhood businesses.

“Help families that need to help themselves reach a goal.”

- Citizen comment from the Livable Tucson Vision Process

As part of the Greater Santa Rosa HOPE VI Project, the Connie Chambers public housing complex was torn down and replaced with a new community called Posadas Sentinel. When complete, there will be a mix of 60 public housing units and 60 affordable rental units.

Support for Livable Tucson Goals

Community Services partners with local non-profit agencies to share resources and provide services to promote *Caring, Healthy Families and Youth*. Some of the services provided include counseling, tutoring, child abuse prevention, and self-sufficiency assistance.

Technical and financial support is provided to a variety of agencies to help foster *People-Oriented Neighborhoods*. The HOPE VI Santa Rosa Neighborhood project epitomizes how neighborhoods can be developed to provide people with places to work, places to gather, and places to live.

To encourage *Infill and Reinvestment, Not Urban Sprawl* the department and its non-profit partners have increased the number of households assisted with housing problems from 8,500 to over 11,900. The city’s new five-year goal is to assist an additional 1,000 households each year.

While rehabilitating existing homes and building new homes, the department strives to maintain or construct historically compatible homes. One example of the commitment to the goal of *Respected Historic and Cultural Resources* is the infill housing constructed in the El Presidio downtown neighborhood.

The department's programs to develop affordable housing and provide services beyond the basic need for shelter supports the goal of *Reduced Poverty and Greater Equality of Opportunity*. As a public housing authority, the department manages 6,000 affordable housing units. Funding is provided to over 110 agencies that promote opportunities for the needy in our community.

Through four loan programs, the department supports the goal of *Strong Local Business* by offering affordable loans and training to start-up, low-income, and minority small businesses.



DEPARTMENT PROGRAMS

Neighborhood Services

COMMUNITY SERVICES (Continued)

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of applications accepted for the Section 8 (rent subsidies) and Public Housing Programs	4,100	2,300	3,200	4,000
Number of affordable housing units acquired, constructed, and rehabilitated	488	511	549	517
Number of repairs completed to homes of low and moderate income families	229	292	222	257
Key Outcomes				
Increased housing assistance for eligible families:				
Number of families assisted	3,597	3,785	3,594	3,923
Amount of rent subsidies provided	\$ 17,354,000	\$ 17,551,000	\$ 18,364,000	\$ 19,240,000
Additional units of affordable housing	820	1,000	1,000	1,000
Number of families served by home repair programs	229	226	222	257
Number of housing units maintained and improved with Comprehensive Housing Grant funds	281	75	460	723

Significant Expenditure Changes

Operating Budget: Community Service's operating budget of \$76,226,570 is an increase of \$15,088,580, 25% more than the adopted budget for Fiscal Year 2001. This increase is due to more federal funding for housing projects and housing assistance programs (+\$15,275,490), employee salary and benefit changes (+\$117,640), a reduction in the local funds allocation to United Way

agencies (-\$166,780) and other miscellaneous changes (-\$137,770).

Capital Budget: Community Service's capital budget of zero is a decrease of \$1,175,000 from the adopted budget for Fiscal Year 2001. The decrease is due to the completion in Fiscal Year 2001 of the Community Resources Center and the Santa Rosa Neighborhood Center.

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	158.00	157.00	157.00	155.00
Operating Budget	\$ 47,782,074	\$ 61,137,990	\$ 52,504,610	\$ 76,226,570
Capital Budget	<u>5,928,911</u>	<u>1,175,000</u>	<u>2,369,480</u>	<u>-0-</u>
Total	\$ 53,710,985	\$ 62,312,990	\$ 54,874,090	\$ 76,226,570
Source of Funds:				
General Purpose Funds	\$ 3,525,206	\$ 3,352,170	\$ 3,333,840	\$ 3,023,720
Restricted Funds	<u>50,185,779</u>	<u>58,960,820</u>	<u>51,540,250</u>	<u>73,202,850</u>
Total	\$ 53,710,985	\$ 62,312,990	\$ 54,874,090	\$ 76,226,570

DEPARTMENT PROGRAMS

Neighborhood Services

FIRE

Mission and Highlights

The Fire Department's mission is to protect the community from fire, hazardous materials, natural disasters, and other emergencies. The department responds promptly to emergencies, performs fire code inspections, investigates suspicious fires, and presents public education programs to increase fire and life safety awareness. Through the city's Public Safety Training Academy, the department ensures that its employees receive the highest quality professional training.

A reorganization of the Fire Department in Fiscal Year 2000 laid the groundwork for the delivery of advanced life support service, which will eventually include paramedics in every engine and ladder company. A six-month pilot program on paramedic assessment units has been successfully completed. The program data indicated an increased capability for accurate initial assessment of patients. Future use of paramedic assessment units will help decrease the demand on ambulance service.

Support for Livable Tucson Goals

By rapidly responding to all fire and medical calls, the Fire Department plays an essential role in maintaining *Safe Neighborhoods*. The presence of a fire station also fosters a sense of security in neighborhoods, and each station is designated as a safe-house for neighborhood youth.

The Fire Department supports the goal of *Caring, Healthy Families and Youth* by promoting childhood safety. Children's bicycle helmets and car seats are provided to low-income families. Adopt-A-School programs and a fire safety trailer teach children fire safety and how to evacuate a burning building.

By fighting wildfires and coordinating the clean up of hazardous materials found on public lands, the Fire Department supports the goal of a *Protected Natural Desert Environment*. The department also assists business owners in voluntarily complying with fire codes and with the proper handling of hazardous materials.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
EMERGENCY RESPONSE:				
Key Outputs				
Number of emergency calls answered	62,164	64,000	64,000	67,000
Number of responses to structure fires	300	300	350	300
Number of responses to paramedic service requests	27,938	31,000	31,000	33,200
Key Outcomes				
Percent of emergency calls responded to within five minutes	95%	100%	95%	100%
Percent of advanced life support paramedic calls responded to within eight minutes (American Heart Association standard)	87%	90%	85%	90%
COMMUNITY AWARENESS:				
Key Outputs				
Number of students attending Adopt-A-School safety training	36,800	34,250	36,800	36,800
Number of community safety/educational classes provided	678	400	525	500
Key Outcomes				
Percent of third grade students exposed to safety classes	100%	100%	100%	100%
Number of community contacts through educational programs	124,635	80,100	81,000	90,000
CODE INSPECTION AND FIRE INVESTIGATIONS:				
Key Outputs				
Number of fire code inspections of commercial buildings	2,439	1,680	2,400	2,550
Number of fires investigated for cause and origin	413	390	440	460
Key Outcomes				
Percent of commercial buildings inspected*	47%	55%	10%	12%
Number of investigated fires that are determined to be arson	209	220	220	230

*Prior to FY 2001/Estimated, only commercial buildings with an area greater than 10,000 square feet were included in this percentage calculation.

DEPARTMENT PROGRAMS

Neighborhood Services

FIRE (Continued)

Significant Expenditure Changes

Operating Budget: The Fire Department's operating budget of \$45,479,160 is an increase of \$4,359,600, 11% more than the adopted budget for Fiscal Year 2001. The budget increase is due to employee salary and benefit adjustments (+\$2,531,480), additional grant capacity (+\$550,000), an increase in the apparatus replacement contribution (+\$358,080), an increase in the cost of

professional services (+\$251,000), higher self-insurance rates (+\$237,790), an additional fire inspector position (+\$94,400), and other miscellaneous changes (+\$336,850).

Capital Budget: The Fire Department's capital budget of \$9,079,200 is an increase of \$5,487,400, 153% more than the adopted budget for Fiscal Year 2001. The increase is due primarily to increased budget capacity for work authorized by the 2000 bond program.

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Commissioned*	499.00	526.00	526.00	527.00
Non-Commissioned	<u>40.00</u>	<u>44.00</u>	<u>44.00</u>	<u>44.00</u>
Total Positions	539.00	570.00	570.00	571.00
Operating Budget	\$ 35,950,459	\$ 41,119,560	\$ 41,063,450	\$ 45,479,160
Capital Budget	<u>1,799,579</u>	<u>3,591,800</u>	<u>1,973,230</u>	<u>9,079,200</u>
Total	\$ 37,750,038	\$ 44,711,360	\$ 43,036,680	\$ 54,558,360
Source of Funds:				
General Purpose Funds	\$ 35,854,683	\$ 40,226,640	\$ 38,856,630	\$ 44,484,160
Restricted Funds	<u>1,895,355</u>	<u>4,484,720</u>	<u>4,180,050</u>	<u>10,074,200</u>
Total	\$ 37,750,038	\$ 44,711,360	\$ 43,036,680	\$ 54,558,360

*Commissioned positions include the Fire Chief, battalion chiefs, captains, engineers, fire fighters, paramedics, and fire inspectors.



Firefighters were able to keep this fire in downtown Tucson from spreading to adjacent structures.

DEPARTMENT PROGRAMS

Neighborhood Services

LIBRARY

Mission and Highlights

The Tucson-Pima Public Library's (Library Department) mission is to provide free and equitable access to information resources. The Library Department also promotes literacy, a love of reading, and lifelong learning.

Library services are provided throughout Pima County, with system costs shared between the City of Tucson and the Pima County Free Library District.

With community support, the Library has developed a vision for the 21st century that identifies six strategic directions to guide planning efforts and budget development:

- Begin with Books and Reading
- Put Children and Youth First
- Celebrate Culture and the Arts
- Promote Strong Neighborhoods
- Enhance Economic Development
- Bridge the "Information Gap"

In keeping with these strategic directions, the Library has allocated \$3,214,800 of its Fiscal Year 2002 budget to expand its collection of books, periodicals, and records. Computer labs will be opened at the South Tucson and Green Valley libraries, and a Technology Assisted Learning Lab will open in the Santa Rosa Neighborhood Center.

Support for Livable Tucson Goals

The Tucson-Pima Public Library has several programs targeted toward the goals of *Caring, Healthy Families and Youth* and *Excellent Public Education*. Project LIFT (Literacy Involves Families Together) brings families together to promote reading as a recreational activity. Homework Help sites, through collaborative efforts with other governmental and community agencies, are located in branch libraries and recreation centers. The Library also partners with Child and Family Resources to promote library resources to parents and develop reading skills in children.

To facilitate an *Engaged Community and Responsive Government*, free public meeting space is provided at each library. Last year these spaces were used for 7,050 neighborhood gatherings and community meetings. Computers available in library branches provide all citizens electronic access to

elected officials and government service information posted on the Internet.

The Library has an extensive reference section and business librarians to help local business and entrepreneurs, supporting the goal of *Strong Local Business*. To inform the community about the available services, outreach is provided to business groups and an electronic newsletter is also available.

By making information available to all members of the community, the Library supports the goal of *Reduced Poverty and Increased Equality of Opportunity*. The Library has placed computers in branch libraries serving low-income neighborhoods and has received a grant to improve educational services and employment opportunities for low-income youth.

The Library maintains two special collections reflecting our local history and culture that support the goal of *Respected Historic and Cultural Resources*: the Steinheimer Collection of Southwest Children's Books (2,600 books) and the Arizona Collection (3,750 items on the culture and history of Southeast Arizona and Pima County). In addition, the Library's catalog system is able to access similar collections at the University of Arizona and Pima Community College.

"Make the education of children a high priority. Not simply schools, but museums, libraries, and community centers."

- Citizen comment from the Livable Tucson Vision Process



The Library's Project LIFT (Literacy Involves Families Together) brings families together to promote reading.

DEPARTMENT PROGRAMS

Neighborhood Services

LIBRARY (Continued)

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of libraries open to the public	20	20	20	22
Number of library materials loaned	5,383,000	5,300,000	5,500,000	5,700,000
Number of reference/information questions answered	625,000	875,000	900,000	910,000
Number of books and materials added to library collections	286,188	285,000	300,000	300,000
Number of computers available to the public	147	231	225	235
Number of children's programs and storytimes	3,132	3,200	3,250	3,300
Number of contacts with youth at Homework Help sites	23,805	23,000	23,500	24,000
Key Outcomes				
Percent of population with library cards	54%	54%	54%	54%
Percent of library users who indicate satisfaction with the book and materials collections	90%	85%	85%	85%
Percent of youth participating in library programs that report improved grades	52%	80%	60%	75%

Significant Expenditure Changes

Operating Budget: The Library Department's operating budget of \$19,719,980 is an increase of \$811,100, 4% more than the adopted budget for Fiscal Year 2001. The budget increased due to employee salary and benefit adjustments (+\$389,910), funding to repair the loading dock at the Main Library (+\$300,000), enhancement of the Infotech Literacy and the Technology Assisted Learning Lab programs (+\$191,890), and opening the Oro Valley Library (+\$138,780). These increases are partially offset by a 1%

reduction to balance the budget (-\$182,000) and other miscellaneous changes (-\$27,480).

Capital Budget: The Library Department's capital budget of \$6,780,000 is an increase of \$4,760,000, 236% more than the adopted budget for Fiscal Year 2001. The increased budget is primarily due to continued implementation of the voter-approved 2000 bond program.

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	265.50	299.50	301.50	287.25
Operating Budget	\$ 16,321,937	\$ 18,908,880	\$ 18,316,290	\$ 19,719,980
Capital Budget	<u>44,903</u>	<u>2,020,000</u>	<u>934,530</u>	<u>6,780,000</u>
Total	\$ 16,366,840	\$ 20,928,880	\$ 19,250,820	\$ 26,499,980
Source of Funds:				
General Purpose Funds	\$ 8,599,734	\$ 9,104,440	\$ 8,607,240	\$ 9,359,990
Restricted Funds*	<u>7,767,106</u>	<u>11,824,440</u>	<u>10,643,580</u>	<u>17,139,990</u>
Total	\$ 16,366,840	\$ 20,928,880	\$ 19,250,820	\$ 26,499,980

* Restricted Funds include grants and Pima County's share of operating expenses and its contributions for capital projects.

PARKS AND RECREATION

Mission and Highlights

The Parks and Recreation Department’s mission is to involve Tucsonans of all ages and abilities in their park system by providing them with quality service and facilities. The department maintains the city’s recreation centers, parks and athletic facilities, provides recreational and after-school programs, and operates a nationally-accredited zoo.

The department involved Tucsonans in a strategic planning process for the parks system. The community, neighborhood leaders, and staff developed the department’s direction through the year 2010: *A Proud History—A Future Without Limits*.

The department emphasizes strengthening the city’s youth enrichment programs. Following are examples of cooperative programs with other departments:

- Gang Resistance Education and Training Program with the Police department
- Summer reading and computer lab programs and the after-school Homework Help program with the Library department
- Daycare facilities at neighborhood centers, funded through the Community Services department
- Adopt-A-School, Safe Kids, and Fourth of July Tour for Tucson’s Children with the Fire department

Support for Livable Tucson Goals

The Parks and Recreation Department’s mission supports the goals of *Abundant Urban Green Space and Recreation Areas* and *Caring, Healthy Families and Youth*. The department’s facilities and programs provide leisure-time and educational activities for all citizens—from the very young to the most mature, from persons with disabilities to the most physically active—and contribute to urban green space within the city.

Through partnerships with public libraries, local schools, and colleges, the department is promoting *Excellent Public Education* by offering programs that educate and enhance learning skills. Examples of such programs include middle school intergenerational credit classes, high school credit courses given as part of the downtown youth jobs program, and community college course work in youth development. The department also provides free zoo admission for over 30,000 children each year to teach the value of wildlife and resource conservation.

The Parks and Recreation Department’s operation and maintenance of indoor and outdoor facilities throughout the city further the goal of *People-Oriented Neighborhoods*. Citizens are provided venues to meet and interact with their neighbors. Programs such as KIDCO, Senior Clubs, concerts, and special events help to build pride and a sense of well-being in individuals and their neighborhoods.

The department’s facilities also support the goal of an *Engaged Community and Responsive Government* by providing meeting space to community groups. Also, numerous citizen advisory groups and steering committees assist the Parks and Recreation Department in the planning and operation of facilities and programs.

The Parks and Recreation Department contributes to *Clean Air and Quality Water* by maintaining 22,000 trees on public property and through effective water management. The department’s predominant use of reclaimed water for turf and landscape irrigation conserves groundwater and protects the local aquifer.

A *Protected Natural Desert Environment* is supported by the department’s participation in preservation efforts such as the Lincoln Park Riparian Habitat project and the Case and North-Central District Parks, which are being planned so that natural settings are sustained. The department, in collaboration with Tucson Water, maintains the 60-acre Sweetwater Wetlands site, providing a riparian habitat in the city.

“Create more common areas of open, natural space for gathering, playing, and congregating.”

- Citizen comment from the Livable Tucson Vision Process



Case Natural Resources Park is a new 44-acre park on the city’s eastside that is being planned so that natural settings are retained.

DEPARTMENT PROGRAMS

Neighborhood Services

PARKS AND RECREATION (Continued)

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2002 Estimated	FY 2002 Adopted
Key Outputs				
Number of recreation, neighborhood, and regional centers	13	15	15	16
Number of parks maintained	N/A	N/A	91	91
Number of playgrounds maintained	101	108	107	107
Number of athletic fields and courts maintained	327	319	331	333
Number of KIDCO school-year sites	31	31	33	34
Number of KIDCO summer sites	39	47	43	44
Number of programs for persons with disabilities	142	122	144	144
Number of zoo exhibits maintained in a naturalistic manner	36	36	36	36
Number of animal species at the zoo	169	163	169	169
Key Outcomes				
Percent of patrons rating facilities as “satisfactory” or better	93%	95%	94%	94%
Number of youth registered for recreational and educational programs through KIDCO	10,758	N/A	11,425	11,625
Number of adults participating in sports leagues	9,158	9,563	9,689	9,700
Number of visitors to the Reid Park Zoo	406,211	400,000	400,000	400,000
Percent of zoo visitors rating their visit as “satisfactory” or better	99%	90%	95%	95%

Significant Expenditure Changes

Operating Budget: The Parks and Recreation Department’s operating budget of \$39,165,620 is an increase of \$370,970, 1% more than the adopted budget for Fiscal Year 2001. The increase is due to employee salary and benefit adjustments (+\$761,400), quarter-year funding for the new Freedom Center (+\$174,570), and zoo improvements to prepare for accreditation (+\$98,000). These increases are offset by reductions in HICO and MIDCO programming due to low participation (-\$264,750), a 1% cut to balance the budget (-\$356,000), and other miscellaneous changes (-\$42,250).

Capital Budget: The Parks and Recreation Department’s capital budget of \$19,731,200 is an increase of \$13,055,200, 196% more than the adopted budget for Fiscal Year 2001. The increase is due to additional funding for parks projects made available by the approval of the 2000 bond package (+\$9,664,000), funds carried forward for projects not completed in previous years (+\$3,613,700), and other miscellaneous changes (-\$222,500).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	722.50	718.75	718.25	677.50
Operating Budget	\$ 36,474,986	\$ 38,794,650	\$ 38,649,560	\$ 39,165,620
Capital Budget	<u>2,778,940</u>	<u>6,676,000</u>	<u>5,123,780</u>	<u>19,731,200</u>
Total	\$ 39,253,926	\$ 45,470,650	\$ 43,773,340	\$ 58,896,820
Source of Funds:				
General Purpose Funds	\$ 36,692,445	\$ 36,961,380	\$ 36,797,200	\$ 37,525,000
Restricted Funds	<u>2,561,481</u>	<u>8,509,270</u>	<u>6,976,140</u>	<u>21,371,820</u>
Total	\$ 39,253,926	\$ 45,470,650	\$ 43,773,340	\$ 58,896,820

DEPARTMENT PROGRAMS

Neighborhood Services

TUCSON CITY GOLF

Mission and Highlights

Tucson City Golf's mission is to provide high quality, reasonably-priced municipal golf for the recreational enjoyment of residents and visitors and to offer youth golf programs that promote sport and player etiquette.

Tucson City Golf (TCG) manages five golf courses, four driving ranges, four retail pro shops, and four clubhouse restaurants. TGC operates as a utility, with expenditures covered by golf revenues.

As part of TGC's business plan, a double-tee starting system (starting golfers simultaneously on the front and back nine holes) was implemented on all five golf courses to increase prime-time play capacity and revenue. The city also now owns and operates the four pro shops.

Support for Livable Tucson Goals

With financial support from the Tucson Conquistadores, Tucson City Golf administers a junior golf program that is nationally recognized and furthers the goal of *Caring, Healthy Families and Youth*.

Tucson City Golf supports the goal of *Abundant Urban Green Space and Recreation Areas* by maintaining over 600 acres of open space on its five municipal golf courses and providing recreational opportunities for residents and visitors.

By irrigating golf course turf exclusively with reclaimed water, Tucson City Golf conserves high quality groundwater and furthers the goal of *Clean Air and Quality Water*. Approximately 900,000,000 gallons of groundwater are conserved annually through the use of reclaimed water for golf course turf irrigation.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of resident and senior golf cards issued or renewed	19,570	21,500	22,000	22,500
Number of junior golf cards issued	2,050	2,000	2,100	2,200
Key Outcomes				
Number of golf rounds played (18 holes equivalent)	308,000	271,000	325,904	330,000
Number of junior golf rounds played	18,700	18,000	18,500	19,000

Significant Expenditure Changes

Operating Budget: Tucson City Golf's operating budget of \$10,602,790 is an increase of \$940,030, 10% more than the adopted budget for Fiscal Year 2001. The increase is primarily due to the impact of implementing the revised business plan (+\$841,110), which included management of the pro shops and 5.75 additional positions. The balance of the increase is due to employee salary and benefit

adjustments (+\$125,100), offset by other miscellaneous changes (-\$26,180).

Capital Budget: Tucson City Golf's capital budget of \$546,900 is a decrease of \$258,100, 32% less than the adopted budget for Fiscal Year 2001. The decrease is due to the completion of projects (-\$148,100) and a reduction in budget capacity for Parks Foundation contributions (-\$110,000).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	97.50	163.25	165.75	169.00
Operating Budget	\$ 8,081,602	\$ 9,662,760	\$ 9,727,220	\$ 10,602,790
Capital Budget	_____ -0-	_____ 805,000	_____ 750,100	_____ 546,900
Total	\$ 8,081,602	\$ 10,467,760	\$ 10,477,320	\$ 11,149,690
Source of Funds:				
Restricted Funds – Golf Course Fund	\$ 8,081,602	\$ 10,467,760	\$ 10,477,320	\$ 11,149,690

DEPARTMENT PROGRAMS

Neighborhood Services

POLICE

Mission and Highlights

The Police Department's mission is to protect life and property, prevent crime, and resolve problems in partnership with the community.

The Mayor and Council authorized a 56 position increase in commissioned police officer strength when they approved a Department of Justice grant. Fifty of these positions are allocated to patrol functions, which will give officers more time to interact with the public. Previous Department of Justice grants added 84 positions.

These federal grants pay for 75% of salaries and benefits over a three-year period. The city covers the cost of equipping the officers and is obligated to maintain the positions when grant funding terminates.

The department is using a \$1.8 million federal grant to enhance its technology. The grant provides funding to upgrade computers, which will allow patrol officers and investigators to receive information in a fraction of the time it currently takes.

Support for Livable Tucson Goals

Through community policing efforts, the Police Department works closely with individuals and groups to reduce crime and ensure the goal of *Safe Neighborhoods*. Foot and bike patrols in the downtown area provide protection to citizens, facilitating the goal of a *Successful Downtown*.

By coordinating with schools and social service agencies to identify and assist at-risk youth, the department supports the goal of *Caring, Healthy Families and Youth*. The School Resource Office program places officers in junior high schools to reduce problems and serve as role models.

The goal of *Strong Local Businesses* is furthered by the Police Department's execution of its mission to protect life and property and to prevent crime. The department vigorously investigates crimes, providing an environment in which businesses can flourish, and advises businesses on how to deter crime.

The department promotes an *Engaged Community and Responsive Government* through its citizen's steering committee, which provides public input on department policies and its future direction.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of 9-1-1 calls routed to the Police Department	317,951	300,000	346,024	350,000
Number of life threatening calls for service	6,848	6,547	7,042	7,636
Number of emergency calls for service	127,876	127,101	133,148	140,914
Number of non-emergency calls that require a police response	77,921	108,590	97,774	96,579
Number of other non-emergency calls	N/A	N/A	81,016	86,242
Key Outcomes				
Percent of 9-1-1 calls answered within 10 seconds after transferred to the Police Department	53%	90%	47%	60%
Percent of calls responded to within targeted timeframes:				
Life threatening calls – within five minutes	65%	90%	60%	90%
Emergency calls – within ten minutes	60%	90%	55%	90%
Other calls – within thirty minutes	46%	90%	45%	90%
Percent of patrol officers time available for community policing	21%	40%	20%	20%

DEPARTMENT PROGRAMS

Neighborhood Services

POLICE (Continued)

Significant Expenditure Changes

Operating Budget: The Police Department's operating budget of \$106,593,750 is an increase of \$7,637,790, 8% more than the adopted budget for Fiscal Year 2001. The increase is due to employee salary and benefit adjustments (+\$4,553,380), additional funding for overtime and extra time (+\$2,067,920), anticipated rate increases in Pima County's jailboard rate (+\$651,500), the addition of three school resource officers (+\$263,970), and other miscellaneous changes (+\$101,020).

Capital Budget: The Police Department's capital budget of \$1,723,500 is a decrease of \$2,134,100, 55% less than the adopted budget for Fiscal Year 2001. The decrease is due to partial completion of capital projects (-\$2,000,000) and the transfer of grant capacity to the operating budget (-\$1,596,600). These decreases are offset by increased general obligation bond funding from the 2000 authorization (+\$1,141,000) and funds carried forward for work not completed in Fiscal Year 2001 (+\$321,500).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Commissioned*	932.00	991.00	997.50	995.50
Non-Commissioned	<u>335.00</u>	<u>364.00</u>	<u>359.00</u>	<u>366.50</u>
Total Positions	1,267.00	1,355.00	1,356.50	1,362.00
Operating Budget	\$ 85,809,922	\$ 98,955,960	\$ 102,105,280	\$ 106,593,750
Capital Budget	<u>4,288,180</u>	<u>3,857,600</u>	<u>8,338,580</u>	<u>1,723,500</u>
Total	\$ 90,098,102	\$ 102,813,560	\$ 110,443,860	\$ 108,317,250
Source of Funds:				
General Purpose Funds	\$ 77,897,583	\$ 84,573,540	\$ 85,024,230	\$ 91,302,760
Restricted Funds	<u>12,200,519</u>	<u>18,240,020</u>	<u>25,419,630</u>	<u>17,014,490</u>
Total	\$ 90,098,102	\$ 102,813,560	\$ 110,443,860	\$ 108,317,250

* Commissioned positions include the Police Chief and assistant chiefs, captains, lieutenants, sergeants, detectives, and police officers.



The Tucson Police Department has bicycle patrols throughout the city. These patrols enhance the department's community policing efforts by making patrol officers more accessible.

"Increase police foot and bike patrols."

- Citizen comment from the Tucson Livable Vision Process

DEPARTMENT PROGRAMS

Neighborhood Services

CITIZEN AND NEIGHBORHOOD SERVICES

Mission and Highlights

The mission of Citizen and Neighborhood Services (CNS) is to increase the capacity of neighborhoods to develop, improve, and solve problems by bringing city resources to their assistance.

CNS trains and coordinates the city's Neighborhood Enhancement Teams (NETeams), and it registers and supports neighborhood associations. For budget presentation purposes, the Back to Basics program's capital budget is included in CNS. The Back to Basics program funds infrastructure improvements in targeted areas to promote neighborhood stability and integrity.

Support for Livable Tucson Goals

CNS supports the goal of *Caring, Healthy Families and Youth* through its administration of youth employment programs in collaboration with Pima County and its support of the anti-crime and drug awareness programs conducted by law enforcement agencies.

People-Oriented Neighborhoods are furthered by CNS's registration and support of neighborhood associations and its coordination of the city's NETeams.

CNS's activities facilitate the delivery of city services and partnering with neighborhoods that fosters an *Engaged Community and Responsive Government*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of youth employment and enrichment programs	25	20	20	25
Number of education and orientation sessions held	144	144	144	160
Number of NETeam members trained	150	130	150	175
Number of Back to Basics neighborhoods supported	8	12	12	19
Key Outcomes				
Number of youth employed	249	250	250	250
Number of registered neighborhood associations	140	145	150	165

Significant Expenditure Changes

Operating Budget: The Citizen and Neighborhood Services operating budget of \$886,820 is an increase of \$76,810, 9% more than the adopted budget for Fiscal Year 2001. The budget increase is due to additional postage for neighborhood newsletters (+\$75,370), employee salary and benefit adjustments (+\$26,700) and other miscellaneous changes (-\$25,260).

Capital Budget: The Back to Basics capital budget of \$10,243,000 is an increase of \$6,453,000, 170% more than the adopted budget for Fiscal Year 2001. The increase is due to the transfer of budget capacity from Community Services and Transportation budgets (+\$4,993,000) and funds carried forward for work not completed in Fiscal Year 2001 (+\$1,460,000).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	11.00	11.00	11.00	11.00
Operating Budget	\$ 716,497	\$ 810,010	\$ 894,560	\$ 886,820
Capital Budget*	<u>1,308,827</u>	<u>3,790,000</u>	<u>1,166,790</u>	<u>10,243,000</u>
Total	\$ 2,025,324	\$ 4,600,010	\$ 2,061,350	\$ 11,129,820
Source of Funds:				
General Purpose Funds	\$ 2,025,324	\$ 4,600,010	\$ 2,061,350	\$ 6,136,820
Restricted Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,993,000</u>
Total	\$ 2,025,324	\$ 4,600,010	\$ 2,061,350	\$ 11,129,820

DEPARTMENT PROGRAMS

Neighborhood Services

INDEPENDENT POLICE AUDITOR

Mission and Highlights

The Independent Police Auditor provides citizens with an external police review process to ensure the thorough, objective, and fair resolution of citizen inquiries and complaints regarding police conduct.

Support for Livable Tucson Goals

The Independent Police Auditor promotes an *Engaged Community and Responsive Government* by conducting community outreach and education programs.

The goal of *Safe Neighborhoods* is facilitated by the Independent Police Auditor's helping to resolve citizen concerns regarding police practices and neighborhood crimes.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of monthly audits performed of Police Department, Office of Professional Standards investigations	12	12	12	12
Number of community outreach programs conducted	49	18	24	24
Number of citizen inquiries received	245	400	300	300
Key Outcomes				
Number of citizen complaints reviewed	469	600	500	500
Number of complaints referred to the Police Department, Office of Professional Standards for investigation	142	100	100	100

Significant Expenditure Changes

Operating Budget: The Independent Auditor's operating budget of \$143,000 is an increase of \$5,160, 4% more than the adopted budget for Fiscal Year 2001. The increase is

primarily due to employee salary and benefit adjustments (+\$5,540), offset by other miscellaneous changes (-\$380).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	2.00	2.00	2.00	2.00
Operating Budget	\$ 128,219	\$ 137,840	\$ 136,510	\$ 143,000
Source of Funds:				
General Purpose Funds	\$ 128,219	\$ 137,840	\$ 136,510	\$ 143,000

DEPARTMENT PROGRAMS

Neighborhood Services

PUBLIC DEFENDER

Mission and Highlights

The mission of the Public Defender is to provide quality, cost-effective legal representation to indigent defendants who are entitled to appointed counsel in City Court. The Public Defender, which was established as a cost-effective alternative to using contract attorneys, represents approximately 7,000 clients per year.

The city's policy of aggressive domestic violence enforcement is expected to result in over 2,000 domestic violence cases being assigned to the Office of the Public Defender during Fiscal Year 2002. The Public Defender, in cooperation with the City Attorney's Office, will refer over 800 clients to the mental health diversion program. These clients will have their charges dismissed if they comply with a mental health treatment plan that is aimed at reducing repeat offenses.

Support for Livable Tucson Goals

The Public Defender supports the goal of *Reduced Poverty and Greater Equality of Opportunity* by representing indigent persons charged with crimes to ensure they receive equal justice and protection of their legal rights.

Caring, Healthy Families and Youth is a goal supported by the Public Defender's referral of clients to counseling services and social service agencies for assistance in dealing with the causes of criminal activity. Approximately 600 persons per year are referred to appropriate agencies.

Through a continuous dialogue with other government agencies, the courts, and the public, the Public Defender supports the goal of an *Engaged Community and Responsive Government*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of indigent persons appointed to the Public Defender by City Court	6,378	7,000	7,000	7,200
Key Outcomes				
Average cost per case	\$ 291	\$ 282	\$ 282	\$ 288
Percent of satisfied clients	99%	N/A	99%	99%

Significant Expenditure Changes

Operating Budget: The Public Defender's operating budget of \$2,072,480 is an increase of \$98,710, 5% more than the adopted budget for Fiscal Year 2001. The increase is due to employee salary and benefit adjustments (+\$86,240), an

added customer service clerk position (+\$25,550), and other miscellaneous changes (+\$7,920). These increases are partially offset by a 1% reduction to balance the budget (-\$21,000).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	32.50	32.50	32.50	33.50
Operating Budget	\$ 1,858,697	\$ 1,973,770	\$ 1,973,770	\$ 2,072,480
Source of Funds:				
General Purpose Funds	\$ 1,858,697	\$ 1,973,770	\$ 1,973,770	\$ 2,072,480

DEPARTMENT PROGRAMS

Environment and Development

DEVELOPMENT SERVICES

Mission and Highlights

The Development Services Department's mission is to protect the public's safety, health, and welfare through responsive and objective interpretation, application, and enforcement of laws and standards that govern construction, development, and signage. The department coordinates the plan review process, manages field inspections of construction activities, and investigates violations of the city's housing, building, and sign codes.

The department administered the city's initial Rental Housing Assessment project, a multi-departmental effort to assess the condition of rental housing stock and create a database of substandard rental properties. The Mayor and Council have directed the department to conduct a follow-up assessment.

The department is also responsible for enforcing the city's slumlord ordinance and is participating in the Slum Abatement and Blight Enforcement Response (SABER) project. The SABER program's goal is to identify and eliminate slum properties.

Support for Livable Tucson Goals

By providing for the abatement of dangerous, dilapidated, and uninhabitable structures, the department is working to ensure *Safe Neighborhoods and People-Oriented Neighborhoods*.

Through its active involvement in the review of downtown improvement projects, commercial project expansions, and new development identified by the Office of Economic Development, Development Services is furthering the goals of a *Successful Downtown* and *Strong Local Businesses*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of building permits issued	37,384	33,000	35,270	35,000
Number of building plans reviewed	7,012	6,500	6,661	6,670
Number of construction sites inspected	144,754	126,500	154,000	145,000
Key Outcomes				
Percent of customers satisfied with walk-in permitting service	N/A	90%	90%	90%
Percent of initial plan reviews completed within target dates	N/A	90%	90%	90%
Percent of inspections completed within 24 hours of the customer's request	N/A	99%	98%	98%

Significant Expenditure Changes

Operating Budget: The Development Services Department's operating budget of \$7,098,080 is an increase of \$456,570, 7% more than the adopted budget for Fiscal Year 2001. The increase is primarily due to employee salary and benefit adjustments (+\$336,570), support for

computer systems (+\$139,860), and the addition of one position (+\$80,000). These increases are partially offset by a decrease in equipment purchases (-\$91,000) and other miscellaneous changes (-\$8,860).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	90.00	100.00	100.00	101.00
Operating Budget	\$ 4,621,577	\$ 6,641,510	\$ 6,431,290	\$ 7,098,080
Source of Funds:				
General Purpose Funds	\$ 4,621,577	\$ 6,641,510	\$ 6,431,290	\$ 7,098,080

DEPARTMENT PROGRAMS

Environment and Development

PLANNING

Mission and Highlights

The Planning Department preserves and enhances Tucson's cultural, environmental, and historic resources, while contributing to healthy economy by conducting equitable community planning and zoning activities.

During Fiscal Year 2002, Planning's emphasis will be the provision of mandated services: maintenance of the Comprehensive General Plan, continued revision of the Tucson Land Use Code, evaluation of rezoning and land development requests, and enforcement of ordinances, standards, and regulations. The department will continue to add the new Comprehensive General Plan elements required by the state's Growing Smarter Acts.

Support for Livable Tucson Goals

Through its involvement in the rezoning process, the Planning Department supports a number of the Livable Tucson goals: *Better Alternatives to Automobile Transportation* (by ensuring pedestrian access from neighborhoods), *Safe Neighborhoods* (by promoting Safe by Design principles in cooperation with the Police Department), and *Respected Historic and Cultural Resources* (by ensuring that design guidelines for historic districts are implemented).

Through its planning processes, the department furthers the goals of *Infill and Reinvestment*, *Not Urban Sprawl*, *Abundant Green Space and Recreation Areas*, *People-Oriented Neighborhoods*, and *Protected Natural Desert Environment*. Department staff also provide research and policy analyses for the Economic Development Office, Greater Tucson Economic Council, and private corporations to support the goal of *Better Paying Jobs*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of zoning or development reviews	296	181	379	364
Number of requests for zoning compliance letters	153	N/A	152	153
Key Outcomes				
Percent of land within city limits covered by adopted plans	90%	90%	92%	94%
Percent of zoning violations successfully resolved	93%	95%	95%	95%

Significant Expenditure Changes

Operating Budget: The Planning Department's operating budget of \$3,569,470 is an increase of \$378,930, 12% more than the adopted budget for Fiscal Year 2001. The budget increase is due to funding for state-mandated General Plan amendments and neighborhood plan changes (+\$200,000),

employee salary and benefit adjustments (+\$107,990), a position transferred from the City Manager's office (+\$86,300), and a new, non-permanent technical intern position (+\$25,000). These increases are offset by a 1% reduction to balance the budget (-\$34,000) and other miscellaneous changes (-\$6,360).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	43.50	45.50	45.50	47.50
Operating Budget	\$ 3,029,093	\$ 3,190,540	\$ 3,182,540	\$ 3,569,470
Source of Funds:				
General Purpose Funds	\$ 3,029,093	\$ 3,082,540	\$ 3,082,540	\$ 3,459,470
Restricted Funds	<u>-0-</u>	<u>108,000</u>	<u>100,000</u>	<u>110,000</u>
Total	\$ 3,029,093	\$ 3,190,540	\$ 3,182,540	\$ 3,569,470

SOLID WASTE MANAGEMENT

Mission and Highlights

The Solid Waste Management Department’s mission is to provide comprehensive and cost-effective solid waste collection, disposal, code enforcement, and recycling services that ensure customer satisfaction and safeguard community health.

For its 131,000 residential customers, the department provides daily code enforcement, alternating-week recyclables collection, twice-per-week residential refuse collection, and twice-per-year brush and bulky collection. The department also provides refuse collection for 3,317 commercial customers and offers disposal services seven days per week at the Los Reales Landfill. In partnership with Pima County, the department promotes the responsible disposal of household and commercial hazardous waste.

Through a grant from the US Environmental Protection Agency, Solid Waste Management will be offering on-site recycling service to 300 small businesses. This pilot project will promote the recycling of 21 materials in a single container. It is anticipated that this convenient and easy to use program will increase waste diversion and eventually lower the cost of refuse disposal for small businesses.

At the city’s Los Reales Landfill, the first lined cell went into use in July 2000. This disposal area uses a synthetic liner that is designed to protect the region’s groundwater. Construction of a second lined cell is planned for January 2002.

Support for Livable Tucson Goals

The Solid Waste Management Department has several projects planned or underway to re-vegetate closed landfills, supporting the goal of *Abundant Urban Green Space and Recreation Areas*. These projects at the Harrison Road, Vincent Mullins, and Irvington Landfills will provide open space for a variety of recreational uses.

Clean Air and Quality Water is a high priority of the department through its compliance with federal, state, and local environmental regulations. New disposal areas at the Los Reales Landfill will be constructed with a synthetic liner to protect our groundwater supply. By the proper management of landfill gases, the department is also working to ensure clean air and protection of the earth’s ozone layer. During Fiscal Year 2002, the department will be exploring the feasibility of using alternative fuel vehicles for collection services.

By supporting neighborhood improvement projects and cleanup events, Solid Waste Management is helping to provide for *People-Oriented Neighborhoods*. The department coordinates neighborhood cleanup events with its existing, twice yearly residential brush and bulky collections.

The department supports *Strong Local Business* by providing local businesses with quality solid waste collection and recycling services at the lowest possible price.

In addition to collecting and disposing of solid waste, the department is involved in projects and programs that provide for the *Efficient Use of Natural Resources*. In partnership with local business and utility companies, the department has developed a project to convert methane into electricity. This project at the Los Reales Landfill reduces the level of methane gas and provides an economical energy source for the community.

The department’s ongoing waste reduction and recycling programs diverted 16,488 tons of waste from the city’s landfill during Fiscal Year 2000. Over 64% of eligible households participate in the city’s curbside recycling program. These efforts not only extend the life of the landfill, but also conserve natural resources.

“Less consumption, more recycling.”

- Citizen comment from the Livable Tucson Vision Process



Solid Waste Management provides alternating-week recyclables collection for residential households.

DEPARTMENT PROGRAMS

Environment and Development

SOLID WASTE MANAGEMENT (Continued)

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Tons of residential waste and recyclables collected	181,040	202,000	185,200	189,000
Tons of commercial waste and recyclables collected	118,690	122,000	114,980	115,000
Tons of refuse disposed of at the landfill	533,620	657,000	632,710	529,280
Number of code violations investigated	7,236	13,000	12,000	13,000
Percent of incoming refuse loads inspected for hazardous waste (federal requirement = 1%)	2.9%	3.3%	2.2%	2.2%
Percent of methane gas measurements that meet state regulatory standards	99%	100%	100%	100%
Key Outcomes				
Percent of code violations investigated that are resolved within 60 days	84%	90%	90%	90%
Tons of residential recyclables diverted from the landfill	16,488	18,500	17,900	18,500
Percent of landfill regulatory inspections passed with no violations	100%	100%	100%	100%
Cost per household for collection of residential refuse	\$ 5.42	\$ 6.59	\$ 6.77	\$ 6.59
Cost per ton for disposal of residential refuse	\$ 47.23	\$ 54.53	\$ 55.54	\$ 56.50
Cost per ton for commercial refuse service	\$ 27.64	\$ 32.88	\$ 36.87	\$ 38.31

Significant Expenditure Changes

Operating Budget: The Solid Waste Management Department's operating budget of \$29,155,440 is an increase of \$610,470, 2% more than the adopted budget for Fiscal Year 2001. The budget increase is due to the employee salary and benefit adjustments (+\$455,150), higher fuel costs (+\$187,260), funding for public education on recycling (+\$122,000), an increase in overtime and extra time (+\$95,830), and an added management analyst position (+\$54,990). These increases are partially offset by

a 1% reduction to balance the budget (-\$279,000) and other miscellaneous changes (-\$25,760).

Capital Budget: The Solid Waste Management Department's capital budget of \$7,690,000 is an increase of \$4,018,000, 109% more than the adopted budget for Fiscal Year 2001. The increase is due to the availability of new funding for landfill projects (+\$5,420,000) and reductions due to the completion of projects during Fiscal Year 2001 (-\$1,402,000).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	239.33	243.00	243.00	244.00
Operating Budget	\$ 24,058,215	\$ 28,544,970	\$ 27,308,620	\$ 29,155,440
Capital Budget	<u>4,057,999</u>	<u>3,672,000</u>	<u>3,637,200</u>	<u>7,690,000</u>
Total	\$ 28,116,214	\$ 32,216,970	\$ 30,945,820	\$ 36,845,440
Source of Funds:				
General Purpose Funds	\$ 24,960,809	\$ 25,754,970	\$ 24,453,820	\$ 28,738,340
Restricted Funds	<u>3,155,405</u>	<u>6,462,000</u>	<u>6,492,000</u>	<u>8,107,100</u>
Total	\$ 28,116,214	\$ 32,216,970	\$ 30,945,820	\$ 36,845,440

TRANSPORTATION

Mission and Highlights

The Department of Transportation provides alternative modes of transportation; supports safe neighborhoods through street, lighting, and traffic construction and maintenance programs; and maintains the highest standards for air quality and environmentally secure stormwater drainage systems.

The Department of Transportation (DOT) is responsible for a transportation system covering approximately 200 square miles, including 2,000 miles of streets, bikepaths, sidewalks, and alleyways. DOT provides accessible public transit via Sun Tran and Van Tran, which offer residents transportation alternatives. In addition to designing and constructing street system improvements, DOT maintains streets, alleyways, and drainageways, and manages the acquisition and sale of all city property.

During Fiscal Year 2002, DOT will continue to work with other city departments and local businesses in support of the revitalization of downtown. The department has implemented a downtown circulator shuttle, Tucson Inner City Express Transit (TICET), to facilitate parking and shopping for downtown visitors and workers.

“We should encourage more neighborhood-friendly transportation modes such as cycling, buses, and walking.”

- Citizen comment from the Livable Tucson Vision Process



Many of Sun Tran’s buses are equipped with bike racks, making it easier for bicyclists to get to the city’s bikepaths and to facilitate alternative mode commuting.

Support for Livable Tucson Goals

To provide *Better Alternatives to Automobile Transportation*, the Department of Transportation manages the city’s mass transit services and encourages its use through bus shelter improvements. The construction of bicycle paths, sidewalks and pedestrian crossing devices, as well as the enhancement of sidewalk landscaping, encourages alternate modes of transportation.

The department promotes *Safe Neighborhoods* through programs and projects that improve street lighting and traffic safety. Comments are solicited from the public on all capital projects to ensure that “safe by design” concepts are integrated into the project design and construction. The maintenance of crosswalk striping and safety signals provides safe travel for school children and neighborhood residents. Alley and vacant lot cleanups and the funding of the Graffiti Abatement Program all work to preserve the integrity of our neighborhoods.

Transportation is working with the Parks and Recreation Department and neighborhoods to incorporate recreational uses into flood control basin development. The goal of *Abundant Urban Green Space and Recreation Areas* is also supported by the department’s program of roadside landscaping and the construction of bicycle and pedestrian pathways.

By operating buses with compressed natural gas, increasing the number of bicycle and pedestrian pathways, interconnecting traffic signals, and providing stormwater quality programs of public education and regulatory enforcement, the Department of Transportation contributes to the goal of *Clean Air and Quality Water*. The construction of roadway and intersection improvements alleviates traffic congestion. Along with the synchronizing of traffic signals, these improvements reduce traffic stops and delays, and yield a diminished volume of air pollutants.

A Successful Downtown is a goal supported by the department’s implementation of plans for improved traffic and pedestrian circulation, reinvestment of parking program revenues downtown, and collaborative efforts with Tucson Electric Power, Citizen Downtown Oversight Committee, Graffiti Abatement Program, Intermodal Depot Committee, the Citizens’ Transportation Advisory Committee, and area businesses.

DEPARTMENT PROGRAMS

Environment and Development

TRANSPORTATION (Continued)

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of fixed-route (Sun Tran) service hours provided	624,625	596,996	586,413	600,336
Number of paratransit (Van Tran) service hours provided	171,785	152,980	172,000	162,000
Number of major street miles resurfaced (linear miles)	50	50	50	52
Number of residential street miles resurfaced (lane miles)	356	250	200	250
Key Outcomes				
Number of fixed-route (Sun Tran) passenger trips provided	15,273,000	14,472,000	14,471,000	14,760,000
Cost per mile of fixed-route service	\$ 3.66	\$ 4.34	\$ 3.85	\$ 4.12
Number of Van Tran passengers	360,382	N/A	364,500	336,152
Percentage of major streets that have a condition rating of "good" or better	86%	85%	86%	87%

Significant Expenditure Changes

Operating Budget: The Department of Transportation's operating budget of \$73,818,420 is an increase of \$3,037,460, 4% more than the adopted budget for Fiscal Year 2001. The increase is primarily due to additional funding for Sun Tran and Van Tran (+\$2,513,510) and employee salary and benefit adjustments (+\$809,320). These increases are offset by a 1% reduction to balance the budget (-\$64,000) and other miscellaneous changes (-\$221,370).

Capital Budget: The Department of Transportation's capital budget of \$100,666,670 is an increase of \$17,786,400, 21% more than the adopted budget for Fiscal Year 2001. The increase is due anticipated loans from the state's infrastructure bank (+\$13,000,000), additional funding from the Pima Association of Government's allocation of gasoline taxes (+\$3,575,600), General Fund capacity for the undergrounding of power lines (+\$400,000), and other miscellaneous changes (+\$810,800).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	392.50	395.50	397.50	399.50
Operating Budget	\$ 65,392,472	\$ 70,780,960	\$ 70,096,860	\$ 73,818,420
Capital Budget	<u>42,153,175</u>	<u>82,880,300</u>	<u>56,624,540</u>	<u>100,666,700</u>
Total	\$ 107,545,647	\$ 153,661,260	\$ 126,721,400	\$ 174,485,120
Source of Funds:				
General Purpose Funds	\$ 37,775,878	\$ 42,078,170	\$ 40,297,920	\$ 47,543,880
Restricted Funds	<u>69,769,769</u>	<u>111,583,090</u>	<u>86,423,480</u>	<u>126,941,240</u>
Total	\$ 107,545,647	\$ 153,661,260	\$ 126,721,400	\$ 174,485,120

TUCSON WATER**Mission and Highlights**

Tucson Water's mission is to provide excellence in water services by delivering high quality water in a cost effective and environmentally responsive manner.

The department provides water service to approximately 670,000 residents within the Tucson metropolitan area and expects to deliver approximately 109,000 acre-feet (35.6 billion gallons) of groundwater during Fiscal Year 2002. To preserve groundwater, another 11,000 acre-feet of reclaimed water (wastewater effluent treated by filtering and disinfecting) will be delivered for irrigation purposes. To "bank" water for future uses, Tucson Water recharges Central Arizona Project (CAP) water, secondary effluent, and reclaimed water into the aquifer. To improve the reliability of the water delivery system, Tucson Water replaces old water mains, adds wells, maintains the well system at 95% availability during peak demand periods, and works to increase the capacity to produce reclaimed water. Through these efforts, the department is able to produce 155 million gallons of drinking water and 25 million gallons of reclaimed water per day during the summer to meet peak day demand.

During Fiscal Year 2002, Tucson Water will continue to provide its customers with quality drinking water, while meeting increasing demand and optimizing the use of water resources. Some of the programs and projects the department will pursue to achieve its goals are highlighted below:

- The Clearwater Renewable Resource Facility (CRRF), which is located in the Avra Valley, began operations during Fiscal Year 2001. The facility provides a blend of groundwater and recharged Colorado River water to the greater Tucson area, allowing many of the wells in the central city to be placed in stand-by mode. At full build-out in 2003, the project will provide up to 60,000 acre-feet of water per year—approximately half of the potable water now consumed by Tucson Water customers. With reduced pumping from the central wellfield, the aquifer will slowly recover through the natural recharge at the CRRF.
- Three programs have been implemented to increase efficiency in department operations and improve safety: (1) Maintenance Management Program that targets preventative maintenance through improved procedures and staffing, (2) Reengineering Program that involves employees in identifying efficient work practices, and (3) Five Star Safety System that is aimed at reducing risk through improved safety and loss control practices.

Support for Livable Tucson Goals

Tucson Water is committed to involving customers in its mission, contributing to the goal of an *Engaged Community and Responsive Government*. A monthly newsletter is published and a Web site is maintained to keep the community informed. The public is encouraged to contact Tucson Water by e-mail, telephone comment line, focus groups, annual customer surveys, and participation at citizen advisory committee meetings and project meetings.

The goal of *Abundant Urban Green Space and Recreation Areas* is supported through Tucson Water's partnerships with local schools, the University of Arizona, and Pima County to develop urban green space. The Sweetwater Wetlands and Lincoln Park Riparian Habitat projects are designed to enhance the livability of the community, while making judicious use of limited water resources.

Ensuring *Clean Air and Quality Water* is central to the department's mission. Through collaborations with the Arizona Department of Water Quality, Arizona Department of Health Services, Pima Association of Governments, and the University of Arizona, Tucson Water works to ensure that the quality of water delivered to its customers exceeds state and federal regulations. Water samples, regularly collected at approximately 250 sites, are analyzed for bacteria, chlorine residual and other potential contaminants, and visual aesthetics. Tucson Water also is partnering with the American Water Works Association Research Foundation to promote customer satisfaction through "best practices" and improved water treatment.

Tucson Water works vigorously to make *Efficient Use of Natural Resources* by conserving groundwater and developing alternative water resources. The Reclaimed Master Plan adopted by the Mayor and Council will increase the use of reclaimed water and ensure that at least 7.5% of the total water consumed continues to be reclaimed water. The Zanjero Program of water audits saves approximately 45 million gallons of groundwater annually. Pilot programs are being implemented to determine the effectiveness of goal-based rates for irrigation accounts and to assist low-income customers with water conservation.

The goal of *Excellent Public Education* is supported by Tucson Water's summer internships for high school teachers. This program provides these educators with a better understanding of water issues and information on career opportunities for their students.

DEPARTMENT PROGRAMS

Environment and Development

TUCSON WATER (Continued)

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of residential water audits conducted	1,340	2,200	1,400	2,000
Miles of new reclaimed water mains designed	1	4	2	8
Number of inspections of the water system (water production wells, reservoirs, and boosters)	30,360	31,000	32,000	34,000
Number of compliance samples collected for water quality analysis	5,392	3,468	5,451	5,582
Number of discretionary samples collected for water quality analysis	7,676	N/A	13,839	13,976
Key Outcomes				
Number of gallons of water saved due to conservation	39,100,000	16,000,000	40,000,000	45,000,000
Reclaimed water use as a percentage of total consumption	N/A	7.5%	7.5%	7.5%
Number of gallons of water saved through the detection and mitigation of water system leaks	99,260,000	141,800,000	130,000,000	190,000,000
Percentage of samples collected that meet water quality regulatory requirements	100%	100%	100%	100%

Significant Expenditure Changes

Operating Budget: Tucson Water's operating budget of \$99,147,750 is an increase of \$4,689,560, 5% more than the adopted budget for Fiscal Year 2001. The increase is due to additional service charges for city overhead and direct department services (+\$1,589,690), debt service for new bond sales (+\$1,502,000), employee salary and benefit adjustments (+\$1,123,870), two added system analyst positions (+\$112,000), and other miscellaneous changes (+\$362,000).

Capital Budget: Tucson Water's capital budget of \$56,028,800 is a decrease of \$3,759,900, 6% less than the adopted budget for Fiscal Year 2001. The decrease is due to completion of projects during Fiscal Year 2001 (-\$4,310,400), offset by the transfer of waterline relocation funding from the operating budget (+\$550,500).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	588.00	588.00	589.00	590.00
Operating Budget	\$ 77,999,096	\$ 94,458,190	\$ 92,634,370	\$ 99,147,750
Capital Budget	<u>49,363,370</u>	<u>59,788,700</u>	<u>57,703,000</u>	<u>56,028,800</u>
Total	\$ 127,362,466	\$ 154,246,890	\$ 150,337,370	\$ 155,176,550
Source of Funds:				
Restricted Funds -				
Water Revenue Funds	\$ 94,307,406	\$ 108,493,790	\$ 109,525,370	\$ 113,065,750
Water Bond Funds	33,055,060	45,181,700	40,127,000	41,659,800
Grants	-0-	571,400	-0-	451,000
Working Capital	<u>-0-</u>	<u>-0-</u>	<u>685,000</u>	<u>-0-</u>
Total	\$ 127,362,466	\$ 154,246,890	\$ 150,337,370	\$ 155,176,550

DEPARTMENT PROGRAMS

Environment and Development

ENVIRONMENTAL MANAGEMENT

Mission and Highlights

Environmental Management (EM) promotes a healthy and safe environment by offering city departments technical assistance with regulatory compliance and by providing the community with innovative environmental solutions.

Support for Livable Tucson Goals

EM's Brownfields Pilot Project supports the goal of *Infill and Reinvestment, Not Urban Sprawl* by encouraging the redevelopment of unused or underutilized sites within the city. Environmental concerns are assessed and developers are assisted in obtaining federal funds to clean up sites.

The goal of *Clean Air and Quality Water* is furthered by EM's monitoring of groundwater at landfills and city facilities and by its managing any subsequent remediation projects.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of city facilities inspected for environmental compliance and pollution prevention measures	20	10	50	50
Number of groundwater monitoring events at city landfills	500	540	600	660
Number of environmental site assessments completed	57	62	55	55
Key Outcomes				
Percent of programs in compliance with state and federal environmental regulations	100%	100%	100%	100%
Number of violations received	1	-0-	-0-	-0-

Significant Expenditure Changes

Operating Budget: Environmental Management's operating budget of \$2,323,780 is an increase of \$454,560, 24% more than the adopted budget for Fiscal Year 2001. This is due to an increase in operations and maintenance funding for capital projects (+\$350,000), office rent previously budgeted in Non-Departmental (+\$99,030), and employee salary and benefit adjustments (+\$38,060). These increases are offset by a 1% reduction to balance the budget (-\$19,000) and other miscellaneous changes (-\$13,530).

Capital Budget: Environmental Management's capital budget of \$8,306,400 is an increase of \$1,452,200, 21% more than the adopted budget for Fiscal Year 2001. The increase is due to additional capacity for project payments funded by the Arizona Department of Environmental Quality (+\$3,650,000) and an increase in the use of environmental and solid waste mandate reserves (+\$1,094,100). These increases are offset by a reduction in bond funding due to projects being completed or allocations moved to future budget years (-\$3,291,900).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	13.85	15.85	15.85	15.00
Operating Budget	\$ 1,437,483	\$ 1,869,220	\$ 1,572,540	\$ 2,323,780
Capital Budget	<u>2,564,209</u>	<u>6,854,200</u>	<u>4,909,120</u>	<u>8,306,400</u>
Total	\$ 4,001,692	\$ 8,723,420	\$ 6,481,660	\$ 10,630,180
Source of Funds:				
General Purpose Funds	\$ 1,411,215	\$ 1,397,930	\$ 1,011,930	\$ 2,114,610
Restricted Funds	<u>2,590,477</u>	<u>7,325,490</u>	<u>5,469,730</u>	<u>8,515,570</u>
Total	\$ 4,001,692	\$ 8,723,420	\$ 6,481,660	\$ 10,630,180

DEPARTMENT PROGRAMS

Environment and Development

HISTORIC PRESERVATION OFFICE

Mission and Highlights

The Historic Preservation Office provides information and technical assistance to city staff, elected officials, and the public about the protection and enhancement of Tucson's cultural resources.

In addition, the office writes and administers grants, develops policies and programs, and collaborates with community organizations and city departments to increase awareness about the protection of cultural resources.

Support for Livable Tucson Goals

Through its administration of grants for exterior repairs on historic homes, the Historic Preservation Office furthers the goals of *Infill and Reinvestment, Not Urban Sprawl* and *Respected Historic and Cultural Resources*.

As the point-of-contact for the public on historic preservation issues and information, the Historic Preservation Office supports the goal of *Respected Historic and Cultural Resources*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of surveys in neighborhoods to determine eligibility for the National Register of Historic Places	2	3	2	2
Number of city projects reviewed for compliance with state and federal historic preservation regulations	100	120	160	160
Number of groups provided technical assistance with the rehabilitation and reuse of historic properties	5	10	5	10
Key Outcomes				
Number of new historic districts	-0-	2	2	2
Cultural resource protection policy or program implemented	1	1	1	2

Significant Expenditure Changes

Operating Budget: The Historic Preservation Office's operating budget of \$437,950 is an increase of \$79,520, 22% more than the adopted budget for Fiscal Year 2001. The increase is due to additional grant capacity (+\$71,600),

employee salary and benefit adjustments (+\$3,000), and other miscellaneous changes (+\$4,920).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	1.00	2.00	2.00	2.00
Operating Budget	\$ 120,178	\$ 358,430	\$ 293,970	\$ 437,950
Source of Funds:				
General Purpose Funds	\$ 95,005	\$ 148,430	\$ 147,470	\$ 156,350
Restricted Funds	<u>25,173</u>	<u>210,000</u>	<u>146,500</u>	<u>281,600</u>
Total	\$ 120,178	\$ 358,430	\$ 293,970	\$ 437,950

DEPARTMENT PROGRAMS

Environment and Development

ZONING EXAMINER

Mission and Highlights

The mission of the Zoning Examiner is to support orderly, efficient, and quality land development by providing independent and professional analysis of zoning and land use changes and of stolen property dispositions.

As a quasi-judicial officer, the zoning examiner holds public hearings to obtain citizen input, render decisions, and make recommendations to the Mayor and Council.

Support for Livable Tucson Goals

The Zoning Examiner promotes an *Engaged Community and Responsive Government* by providing the public hearings that foster citizen expression and involvement in development and land use issues.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of rezoning cases	32	34	44	34
Number of special exception land use cases	16	12	10	14
Number of stolen property disposition cases	17	15	34	22
Number of zoning appeal cases	N/A	N/A	2	2

Significant Expenditure Changes

Operating Budget: The Zoning Examiner's operating budget of \$149,940 is an increase of \$4,990, 3% more than the adopted budget for Fiscal Year 2001.

The increase is due to employee salary and benefit adjustments (+\$4,000) and other miscellaneous changes (+\$990).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	2.00	2.00	2.00	2.00
Operating Budget	\$ 139,359	\$ 144,950	\$ 146,490	\$ 149,940
Source of Funds:				
General Purpose Funds	\$ 139,359	\$ 144,950	\$ 146,490	\$ 149,940

DEPARTMENT PROGRAMS

Strategic Initiatives

TUCSON CONVENTION CENTER

Mission and Highlights

The mission of the Tucson Convention Center is to become one of the top ten facilities in the nation among comparable convention centers.

The convention center is a multipurpose complex on 27 acres in downtown Tucson, with 205,000 square feet of meeting space and an arena that can seat 9,700 people. Recent construction projects and equipment replacements have improved patron comfort, sound, aesthetics, and accessibility for persons with disabilities. Service improvements include a new computerized booking and facility management system and the selection of a new facility caterer.

Support for Livable Tucson Goals

To support the goal of *Respected Historic and Cultural Resources*, the Tucson Convention Center (TCC) and the TCC Commission's Vision 2020 Committee have implemented a community-based program to highlight Tucson's diverse culture. In the "Tapestry of Tucson" program, community groups install interpretive exhibits at the TCC that celebrate their culture and heritage.

The Tucson Convention Center furthers the goals of *Strong Local Businesses* and a *Successful Downtown* by encouraging events that will promote job growth and retail business development. Each year the center hosts events that have a positive economic impact, such as the Mariachi Festival, the Gem and Mineral Show, and several home shows. The TCC is also a vital component of the Rio Nuevo development project.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of events booked	350	515	448	455
Number of event days booked	1,458	3,500	2,800	3,500
Number of event tickets sold	199,265	380,000	280,000	280,000
Amount invested in facility improvements	\$ 265,000	\$ 500,000	\$ 400,000	\$ 400,000
Key Outcomes				
Percent of available days convention center is used	22%	53%	38%	53%
Percent of customers satisfied with facilities and services	99%	99%	96%	96%

Significant Expenditure Changes

Operating Budget: Tucson Convention Center's operating budget of \$6,964,530 is a decrease of \$27,200, 1% less than the adopted budget for Fiscal Year 2001. The budget decrease is the net result of employee salary and benefit adjustments (+\$97,930), offset by a 1% reduction to

balance the budget (-\$59,000), and other miscellaneous changes (-\$66,130).

Capital Budget: The Tucson Convention Center has no funded capital projects for Fiscal Year 2002.

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	61.00	63.50	63.00	63.00
Operating Budget	\$ 5,097,096	\$ 6,991,730	\$ 6,190,600	\$ 6,964,530
Capital Budget	5,034	-0-	-0-	-0-
Total	\$ 5,102,130	\$ 6,991,730	\$ 6,190,600	\$ 6,964,530
Source of Funds:				
General Purpose Funds	\$ 4,940,030	\$ 6,091,730	\$ 5,890,600	\$ 6,064,530
Restricted Funds	162,100	900,000	300,000	900,000
Total	\$ 5,102,130	\$ 6,991,730	\$ 6,190,600	\$ 6,964,530

DEPARTMENT PROGRAMS

Strategic Initiatives

OFFICE OF ECONOMIC DEVELOPMENT

Mission and Highlights

The mission of the Office of Economic Development (OED) is to promote a vibrant economic climate in Tucson.

OED provides programs that create and retain quality jobs, trains citizens for those jobs, and facilitates the revitalization of distressed areas. OED assists manufacturing firms to become globally competitive through its technical and trade assistance programs. The promotion of Tucson to the film industry is coordinated by OED.

Support for Livable Tucson Goals

In support of the *Infill and Reinvestment, Not Urban Sprawl* goal, OED markets and manages the Parque de Santa Cruz, a 73-acre industrial park at Drexel and I-10, and the Downtown Commerce Park, a 48-acre corporate business park.

OED's job training programs help the community meet the goals of *Higher Paying Jobs, Quality Job Training, and Reduced Poverty and Greater Equality of Opportunity*.

Strong Local Business is the objective of OED's direct assistance to businesses on facility locations and access to government business incentives.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of businesses assisted with retention, expansion, and location	173	100	180	180
Number of contacts with businesses in targeted cluster industries	N/A	285	230	300
Number of inquiries from the film, television, and advertising production industries	649	2,000	2,000	2,500
Key Outcomes				
Number of jobs created or retained	1,384	500	600	600
Dollar amount saved by companies receiving OED assistance	N/A	N/A	\$ 3,500,000	\$ 3,500,000
Local revenue received from film, television, and advertising production industries	\$ 1,250,000	\$ 7,000,000	\$ 5,000,000	\$ 7,500,000

Significant Expenditure Changes

Operating Budget: The Office of Economic Development's operating budget of \$1,815,750 is an increase of \$342,840, 23% more than the adopted budget for Fiscal Year 2001.

The increase is due to funding for workforce development (+\$130,500), loan management fees (+\$89,000), funds carried forward for the Commercial Revitalization program (+\$60,000), employee salary and benefit adjustments (+\$39,800), and a consultant on Davis-Monthan Air Force Base issues (+\$30,000). These increases are offset by a 1% reduction to balance the budget (-\$6,460).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	14.00	15.50	15.50	15.50
Operating Budget	\$ 1,346,517	\$ 1,472,910	\$ 1,354,680	\$ 1,815,750
Source of Funds:				
General Purpose Funds	\$ 1,261,602	\$ 1,322,910	\$ 1,280,100	\$ 1,665,750
Restricted Funds	84,915	150,000	74,580	150,000
Total	\$ 1,346,517	\$ 1,472,910	\$ 1,354,680	\$ 1,815,750

DEPARTMENT PROGRAMS

Strategic Initiatives

INTERGOVERNMENTAL RELATIONS

Mission and Highlights

The mission of Intergovernmental Relations is to advocate for the interests of the city by fostering and maintaining relationships with other governmental entities at the local, state, and federal levels.

Support for Livable Tucson Goals

Intergovernmental Relations furthers the goal of *Better Alternatives to Automobile Transportation* by collaborating with other governmental agencies and community groups to ensure that the city receives its fair share of transportation funding from state and federal agencies.

By advocating for issues that are in direct response to community needs, Intergovernmental Relations promotes the goal of an *Engaged Community and Responsive Government*.

The goal of *People-Oriented Neighborhoods* is facilitated by Intergovernmental Relations' work with other cities, neighborhood organizations, and the business community to secure state funding for a Neighborhood Preservation Investment and Initiative proposal.

Intergovernmental Relations provides support to the Rio Nuevo Project that will contribute to the goals of *Better Paying Jobs* and a *Successful Downtown*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of legislative proposals and amendments sent to the Mayor and Council and city departments for review	1,280	900	1,300	1,500
Key Outcomes				
Percent of legislation harmful to the city that was defeated	93%	90%	90%	90%
Percent of legislation beneficial to the city that was passed	90%	83%	85%	85%

Significant Expenditure Changes

Operating Budget: Intergovernmental Relations' operating budget of \$539,340 is an increase of \$35,880, 7% more than the adopted budget for Fiscal Year 2001.

The increase is due to additional funding for federal and state legislative consultants (+\$28,590), employee salary and benefit adjustments (+\$6,060), and other miscellaneous changes (+\$1,230).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	2.00	2.00	2.00	2.00
Operating Budget	\$ 578,897	\$ 503,460	\$ 513,530	\$ 539,340
Source of Funds:				
General Purpose Funds	\$ 578,897	\$ 503,460	\$ 513,530	\$ 539,340

DEPARTMENT PROGRAMS

Strategic Initiatives

TUCSON-MÉXICO PROJECT

Mission and Highlights

The Tucson-México Project assists local businesses and organizations in improving their connections with México by strengthening economic, social, and cultural ties.

Support for Livable Tucson Goals

Through its development of the Puerto Nuevo Project, a distribution center surrounding the Tucson International Airport, the Tucson-México Project will be helping to create *Better Paying Jobs* for local residents.

By collaborating with cities in México on social, educational, and cultural activities, the Tucson-México Project furthers the goal of *Respected Historic and Cultural Resources*. The City of Guadalajara has contributed a replica of a historic monument that will be displayed as part of the Rio Nuevo Project.

Promoting *Strong Local Business* is an objective of the Tucson-México Project's Maquila Supplier Program, which matches local suppliers with viable Mexican businesses.

The goal of a *Successful Downtown* is supported by the Tucson-México Project's presentations of the Rio Nuevo Project at international venues and by bringing trade events to the downtown area.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of international trade and tourism events held	10	6	8	10
Number of companies and organizations participating in trade and tourism events	138	60	100	100
Number of business development trips taken	22	6	20	20
Number of Tucson businesses contacted about the Maquila Supplier Program	63	80	75	80
Number of maquilas contacted about the Maquila Supplier Program	92	55	80	80
Key Outcomes				
Number of media marketing efforts by local businesses in the Mexican market	6	3	6	10
Dollar amount of contracts secured with the assistance of the Maquila Supplier Program	\$ 600,000	\$ 660,000	\$ 700,000	\$ 700,000

Significant Expenditure Changes

Operating Budget: The Tucson-México Project's operating budget of \$449,410 is an increase of \$27,390, 6% more than the adopted budget for Fiscal Year 2001.

The increase is due to employee salary and benefit adjustments (+\$12,100) and other miscellaneous changes (+\$15,290).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	5.00	5.00	5.00	5.00
Operating Budget	\$ 317,265	\$ 422,020	\$ 450,580	\$ 449,410
Source of Funds:				
General Purpose Funds	\$ 317,265	\$ 422,020	\$ 450,580	\$ 449,410

DEPARTMENT PROGRAMS

Support Services

BUDGET AND RESEARCH

Mission and Highlights

The Budget and Research Department's mission is to develop and manage the city's budget—working with the Mayor and Council, the City Manager, and city departments—to ensure that the highest quality service is delivered to residents in a fiscally responsible manner. In addition to developing the annual operating budget and the five-year capital improvement program, the department facilitates performance measurement and project management, and provides evaluation and policy analysis of municipal programs.

During Fiscal Year 2002, the department will implement an enhanced budget system to simplify budget preparation and management and to improve the availability and timeliness of information. This system will also allow for more staff time to conduct management studies, such as

cost/benefit analyses, benchmarking surveys, performance measurement, and program evaluation.

Support for Livable Tucson Goals

The Budget and Research Department supports the goal of an *Engaged Community and Responsive Government* through public hearings held as part of the budget preparation process and through its support to the Budget Advisory Committee and Bond Project Oversight Committee. These committees provide an avenue for citizen input on the use of their tax dollars.

Through budget management, program evaluation, and performance measurement, the department provides *Organizational Support* to city departments and outside agencies that receive city funding. This support makes it possible to plan and complete projects and programs that further all 17 Livable Tucson Goals.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of budget monitoring reports prepared	35	35	35	35
Number of management and other studies conducted	10	20	20	20
Key Outcomes				
Percent of departments that report "value" from information and support provided by Budget and Research	N/A	N/A	75%	75%

Significant Expenditure Changes

Operating Budget: The Budget and Research Department's operating budget of \$2,318,740 is a decrease of \$109,690, 5% less than the adopted budget for Fiscal Year 2001. The budget decrease is primarily due to the transfer of the

Program Evaluation Unit to the City Manager's office (-\$158,300) and a 1% reduction to balance the budget (-\$18,000). These decreases are partially offset by employee salary and benefit adjustments (+\$52,870) and other miscellaneous changes (+\$13,740).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	26.00	26.00	26.00	24.00
Operating Budget	\$ 1,781,793	\$ 2,428,430	\$ 2,428,430	\$ 2,318,740
Source of Funds:				
General Purpose Funds	\$ 1,781,793	\$ 2,428,430	\$ 2,428,430	\$ 2,318,740

DEPARTMENT PROGRAMS

Support Services

FINANCE

Excellence in Financial Reporting that is presented by the Government Finance Officers Association.

Mission and Highlights

The Finance Department maintains the financial integrity of the city by providing financial services such as collecting revenue, accounting for city services, processing payments and bills, overseeing city investments, auditing department activities, and managing debt programs. The department is also responsible for the risk management program, the self-insurance fund, and employee retirement programs.

The department has arranged the sale of certificates of participation and municipal bonds totaling \$79,980,000 that will provide funding for capital projects in the coming fiscal years. For the 18th consecutive year, the Finance Department received the Certificate of Achievement for

Support for Livable Tucson Goals

By providing complete and accurate financial records and reports, the Finance Department provides *Organizational Support* to city departments and outside agencies.

Through the management of the city's debt program, Finance arranges financing for projects that contribute to a variety of the Livable Tucson Goals, including *Abundant Urban Green Space and Recreation Areas*, *Excellent Public Education*, *Better Alternatives to Automobile Transportation*, and *Clean Air and Quality Water*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of debt offerings planned, organized, and directed	4	5	5	4
Number of business privilege tax audits performed	565	500	450	480
Number of new licenses issued	8,312	9,500	9,000	9,000
Number of employees given safety training	6,000	5,000	6,000	6,000
Key Outcomes				
Debt issued to meet the city's financial needs	\$ 74,230,000	\$ 76,000,000	\$ 79,980,000	\$ 78,000,000
Unpaid business privilege taxes recovered as identified in tax audits	\$ 1,574,000	\$ 800,000	\$ 750,000	\$ 890,000
Business taxes collected	\$ 164,012,000	\$ 160,000,000	\$ 164,000,000	\$ 170,000,000
Cost of citation fines issued by the Occupational Safety and Health Administration (OSHA)	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Significant Expenditure Changes

Operating Budget: The Finance Department's operating budget of \$6,937,270 is an increase of \$32,310, 1% more than the adopted budget for Fiscal Year 2001. The increase is due to employee salary and benefit adjustments

(+\$211,030) and other miscellaneous changes (+\$92,890). These increases are partially offset by decreases due to the completion of one-time equipment purchases (-\$202,610) and a 1% reduction to balance the budget (-\$69,000).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	148.25	150.25	151.25	151.25
Operating Budget	\$ 6,614,950	\$ 6,904,960	\$ 6,767,460	\$ 6,937,270
Source of Funds:				
General Purpose Funds	\$ 6,614,950	\$ 6,904,960	\$ 6,767,460	\$ 6,937,270

DEPARTMENT PROGRAMS

Support Services

HUMAN RESOURCES

Mission and Highlights

The Human Resources Department's mission is to ensure that highly qualified individuals are recruited, educated and developed, and retained for all city departments.

The department coordinates employee training, provides personnel policy development and guidance to city departments, and communicates to employees and applicants their rights, responsibilities, and benefits. Human Resources also provides staff support to the city's Civil Service Commission for appeal hearings and employee grievance committee hearings.

During Fiscal Year 2002, the department will continue partnering with city departments to bring about improvements in business processes and to assist organizations in achieving their missions in an effective manner.

Support for Livable Tucson Goals

The goal of *Better Alternatives to Automobile Transportation* is supported by Human Resources through its administration of the Employee Telecommuting Program. This program, in its third year of implementation, will help to relieve traffic congestion and reduce air pollution.

By providing *Organizational Support*, the Human Resources Department helps city departments to effectively provide needed services to the community.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of applications processed for permanent city jobs	8,700	9,000	9,000	9,000
Number of hours of employee training provided	42,155	35,000	35,500	35,500
Number of active and retired employees eligible for benefits	6,350	6,360	6,460	6,510
Key Outcomes				
Percent of hired applicants who pass their probationary period	77%	95%	85%	90%
Percent of employees who indicate an improvement in job performance as a result of training received	92%	95%	92%	92%
Percent of surveyed employees reporting that they are "satisfied" or better with the service received	N/A	90%	90%	90%

Significant Expenditure Changes

Operating Budget: The Human Resources Department's operating budget of \$3,070,330 is an increase of \$105,310, 4% more than the adopted budget for Fiscal Year 2001. The budget increase is due to the rental payment for the department's relocated offices (+\$284,260), employee

salary and benefit adjustments (+\$39,000), and other miscellaneous changes (+\$130,510). These increases are offset by the transfer of positions to other departments (-\$317,460) and a 1% reduction to balance the budget (-\$31,000).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	32.00	34.00	35.00	31.00
Operating Budget	\$ 2,877,308	\$ 2,965,020	\$ 2,877,500	\$ 3,070,330
Source of Funds:				
General Purpose Funds	\$ 2,877,308	\$ 2,965,020	\$ 2,877,500	\$ 3,070,330

DEPARTMENT PROGRAMS

Support Services

INFORMATION TECHNOLOGY

Mission and Highlights

The mission of the Information Technology Department is to partner with other organizations and lead in the delivery of effective government services.

The department has two primary responsibilities: to provide central information technology services and to provide the vision and leadership that will enable the city to benefit from technological innovation. The department also serves as the city's franchising authority for cable television service and coordinates the Telecommunications Policy and Advisory Committee. The department has become an active and visible participant in the recruitment of technology companies to Tucson and is pursuing an

electronic government strategy to make city services more accessible to citizens.

Support for Livable Tucson Goals

To support the city's goal of an *Engaged and Responsive Government*, Information Technology is working towards greater citizen access to electronic government services.

Through a collaborative effort with local high schools, Pima Community College, and the University of Arizona, the department furthers the goal of *Excellent Public Education* by providing high-speed Internet access.

As a partner in the community's efforts to attract technology companies to Tucson, the department is facilitating the goals of *Better Paying Jobs* and *Strong Local Business*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of cable subscribers' complaints and inquiries	189	200	200	200
Number of support calls from city departments	7,896	10,000	8,000	10,000
Number of telecommunications providers	14	N/A	18	21
Key Outcomes				
Percent of cable subscribers' complaints resolved within two working days	100%	99%	99%	99%
Percent of support calls resolved at time of call	61%	60%	60%	60%
Amount of revenue from telecommunications providers	\$ 2,900,000	N/A	\$ 3,200,000	\$ 3,600,000

Significant Expenditure Changes

Operating Budget: Information Technology's operating budget of \$10,763,480 is an increase of \$723,260, 7% more than the adopted budget for Fiscal Year 2001. The budget increase is due to additional funding for e-government projects (+\$275,000), employee salary and benefit

adjustments (+\$246,370), citywide network wiring projects (+\$225,000), and the personal computer replacement program (+\$136,500). These increases are offset by a 1% reduction to balance the budget (-\$97,000) and other miscellaneous changes (-\$62,610).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	71.00	71.00	74.00	74.00
Operating Budget	\$ 9,512,321	\$ 10,040,220	\$ 9,180,390	\$ 10,763,480
Source of Funds:				
General Purpose Funds	\$ 9,139,187	\$ 9,259,620	\$ 8,584,890	\$ 10,176,610
Restricted Funds	<u>373,134</u>	<u>780,600</u>	<u>595,500</u>	<u>586,870</u>
Total	\$ 9,512,321	\$ 10,040,220	\$ 9,180,390	\$ 10,763,480

DEPARTMENT PROGRAMS

Support Services

OPERATIONS

Mission and Highlights

The Department of Operations' mission is to ensure effective and uninterrupted city services. In addition to being the primary provider for emergency public safety communication services, the department designs and maintains city buildings; acquires, maintains, and fuels city vehicles; and coordinates planning for energy management programs and telecommunication system development.

During Fiscal Year 2002, the department will continue with several major projects, including energy conservation audits and improvements to city buildings, and the district and heating cooling project for city facilities located downtown.

Support for Livable Tucson Goals

The goal of *Safe Neighborhoods* is furthered by the Department of Operations' provision of communication services for police, fire, and medical response to emergencies.

The installation of 125 miles of fiber optic cabling to connect 91 public buildings will contribute to an *Engaged Community and Responsive Government*.

Through management of the city's program to convert vehicles to compressed natural gas, the department supports the goal of *Clean Air and Quality Water*. The department's energy management and conservation programs in city facilities reduce energy consumption, providing for the *Efficient Use of Natural Resources*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of 9-1-1 calls received	540,000	508,000	578,000	578,000
Number of vehicles using compressed natural gas	151	157	158	170
Number of energy projects reviewed and managed	28	20	24	24
Key Outcomes				
Number of fire and emergency medical units dispatched	81,658	85,200	80,000	80,000
Percent of light-duty vehicles on compressed natural gas	9.0%	9.4%	9.4%	9.4%
Utility costs savings resulting from energy projects	\$ 473,370	\$ 500,000	\$ 500,000	\$ 550,000

Significant Expenditure Changes

Operating Budget: The Department of Operations' operating budget of \$18,992,880 is an increase of \$15,430, less than 1% more than the adopted budget for Fiscal Year 2001. The budget increase is due to employee salary and benefit adjustments (+\$589,230), offset by a 1% reduction to balance the budget (-\$151,000) and other miscellaneous changes (-\$422,800).

Capital Budget: The Department of Operation's capital budget of \$7,183,800 is an increase of \$3,315,800, 86% more than the adopted budget for Fiscal Year 2001. The increase is due to new funding for the emergency communications project (+\$5,164,800), the city hall annex relocation project (+\$300,000), and funds carried forward for projects not completed (+\$1,719,000). These increases are partially offset by the completion of projects (-\$3,868,000).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	364.00	377.00	378.00	377.00
Operating Budget	\$ 15,348,678	\$ 18,977,450	\$ 18,154,860	\$ 18,992,880
Capital Budget	<u>1,627,035</u>	<u>3,868,000</u>	<u>2,149,000</u>	<u>7,183,800</u>
Total	\$ 16,975,713	\$ 22,845,450	\$ 20,303,860	\$ 26,176,680
Source of Funds:				
General Purpose Funds	\$ 16,817,172	\$ 19,197,450	\$ 16,655,860	\$ 18,011,880
Restricted Funds	<u>158,541</u>	<u>3,648,000</u>	<u>3,648,000</u>	<u>8,164,800</u>
Total	\$ 16,975,713	\$ 22,845,450	\$ 20,303,860	\$ 26,176,680

DEPARTMENT PROGRAMS

Support Services

PROCUREMENT

Mission and Highlights

The Procurement Department supports city departments by ensuring that needed supplies and construction services are available on time, of the best value, and acquired with integrity. The city's procurement policies promote environmentally sensitive purchases, competition among vendors, and the use of local companies to benefit the Tucson economy.

Services provided by the Procurement Department include contracting for all supplies, material, equipment, services, and construction, in-house printing, distributing mail, selling of surplus city property, and inventorying selected supplies and equipment. The department is also responsible for monitoring contractor compliance with the city's living wage ordinance.

The city's Procurement Department was one of 48 organizations to receive the Achievement of Excellence in Procurement award from the National Purchasing Institute. The department has received the award for five consecutive years.

Support for Livable Tucson Goals

By monitoring compliance with the living wage ordinance and supporting the city's Minority and Women Owned Business Enterprise (MWBE) Program, the Procurement Department furthers the goal of *Reduced Poverty and Equality of Opportunity*.

Through the tax-offset program, the department promotes *Strong Local Business*. To ensure that local vendors are competitive, non-Tucson vendors have up to 3.2% added to their base bid to account for sales tax that would be paid to the city if the vendor was local. Since its inception in 1990, over \$1 million contract dollars have been awarded to Tucson vendors because of this program.

To further the goal of *Efficient Use of Natural Resources*, the Procurement Department purchases products manufactured with recycled material (e.g., recycled paper) and products that conserve resources (e.g., alternative fuels).

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of contracts awarded	439	410	348	400
Number of purchase orders processed	13,408	11,500	11,220	11,350
Number of sales held to dispose of surplus city property	14	10	12	14
Key Outcomes				
Percent of total purchasing dollars awarded to local vendors	72.5%	72.0%	73.0%	73.0%
Revenues received from the sale of surplus city property	\$ 701,737	\$ 900,000	\$ 750,000	\$ 760,000

Significant Expenditure Changes

Operating Budget: The Procurement Department's operating budget of \$3,395,960 is a decrease of \$227,210, 6% less than the adopted budget for Fiscal Year 2001. The decrease is primarily due to completion of the initial phase

of the on-line procurement integration system during Fiscal Year 2001 (-\$395,020) and a 1% reduction to balance the budget (-\$32,000). These reductions are partially offset by employee salary and benefit adjustments (+\$160,530) and other miscellaneous changes (+\$39,280).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	81.00	81.00	81.00	82.00
Operating Budget	\$ 2,841,073	\$ 3,623,170	\$ 3,521,070	\$ 3,395,960
Source of Funds:				
General Purpose Funds	\$ 2,841,073	\$ 3,623,170	\$ 3,521,070	\$ 3,395,960

DEPARTMENT PROGRAMS

Support Services

COMMUNITY RELATIONS

Mission and Highlights

Community Relations is responsible for assisting departments in reaching the public with specific information and with encouraging citizens to get involved in their city government. This function produces television programs for Channel 12, creates graphic and written materials, develops the city's Web site, publishes the weekly *CityPage* in local newspapers, and works with the media to cover city stories.

Support for Livable Tucson Goals

By keeping the public informed through the broadcast, print, and Internet media, Community Relations promotes the goal of an *Engaged Community and Responsive Government*.

Community Relations is videotaping the South Sixth Avenue, Park Avenue, and Stone Avenue transportation projects for its Channel 12 archives. This footage, which documents the visual look of Tucson prior to restoration and rejuvenation projects, furthers the goal of *Respected Historic and Cultural Resources*.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of video programs produced for Channel 12	113	106	136	136
Number of stories provided to the media	457	460	460	460
Number of brochures, press releases, and information copy written	271	300	300	300
Number of responses to inquiries on the city's Web site	1,335	1,200	1,400	1,400
Key Outcomes				
Percent of respondents to a Cox cable survey that are familiar with Channel 12 programming	97%	98%	98%	98%
Number of hits received on the city's Web site	404,780	N/A	500,000	500,000
Number of city news stories covered by the media	600	390	600	600

Significant Expenditure Changes

Operating Budget: Community Relations' operating budget of \$1,455,720 is an increase of \$217,120, 18% more than the adopted budget for Fiscal Year 2001.

The increase is due to funding for office space rent previously budgeted in Non-Departmental (+\$201,070) and employee salary and benefit adjustments (+\$35,150), partially offset by other miscellaneous changes (-\$19,100).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	18.12	18.12	18.12	18.12
Operating Budget	\$ 1,138,729	\$ 1,238,600	\$ 1,238,600	\$ 1,455,720
Source of Funds:				
General Purpose Funds	\$ 1,138,729	\$ 1,238,600	\$ 1,238,600	\$ 1,455,720

DEPARTMENT PROGRAMS

Support Services

EQUAL OPPORTUNITY OFFICE

Mission and Highlights

The mission of the Equal Opportunity Office (EOO) is to prevent or correct discrimination. The EOO provides equity awareness training and conducts investigations into charges of discrimination. Investigations cover charges filed by city employees or applicants for city jobs, charges filed by persons with disabilities regarding access to city facilities and programs, and charges by the general public regarding housing, public accommodation, and employment within the city.

Support for Livable Tucson Goals

The Equal Opportunity Office supports the goal of *Reduced Poverty and Greater Equality of Opportunity* by rectifying discriminatory actions and offering training to businesses and citizens that promotes equal opportunity in employment, housing, and public accommodation.

Strong Local Business is promoted by the Equal Opportunity Office's support of the Minority and Women Owned Business Enterprise Program and the Disadvantaged Business Enterprise's Diversity Program for Contracts. These programs help local businesses to secure contracts and procurement opportunities with the city and federal agencies.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of information sessions conducted	60	72	72	72
Number of discrimination complaints processed	77	80	80	100
Key Outcomes				
Number of businesses receiving Minority and Women Owned Business/Disadvantaged Business Enterprise certification or re-certification	230	250	250	250
Number of citizens receiving information	1,700	1,700	1,700	2,000

Significant Expenditure Changes

Operating Budget: The Equal Opportunity Office's operating budget of \$792,930 is an increase of \$210,340, 36% more than the adopted budget for Fiscal Year 2001.

The increase is due to funding for office space rent previously budgeted in Non-Departmental (+\$76,470), funds carried forward for a disparity study (+\$60,000), full-year impact of an added position (+\$35,000), added grant capacity (+\$20,000), employee salary and benefit adjustments (+\$24,110), and other miscellaneous changes (-\$5,240).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	9.00	10.00	10.50	10.50
Operating Budget	\$ 502,582	\$ 582,590	\$ 533,390	\$ 792,930
Source of Funds:				
General Purpose Funds	\$ 502,582	\$ 582,590	\$ 513,390	\$ 772,930
Restricted Funds	<u>-0-</u>	<u>-0-</u>	<u>20,000</u>	<u>20,000</u>
Total	\$ 502,582	\$ 582,590	\$ 533,390	\$ 792,930

DEPARTMENT PROGRAMS

Support Services

GRANTS OFFICE

Mission and Highlights

The Grants Office operates as a clearinghouse for grant funding information and provides training and technical assistance with grant writing.

Support for Livable Tucson Goals

The Grants Office collaborates with city departments and community agencies to apply for grants that will further the goals of *Caring, Healthy Families and Youth* and a *Protected Natural Desert Environment*.

The goal of an *Engaged Community and Responsive Government* is promoted by the Grants Office's support of the Southern Arizona Grants Network, a group of 125 agencies that seek partnerships for worthy projects in Southern Arizona.

Selected Measures of Performance

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Key Outputs				
Number of city staff provided training on writing grants	75	100	75	100
Number of grants applied for with Grants Office assistance	77	50	70	75
Key Outcomes				
Number of grants awarded	55	30	45	50
Dollar amount of grants awarded	\$ 42,000,000	\$ 30,000,000	\$ 40,000,000	\$ 45,000,000

Significant Expenditure Changes

Operating Budget: The Grants Office's operating budget of \$164,130 is an increase of \$810, less than 1% more than the adopted budget for Fiscal Year 2001.

The increase is due to funding for office space rent previously budgeted in Non-Departmental (+\$7,270), offset by a 1% reduction to balance the budget (-\$2,000) and other miscellaneous changes (-\$4,460).

Position and Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	2.00	2.75	2.75	2.75
Operating Budget	\$ 119,054	\$ 163,320	\$ 134,390	\$ 164,130
Source of Funds:				
General Purpose Funds	\$ 119,054	\$ 163,320	\$ 134,390	\$ 164,130

DEPARTMENT PROGRAMS

Non-Departmental

The Non-Departmental category contains program budgets that cannot be associated with any specific department: Outside Agencies, General Expense, Contingency Fund, and Debt Service. These programs have a Fiscal Year 2002 operating budget of \$65,757,890, which is \$1,061,820 or 2% more than the adopted budget for Fiscal Year 2001. The capital budget of \$8,620,700 for Fiscal Year 2002 is \$2,890,700, 50% more than the adopted budget for Fiscal Year 2001.

OUTSIDE AGENCIES

The Outside Agencies program provides funding to community agencies that promote economic development, cultural enrichment, and community health and safety. The following outside agencies are receiving funding for Fiscal Year 2002:

Payments to Other Governments

Pima Animal Control Center	\$ 786,190
Pima Association of Governments	320,310
Tucson-Pima County Office of Emergency Services	27,000
Victim Witness Program	40,500

Economic Development

Greater Tucson Economic Council	540,000
Industry Cluster's Business Develop- ment Support	126,000
Metropolitan Tucson Convention and Visitors Bureau	2,025,000
Tucson Downtown Alliance	316,000

Cultural Enrichment

El Centro Cultural de las Americas	22,500
Sister Cities Association of Tucson	18,000
Tucson Arts District Partnership	207,000
Tucson Botanical Gardens	67,500
Tucson Children's Museum	58,500
Tucson Museum of Art	107,100
Tucson-Pima Arts Council	731,250

Community Health and Safety

88-Crime	20,700
Community Food Bank	34,200
Community Mediation Program	68,450
Crime Prevention League	18,700
Domestic Violence Advocacy Services	58,500
Domestic Violence Collaborative Services	38,170
Educational Enrichment Foundation	9,600
Humane Society	22,500
Metropolitan Education Commission	45,000
Pima County/Tucson Women's Commission	64,610
Wingspan Domestic Violence Project	19,710

Mayor and Council Appointed Commissions

Human Relations Commission	6,140
Metropolitan Energy Commission	9,000
Metropolitan Tucson Commission on Urban Native American Affairs	4,880
Tucson Commission on Disability Issues	4,730
Tucson-Pima Historical Commission	9,000

Annual Community Events

Fort Lowell Soccer Shoot-Out	13,000
Perimeter Bicycling Association of America (El Tour de Tucson)	27,000
Pima Community College Job Fair	12,000
San Ignacio Yaqui Council Softball Tournament	2,600
Southern Arizona Regional Science and Engineering Fair	10,000
Tucson Conquistadores	16,000
Tucson Gem and Mineral Society	40,500

Other Agencies

Tucson Community Cable Corpora- tion (Access Tucson)	1,166,400
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Total	\$ 7,114,240
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Significant Expenditure Changes

Operating Budget: The Outside Agencies' operating budget of \$7,114,240 is a decrease of \$514,860, 7% less than the adopted budget for Fiscal Year 2001. The budget decrease is primarily due to the 10% across-the-board reduction to outside agencies to help balance the budget (-\$495,780) and the termination of the five-year Warehouse District Revolving Loan Program (-\$90,000). These decreases are offset by the addition of six new agencies (+\$63,200) and other miscellaneous changes (+\$7,720).

DEPARTMENT PROGRAMS

Non-Departmental

OUTSIDE AGENCIES (continued)

Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Operating Budget	\$ 6,453,222	\$ 7,629,100	\$ 7,539,100	\$ 7,114,240
Source of Funds:				
General Purpose Funds	\$ 6,346,222	\$ 7,522,100	\$ 7,432,100	\$ 7,007,240
Restricted Funds	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>
Total	\$ 6,453,222	\$ 7,629,100	\$ 7,539,100	\$ 7,114,240

GENERAL EXPENSE

The General Expense Program provides centralized budget capacity and management control for expenditures that are not directly associated with the programs and projects of city departments. This program includes A-7 Ranch operations, capacity for neighborhood initiatives, downtown employee allowance, retiree medical insurance, and other general expenditures.

Significant Expenditure Changes

Operating Budget: The General Expense operating budget of \$8,206,790 is an increase of \$1,054,640, 15% more than the adopted budget for Fiscal Year 2001. The increase is due to funding for building improvements (+\$1,684,500), capacity for potential equity compensation adjustments (+\$1,000,000), additional

funding for neighborhood initiatives (+\$700,000), mid-year salary adjustments for specific classifications (+\$563,920), the downtown employee allowance (+\$500,000), and other miscellaneous changes (+\$106,220). These increases are offset by the transfer of office space rent payments to department budgets (-\$900,000) and a reduction to the fleet replacement program to balance the budget (-\$2,600,000).

Capital Budget: The General Expense capital budget of \$8,620,700 is an increase of \$2,890,700, 50% more than the adopted budget for Fiscal Year 2001. This increase is due to scheduled construction of the Midtown Multipurpose Facility (+\$2,570,700) and additional funding for renovation or relocation of the council chambers (+\$320,000).

Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Total Positions	3.00	3.00	5.00	5.50
Operating Budget	\$ 10,923,219	\$ 7,152,150	\$ 6,205,340	\$ 8,206,790
Capital Budget	<u>94,930</u>	<u>5,730,000</u>	<u>899,970</u>	<u>8,620,700</u>
Total	\$ 11,018,149	\$ 12,882,150	\$ 7,105,310	\$ 16,827,490
Source of Funds:				
General Purpose Funds	\$ 1,971,916	\$ 1,332,610	\$ 1,994,395	\$ 3,642,960
Restricted Funds	<u>9,046,233</u>	<u>11,549,540</u>	<u>5,110,915</u>	<u>13,184,530</u>
Total	\$ 11,018,149	\$ 12,882,150	\$ 7,105,310	\$ 16,827,490

DEPARTMENT PROGRAMS

Non-Departmental

CONTINGENCY FUND

The Contingency Fund supports funding requests from individuals and organizations that meet specific policy guidelines and are approved by the Mayor and Council.

Significant Expenditure Changes

Operating Budget: The Contingency Fund's budget of \$175,000 is a decrease of \$25,000, 13% less than the adopted budget for Fiscal Year 2001. This reduction was made to help balance the budget.

Financial Summary

	FY 2000 Actual ¹	FY 2001 Adopted	FY 2001 Estimated ²	FY 2002 Adopted
Operating Budget	\$ -0-	\$ 200,000	\$ 117,540	\$175,000
Source of Funds:				
General Purpose Funds	\$ -0-	\$ 200,000	\$ 117,540	\$175,000

¹Expenditures approved by Mayor and Council were transferred to General Expense. Actual expenditures during Fiscal Year 2000 totaled \$188,320.

²Estimated expenditures for Fiscal Year 2001 reflect Mayor and Council approved support as of April; additional expenditures of \$82,460 were subsequently recorded in the General Expense budget.

DEBT SERVICE

The Debt Service program manages debt issuance and payments to meet the approved capital needs of the city, while maintaining strong bond ratings and a low-to-moderate debt burden for taxpayers. A summarization of the city's debt management policy can be found in the "Budget and Financial Policies" section.

There are eight categories of debt service payments included in the Debt Service program, which does not include debt service for the city's two utility programs: Tucson City Golf and Tucson Water.

Business Development Finance Corporation Fixed-Rate Debt: The collateral for this debt is the Tucson Convention Center and adjacent parking lots, Police Headquarters, the Information Technology building, and the City Court building. Debt matures at various times through 2012, with an estimated rate of 5.75%. Fiscal Year 2002 payments will be \$5,567,140.

Hi Corbett Field Debt Service: These payments are for the assumption of Pima County's debt for Hi Corbett Field improvements, additional improvements made in Fiscal Year 1997, and related costs and reserves financed at a net interest rate of 5.35% with an average life of 15 years. Fiscal Year 2002 payments will be \$906,960.

Lease Purchase Debt Service: These payments are for lease agreements for financing of such acquisitions as police cars, solid waste management vehicles, and telephone equipment. Fiscal Year 2002 payments will be \$819,360.

Certificates of Participation: Existing projects financed with certificates of participation include a police helicopter, portable radios for the Fire Department, computer-aided dispatch equipment, computer hardware and software for the Library Department, zoo improvements, and solid waste management containers and vehicles. The Fiscal Year 2002 budget of \$6,178,750 also provides financing for Fire Department mobile data terminals.

General Obligation Bond Debt Service: These payments, funded entirely from the secondary property tax, pay for the construction of capital improvements approved by the voters. Fiscal Year 2002 payments will be \$20,953,750.

Street and Highway Revenue Bond Debt Service: These payments, funded from state-shared gasoline taxes and highway user fees, pay for street improvements approved by the voters. Fiscal Year 2002 payments will be \$15,562,900.

Assessment District Management Fees: These payments cover fees associated with the financing of improvement districts. Fiscal Year 2002 expenses will be \$6,000.

DEPARTMENT PROGRAMS

Non-Departmental

DEBT SERVICE (Continued)

HELP Loan Debt Service: The Arizona Department of Transportation has awarded the city a \$4,500,000 loan from its Highway Expansion and Extension Loan Program (HELP) to complete construction of the Sixth Avenue: Ajo Way to Rodeo Wash project. Fiscal Year 2002 payments are budgeted at \$267,000.

Significant Expenditure Changes

Operating Budget: The Debt Service program's operating budget of \$50,261,860 is an increase of \$547,040, 1% more than the adopted budget for Fiscal Year 2001. The increase is primarily due to debt service on the sale of new general obligation bonds from the voter-approved 2000 bonds (+\$746,620) and on the sale of 1994 and 2000 street highway user revenue bonds (+\$327,640). These increases are offset by a reduction in capacity for lease/purchase payments (-\$277,100), the transfer of capacity to the General Expense budget (-\$200,000), and other miscellaneous changes (-\$50,120).

Financial Summary

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Estimated	FY 2002 Adopted
Operating Budget	\$ 45,351,763	\$ 49,714,820	\$ 48,576,950	\$ 50,261,860
Source of Funds:				
General Purpose Funds	\$ 10,706,199	\$ 11,341,180	\$ 11,170,070	\$ 11,187,640
Restricted Funds	<u>34,645,564</u>	<u>38,373,640</u>	<u>37,406,880</u>	<u>39,074,220</u>
Total	\$ 45,351,763	\$ 49,714,820	\$ 48,576,950	\$ 50,261,860

The Capital Improvement Program (CIP) is a five-year plan of capital investment in public infrastructure. The CIP is updated each year to reflect current community priorities and any changes to cost estimates and available funding. To give the Mayor and Council and the community a complete picture of capital needs, the CIP includes both funded and unfunded projects.

CIP BUDGET PROCESS

The CIP process begins each October when city departments are asked to prepare capital project requests to the Budget and Research Department. Using the Livable Tucson Goals as a guideline, departments develop their requests based on need assessments and information from community groups and the Mayor and Council.

Department requests are submitted to the Budget and Research Department in November for review. A recommended capital improvement program for each department is then developed and submitted to the City Manager for review.

Unfunded projects are also reviewed by the Capital Budget Committee, which has representation from departments, the Office of the City Manager, and the directors of the Finance and Budget and Research Departments. The committee reviews unfunded projects to determine if any address critical needs that should be recommended to the City Manager for funding from the General Fund.

In February, the City Manager submits a proposed capital improvement program to the governing body for their review. The Mayor and Council approve the Five-Year CIP in March, with the first year becoming part of the formal fiscal year budget adoption process.

APPROVED FIVE-YEAR CIP

The approved five-year CIP for Fiscal Years 2002 through 2006 totals \$1.12 billion. The following table summarizes the CIP for Fiscal Year 2002 and the total for all five years by budget purpose category.

All project budgets included in Year 1 of the CIP, Fiscal Year 2002, have an identified funding source. However,

for the full five-year program is only 66% funded. Unfunded projects cut across all departments and indicate a need for future bond authorizations and new recurring revenue sources.

Additional information on expenditures and funding sources is presented in Tables I and II that follow this narrative section.

**Approved Five-Year Capital Improvement Program
Summary of Expenditures**

	Year 1 FY 2002	Five-Year Total	Five-Year Funded
Neighborhood Services	\$ 48,681	\$ 265,104	\$ 118,757
Environment and Development	172,692	657,865	456,328
Strategic Initiatives	-0-	13,867	-0-
Support Services	7,184	102,906	79,184
Non-Departmental	<u>8,620</u>	<u>79,153</u>	<u>79,153</u>
City-Funded Subtotal	\$ 237,177	\$ 1,118,895	\$ 733,422
Non-City Funded	<u>2,332</u>	<u>5,356</u>	<u>5,356</u>
Program Total	\$ 239,509	\$ 1,124,251	\$ 738,778

Neighborhood Services

The Neighborhood Services category includes projects managed by the followed departments: City Court, Fire, Library, Parks and Recreation, Tucson City Golf, Police, and Citizen and Neighborhood Services. The projects in this category total \$265 million over the five-year program, with only 45% funded at this time.

Environment and Development

The Environment and Development category includes projects managed by the following departments and offices: Solid Waste Management, Transportation, Tucson Water, and Environmental Management. Over the five-year program, these projects total \$658 million, of which 69% have identified funding.

Strategic Initiatives

The Strategic Initiatives category includes projects managed by the Tucson Convention Center with a five-year total of \$14 million. None of these projects has an

identified funding source, although the possibility of Rio Nuevo Project funding is being reviewed.

Support Services

The Support Services category contains projects managed by the Department of Operations for facility and communication system improvements. These projects total \$103 million, with 77% having an identified funding source.

Non-Departmental

The Non-Departmental category contains projects budgeted as part of General Expense. The five-year program totals \$79 million, which is shown as fully funded.

Detail on department programs and specific projects is available in Volume III, Approved Five-Year Capital Improvement Program.



This artist rendering depicts the Midtown Multipurpose Facility that is being constructed at 22nd Street and Alvernon Way. The facility will include a police substation, public meeting rooms, and a customer service desk.

**TABLE I
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY
BY DEPARTMENT
(\$000s)**

DEPARTMENT	ADOPTED FISCAL YEAR 2002			PROJECTED REQUIREMENTS				FIVE YEAR TOTAL
	CARRY FORWARD	NEW FUNDING	YEAR 1 TOTAL	YEAR 2 FY 2003	YEAR 3 FY 2004	YEAR 4 FY 2005	YEAR 5 FY 2006	
Neighborhood Services	12,158.7	36,522.1	48,680.8	66,023.0	80,229.0	39,261.0	30,910.0	265,103.8
City Court	-	577.0	577.0	6,111.0	22,128.0	22,810.0	1,271.0	52,897.0
Fire	3,058.6	6,020.6	9,079.2	9,422.0	14,176.0	865.0	-	33,542.2
Library	-	6,780.0	6,780.0	11,602.0	14,933.0	-	-	33,315.0
Parks and Recreation	3,613.7	16,117.5	19,731.2	25,515.0	23,052.0	9,071.0	6,620.0	83,989.2
Tucson City Golf	521.9	25.0	546.9	136.0	340.0	41.0	198.0	1,261.9
Police	321.5	1,402.0	1,723.5	7,637.0	-	874.0	17,221.0	27,455.5
Citizen and Neighborhood Services	4,643.0	5,600.0	10,243.0	5,600.0	5,600.0	5,600.0	5,600.0	32,643.0
Environment and Development	42,045.9	130,646.0	172,691.9	139,420.0	140,455.0	116,196.0	89,102.0	657,864.9
Solid Waste Management	2,270.0	5,420.0	7,690.0	4,225.0	10,521.0	15,248.0	1,454.0	39,138.0
Transportation	32,873.7	67,793.0	100,666.7	78,887.0	81,389.0	54,930.0	41,142.0	357,014.7
Tucson Water	4,695.8	51,333.0	56,028.8	53,498.0	44,425.0	44,779.0	45,546.0	244,276.8
Environmental Management	2,206.4	6,100.0	8,306.4	2,810.0	4,120.0	1,239.0	960.0	17,435.4
Strategic Initiatives	-	-	-	3,427.0	10,440.0	-	-	13,867.0
Tucson Convention Center	-	-	-	3,427.0	10,440.0	-	-	13,867.0
Support Services	1,719.0	5,464.8	7,183.8	13,432.0	23,280.0	21,256.0	37,754.0	102,905.8
Operations	1,719.0	5,464.8	7,183.8	13,432.0	23,280.0	21,256.0	37,754.0	102,905.8
Non-Departmental	5,280.1	3,340.6	8,620.7	16,783.0	31,250.0	17,500.0	5,000.0	79,153.7
General Expense	5,280.1	3,340.6	8,620.7	16,783.0	31,250.0	17,500.0	5,000.0	79,153.7
City Total	61,203.7	175,973.5	237,177.2	239,085.0	285,654.0	194,213.0	162,766.0	1,118,895.2

**TABLE I
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY
BY DEPARTMENT
(\$000s)**

DEPARTMENT	ADOPTED FISCAL YEAR 2002			PROJECTED REQUIREMENTS				FIVE YEAR TOTAL
	CARRY FORWARD	NEW FUNDING	YEAR 1 TOTAL	YEAR 2 FY 2003	YEAR 3 FY 2004	YEAR 4 FY 2005	YEAR 5 FY 2006	
Non-City Funded	578.0	1,754.0	2,332.0	1,170.0	660.0	644.0	550.0	5,356.0
Special Assessments	578.0	1,754.0	2,332.0	1,170.0	660.0	644.0	550.0	5,356.0
Total	61,781.7	177,727.5	239,509.2	240,255.0	286,314.0	194,857.0	163,316.0	1,124,251.2

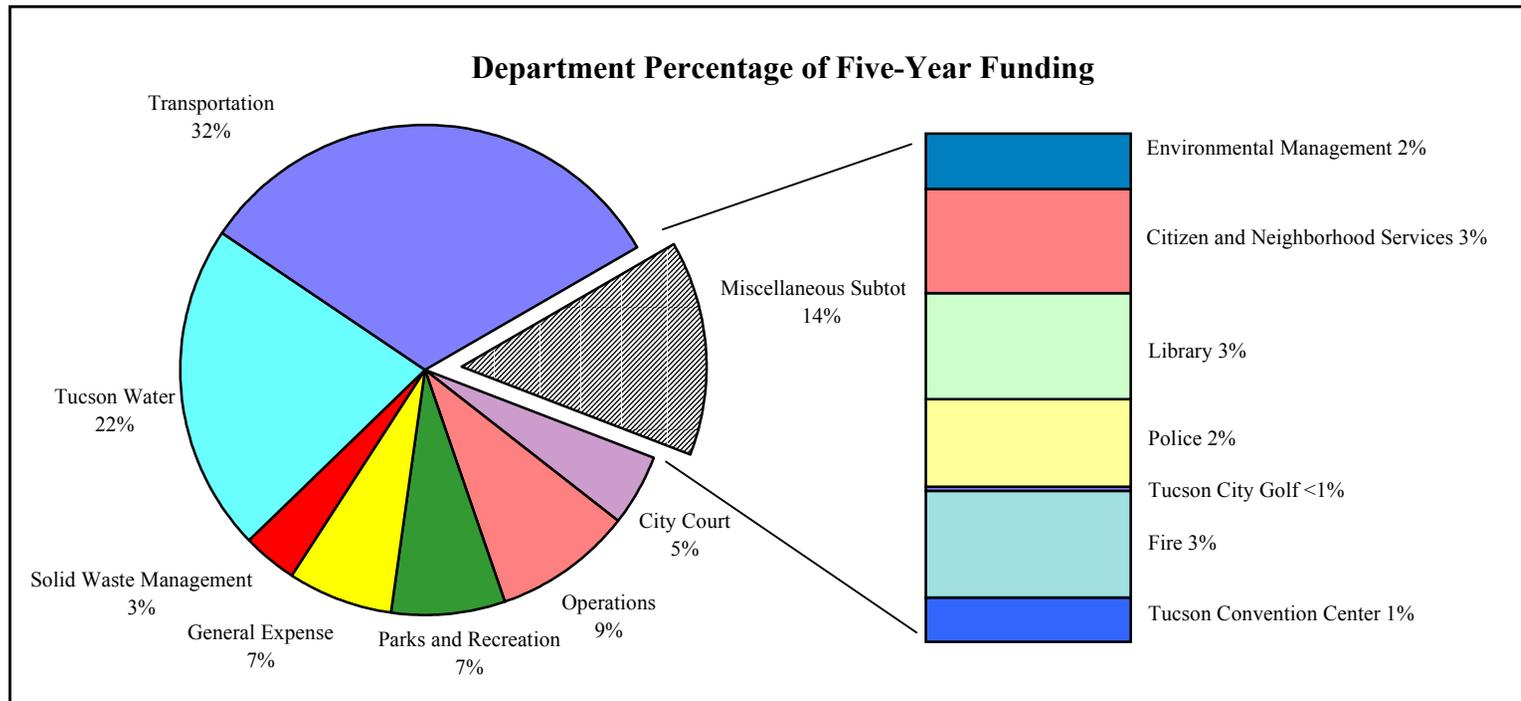


TABLE II
 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY
 BY FUNDING SOURCE
 (\$000s)

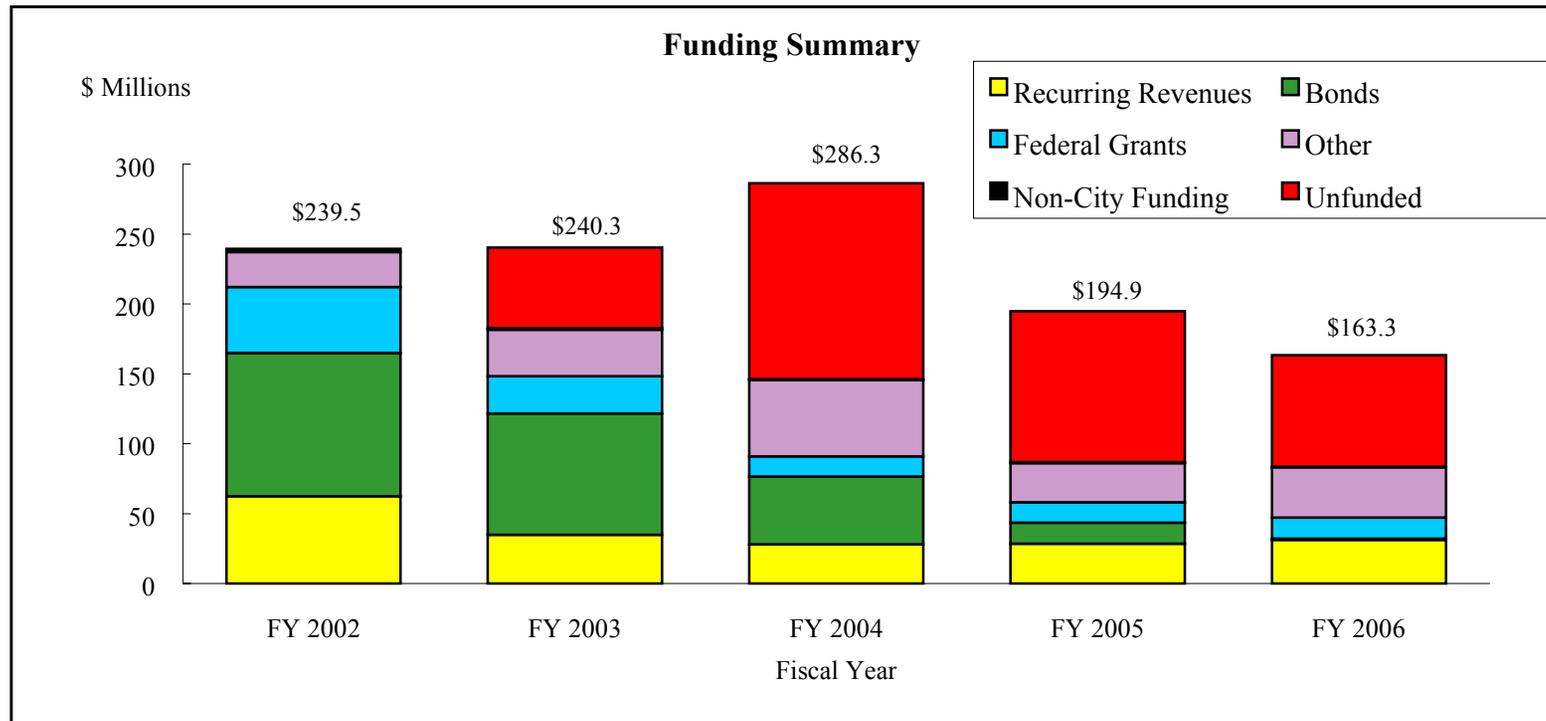
SOURCE OF FUNDS	ADOPTED FISCAL YEAR 2002			PROJECTED REQUIREMENTS				FIVE YEAR TOTAL
	CARRY FORWARD	NEW FUNDING	YEAR 1 TOTAL	YEAR 2 FY 2003	YEAR 3 FY 2004	YEAR 4 FY 2005	YEAR 5 FY 2006	
Recurring Revenues	17,816.3	44,611.0	62,427.3	34,749.0	28,123.0	28,398.0	31,287.0	184,984.3
General Fund	7,319.0	6,765.0	14,084.0	5,329.0	3,252.0	3,255.0	3,360.0	29,280.0
Library Fund - Pima County Contribution	-	80.0	80.0	-	-	-	-	80.0
Highway User Revenue Fund	3,577.0	8,270.0	11,847.0	7,761.0	2,799.0	2,287.0	2,289.0	26,983.0
Capital Contributions and Agreements	4,313.0	13,075.0	17,388.0	5,675.0	4,529.0	4,530.0	4,530.0	36,652.0
Mass Transit - General Fund Contribution	2,502.4	2,027.0	4,529.4	2,099.0	2,159.0	2,220.0	2,290.0	13,297.4
Golf Course Fund	104.9	25.0	129.9	136.0	340.0	41.0	198.0	844.9
Water Revenue and Operations Fund	-	13,407.0	13,407.0	12,775.0	14,060.0	15,073.0	17,618.0	72,933.0
Central Arizona Project Reserve Fund	-	962.0	962.0	974.0	984.0	992.0	1,002.0	4,914.0
Bonds	23,626.8	78,876.8	102,503.6	87,000.0	48,524.0	15,176.0	910.0	254,113.6
General Obligation Bonds	13,181.0	36,866.8	50,047.8	39,517.0	21,850.0	8,344.0	910.0	120,668.8
Street and Highway User Revenue Bonds	5,750.0	5,646.0	11,396.0	8,334.0	8,334.0	6,832.0	-	34,896.0
Water Infrastructure Finance Authority Bonds	-	9,545.0	9,545.0	-	-	-	-	9,545.0
Water Revenue Bonds	4,695.8	26,819.0	31,514.8	39,149.0	18,340.0	-	-	89,003.8

**TABLE II
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY
BY FUNDING SOURCE
(\$000s)**

SOURCE OF FUNDS	ADOPTED FISCAL YEAR 2002			PROJECTED REQUIREMENTS				FIVE YEAR TOTAL
	CARRY FORWARD	NEW FUNDING	YEAR 1 TOTAL	YEAR 2 FY 2003	YEAR 3 FY 2004	YEAR 4 FY 2005	YEAR 5 FY 2006	
Federal Grants	10,767.4	36,373.0	47,140.4	26,629.0	14,290.0	14,588.0	14,923.0	117,570.4
Mass Transit - Federal Grants	10,196.6	12,518.0	22,714.6	9,189.0	9,466.0	9,730.0	10,029.0	61,128.6
Federal Highway Administration Funds	47.0	22,580.0	22,627.0	16,165.0	3,549.0	3,583.0	3,619.0	49,543.0
Community Development Block Grants	-	1,275.0	1,275.0	1,275.0	1,275.0	1,275.0	1,275.0	6,375.0
Miscellaneous Federal Grants	523.8	-	523.8	-	-	-	-	523.8
Other	8,993.2	16,112.7	25,105.9	33,091.0	54,683.0	27,874.0	36,000.0	176,753.9
Certificates of Participation	4,702.2	1,375.4	6,077.6	16,402.0	31,250.0	17,500.0	5,000.0	76,229.6
Debt Financing	-	5,000.0	5,000.0	10,000.0	21,000.0	10,000.0	31,000.0	77,000.0
Environmental and Solid Waste Mandate Reserves	589.6	1,470.0	2,059.6	-	-	-	-	2,059.6
Pima County Bonds	3,018.7	5,686.5	8,705.2	5,389.0	1,133.0	274.0	-	15,501.2
Miscellaneous Non-Federal Grants	458.9	894.8	1,353.7	700.0	700.0	-	-	2,753.7
Bond Interest	223.8	1,686.0	1,909.8	600.0	600.0	100.0	-	3,209.8
Total Funded	61,203.7	175,973.5	237,177.2	181,469.0	145,620.0	86,036.0	83,120.0	733,422.2
Unfunded	-	-	-	57,616.0	140,034.0	108,177.0	79,646.0	385,473.0
Unfunded Requirements	-	-	-	57,616.0	140,034.0	108,177.0	79,646.0	385,473.0
City Total	61,203.7	175,973.5	237,177.2	239,085.0	285,654.0	194,213.0	162,766.0	1,118,895.2

**TABLE II
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY
BY FUNDING SOURCE
(\$000s)**

SOURCE OF FUNDS	ADOPTED FISCAL YEAR 2002			PROJECTED REQUIREMENTS				FIVE YEAR TOTAL
	CARRY FORWARD	NEW FUNDING	YEAR 1 TOTAL	YEAR 2 FY 2002	YEAR 3 FY 2003	YEAR 4 FY 2004	YEAR 5 FY 2005	
Non-City Funded	578.0	1,754.0	2,332.0	1,170.0	660.0	644.0	550.0	5,356.0
Special Assessments	578.0	1,754.0	2,332.0	1,170.0	660.0	644.0	550.0	5,356.0
Total	61,781.7	177,727.5	239,509.2	240,255.0	286,314.0	194,857.0	163,316.0	1,124,251.2



**TABLE III
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY
OPERATING COST IMPACT ON RECURRING REVENUE
(\$000s)**

DEPARTMENT	ADOPTED FISCAL YEAR 2002	PROJECTED REQUIREMENTS				FIVE YEAR TOTAL
		YEAR 2 FY 2003	YEAR 3 FY 2004	YEAR 4 FY 2005	YEAR 5 FY 2006	
Neighborhood Services	925.6	5,592.3	11,013.3	15,670.1	15,953.6	49,154.9
City Court	-	100.0	100.0	100.0	100.0	400.0
Fire	925.6	3,016.3	5,665.1	7,913.1	8,326.6	25,846.7
Library	-	1,741.0	2,741.0	4,241.0	4,241.0	12,964.0
Parks and Recreation	-	735.0	2,425.0	3,333.8	3,203.8	9,697.6
Police	-	-	82.2	82.2	82.2	246.6
Environmental and Development	812.0	5,189.6	5,832.8	6,245.6	6,741.8	24,821.8
Solid Waste Management	-	50.0	70.0	110.0	247.0	477.0
Transportation	2.0	29.6	2.8	275.6	294.8	604.8
Tucson Water	-	4,300.0	4,830.0	4,930.0	5,270.0	19,330.0
Environmental Management	810.0	810.0	930.0	930.0	930.0	4,410.0
Strategic Initiatives	-	-	-	612.0	612.0	1,224.0
Tucson Convention Center	-	-	-	612.0	612.0	1,224.0
Support Services	-	110.0	116.0	430.0	430.0	1,086.0
Operations	-	110.0	116.0	430.0	430.0	1,086.0
Total before Debt Service	1,737.6	10,891.9	16,962.1	22,957.7	23,737.4	76,286.7

**TABLE III
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY
OPERATING COST IMPACT ON RECURRING REVENUE
(\$000s)**

DEPARTMENT	ADOPTED FISCAL YEAR 2002	PROJECTED REQUIREMENTS				FIVE YEAR TOTAL
		YEAR 2 FY 2003	YEAR 3 FY 2004	YEAR 4 FY 2005	YEAR 5 FY 2006	
Debt Service	5,313.6	14,336.0	21,957.0	24,013.7	30,353.0	95,973.3
Certificates of Participation	207.3	2,189.7	4,171.7	5,115.7	8,045.7	19,730.1
General Obligation Bonds	1,372.8	4,258.3	7,088.3	8,460.0	8,549.5	29,728.9
Street and Highway User Revenue Bonds	784.5	2,337.0	3,187.0	3,159.0	3,077.8	12,545.3
Water Revenue Bonds	2,949.0	5,551.0	7,510.0	7,279.0	10,680.0	33,969.0
Total	7,051.2	25,227.9	38,919.1	46,971.4	54,090.4	172,260.0

Assumptions for new bond sales:

1. Sales of bonds are spread over the approved program period based on the capital improvement program. Actual sales will depend on project needs, assessed valuation, street and highway user revenues, water revenues, and interest rates.
2. General Obligation Bonds issued after July 2001 are estimated to be sold at 6.5% interest for 20 year terms.
3. Street and Highway User Revenue Bonds sold in June 2001 have a 4.79% interest for a 20 year term; for sales after July 2001, the assumed rate is 6.5% for 20 year terms.
4. Water Revenue Bond debt service estimates are from Tucson Water's approved five-year financial plan. They include sales for the voter-approved 2000 bond program and for a future bond program in 2004 for projects included in this CIP as unfunded.

**TABLE IV
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY
ESTIMATED INFLATIONARY IMPACT
(\$000s)**

DEPARTMENT	ADOPTED FISCAL YEAR 2002	PROJECTED REQUIREMENTS				FIVE YEAR TOTAL
		YEAR 2 FY 2003	YEAR 3 FY 2004	YEAR 4 FY 2005	YEAR 5 FY 2006	
Neighborhood Services	-	1,922.7	4,604.7	3,331.5	3,446.5	13,305.4
City Court	-	178.0	1,270.0	1,936.0	142.0	3,526.0
Fire	-	274.7	815.0	73.0	-	1,162.7
Library	-	338.0	857.0	-	-	1,195.0
Parks and Recreation	-	743.0	1,321.7	770.0	736.5	3,571.2
Tucson City Golf	-	4.0	19.0	3.5	22.0	48.5
Police	-	222.0	-	74.0	1,921.0	2,217.0
Citizen and Neighborhood Services	-	163.0	322.0	475.0	625.0	1,585.0
Environmental and Development	-	4,101.3	8,098.4	9,913.7	9,996.3	32,109.7
Solid Waste Management	-	123.0	602.5	1,293.5	162.0	2,181.0
Transportation	-	2,337.8	4,711.4	4,717.0	4,647.8	16,414.0
Tucson Water	-	1,558.5	2,548.0	3,797.2	5,078.5	12,982.2
Environmental Management	-	82.0	236.5	106.0	108.0	532.5
Strategic Initiatives	-	101.0	600.0	-	-	701.0
Tucson Convention Center	-	101.0	600.0	-	-	701.0
Support Services	-	419.0	1,330.0	1,806.0	4,211.0	7,766.0
Operations	-	419.0	1,330.0	1,806.0	4,211.0	7,766.0
Non-Departmental	-	488.6	1,794.0	1,485.0	558.0	4,325.6
General Expense	-	488.6	1,794.0	1,485.0	558.0	4,325.6
Total	-	7,032.6	16,427.1	16,536.2	18,211.8	58,207.7

Note: Fiscal Year 2002 is the base year and is not inflated.

GLOSSARY

Terms

Term	Definition
ACCOUNTABILITY	The state of being obliged to explain actions to justify what was done. Accountability requires justification for the raising of public resources and the purposes for which they are used.
ACTIVITY	A group of related functions performed by one or more organizational units for the purpose of accomplishing a need for which the city is responsible.
ALLOCATION	Assigning one or more items of cost or revenue to one or more segments of an organization according to benefits received, responsibilities, or other logical measures of use.
ANALYSIS	A process that separates the whole into its parts to determine their nature, proportion, function, and relationship.
ANNUALIZED COSTS	Operating costs incurred at annual rates for a portion of the prior fiscal year and which must be incurred at similar rates for the entire 12 months of the succeeding fiscal year.
APPROPRIATION	An authorization granted by the Mayor and Council to make expenditures and to incur obligations for purposes specified in the appropriation resolution.
ASSESSED VALUATION	A valuation set upon real estate or other property by the county assessor and the state as a basis for levying taxes.
BENCHMARKING	The ongoing search for best practices and processes that produce superior performance when adopted and implemented in an organization. For the purpose of benchmarking, only that which you can measure exists.
BENCHMARKS	Measurements used to gauge the city's efforts, both as a community and as an organizational entity, in accomplishing predefined and measurable desired outcomes that have been developed with participation from decision-makers, management, staff, and customers. Benchmark selection requires that you first know what it is you wish to improve, and then the metrics (a means to measure) that will be used.
BOND	A written promise to pay a specified sum of money (called the face value or principal amount) at a specified date or dates in the future (called the maturity date), together with periodic interest at a specific rate.
BOND FUNDS	Funds used for the purchase or construction of major capital facilities that are not financed by other funds. The use of bond funds is thereby limited to ensure that bond proceeds are spent only in the amounts and for the purposes authorized.
BOND PROCEEDS	Funds derived from the sale of bonds for the purpose of constructing major capital facilities.
BONDS - GENERAL OBLIGATION	Limited tax bonds that are secured by the city's secondary property tax.

GLOSSARY

Terms

Term	Definition
BUDGET	A financial plan consisting of an estimate of proposed expenditures and their purposes for a given period and the proposed means of financing them.
CAPITAL BUDGET	A financial plan of proposed capital expenditures and the means of financing them.
CAPITAL CARRYFORWARD	Capital funds unspent and brought forward from prior years.
CAPITAL IMPROVEMENT PROGRAM	A plan separate from the annual budget that identifies: (1) all capital improvements which are proposed to be undertaken during a five fiscal year period, (2) the cost estimate for each improvement, (3) the method of financing each improvement, and (4) the planned implementation schedule for each project.
CAPITAL PROJECT	Any project having assets of significant value and a useful life of five years or more. Capital projects include the purchase of land, design, engineering, and construction of buildings and infrastructure items, such as streets, bridges, drainage, street lighting, water system, etc. Capital improvements are permanent attachments intended to remain on the land. Capital projects may include the acquisition of heavy equipment and machinery or specialized vehicles using capital funding sources.
CARRYFORWARD CAPITAL IMPROVEMENT PROJECT	Any capital project that has been previously approved by the Mayor and Council but for various reasons has not been implemented on schedule. Under state law and Generally Accepted Accounting Principles, only those costs relating to work actually done on or before the last day of the fiscal year can be reflected on the financial statements of that fiscal year. To avoid having to charge the project costs estimated to be incurred in a subsequent fiscal year as an unbudgeted item for that year and, therefore, violate state budget law, such a project and the associated projected costs are included in the subsequent fiscal year's budget.
CARRYFORWARD OPERATING FUND BALANCES	Operating funds unspent and brought forward from prior fiscal years.
CERTIFICATES OF PARTICIPATION	A debt financing tool which is used to enable the city to purchase large equipment and improve or construct city facilities. Interest is paid and principal repaid through annual payments made from funds appropriated each fiscal year by the Mayor and Council.
COMMODITIES	Expendable items used by operating departments. Examples include office supplies, repair and replacement parts for equipment, books, and gasoline.
CUSTOMER	The recipient of a product or service provided by the city. Internal customers are city departments, employees, or officials who receive products or services provided by other city departments. External customers are citizens, neighborhoods, community organizations, businesses, or other public entities who receive products or services provided by a city department.

GLOSSARY***Terms***

Term	Definition
DEBT SERVICE	The amount required to retire the principal and pay the interest on outstanding debt.
ENCUMBRANCES	Obligations in the form of purchase orders, contracts, or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise extinguished.
ENTERPRISE FUND	An accounting entity established to account for the acquisition, operation, and maintenance of governmental facilities and services which are entirely or predominantly self-supporting.
EQUIPMENT	An item of machinery or furniture having a unit cost of more than \$100 and an estimated useful life of more than one year. Heavy equipment and machinery that are capital improvements are included in the capital budget and are not considered equipment items in the operating budget.
EXPENDITURE	Any authorization made for the payment or disbursing of funds during the fiscal year.
FISCAL YEAR	A 12-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of its operations. For the City of Tucson, the fiscal year is July 1 through June 30.
FULL-TIME EQUIVALENT POSITION (FTE)	A full or part-time position converted to a decimal equivalent of a full-time position based on 2,080 hours per year. For example, a summer lifeguard working for four months, or 690 hours, would be equivalent to 0.33 of a full-time position.
FUND	An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources, together with all related liabilities, for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations.
GENERAL FUND	A fund used to account for all general purpose transactions of the city that do not require a special type of fund.
INTER-ACTIVITY TRANSFERS	Transactions between city organizations or funds that would be treated as revenues or expenditures if they involved parties external to the city.
LANE MILE	A lane mile is a calculation of the number of street lanes multiplied by the number of linear miles. For example, seal coating one linear mile of street with two lanes is the equivalent of resurfacing two lane miles (1 linear mile X 2 lanes = 2 lane miles).
LINEAR MILE	A linear mile is equal to the standard measurement for a mile; i.e., 5,280 feet.
MISSION	A succinct description of the scope and purpose of a city department. It specifies the business activities of a department.

GLOSSARY

Terms

Term	Definition
NON-PERSONAL SERVICES	Costs related to expendable services, such as supplies, materials, utilities, printing, rent, and contracted and professional services.
NON-RECURRING REVENUE	Proceeds of general obligation bonds, revenue bonds, and other restricted revenue.
OPERATING BUDGET	A financial plan which applies to all proposed expenditures other than for capital improvements.
OPERATING FUNDS	Resources derived from recurring revenue sources used to finance operating expenditures and pay-as-you-go capital expenditures.
ORGANIZATION	The smallest unit of budgetary accountability and control which encompasses specific and distinguishable lines of work performed for the purpose of accomplishing a function for which the city is responsible.
OTHER COSTS	This classification of costs includes Sun Tran expenditures, contributions to outside agencies, and specific federal fund expenditures.
OUTCOME	The result or community benefit derived from programs or services expressed as a measure and used to evaluate quality or effectiveness. Examples of outcomes are the number of traffic signals operating trouble-free on a daily basis and the percent of library customers satisfied with the book collection.
OUTPUT	A quantitative measure of activities or efforts undertaken to provide a service or program. Examples of outputs are the number of responses to emergency 9-1-1 calls and the number of tons of recyclable materials collected.
OUTSIDE AGENCIES	A group of organizations which are neither associated with nor allocated to any particular city department. Economic Development, Cultural Enrichment, Human Affairs, and Community Health and Safety are the major program groupings for outside agencies.
PERFORMANCE MEASURE	An annual indicator of achievement or measure of production for a program or a unit as defined in the organization of the budget. Measures may be expressed as a number count, fraction, or percent of achievement. Examples are the number of water meters read, number of customer calls received, or percent of customers rating the service as “good” or higher.
PERSONAL SERVICES	The costs of compensating employees of the City of Tucson, including salaries and employee benefit costs, such as health, dental, and life insurance, city contributions for retirement and social security, and workers’ compensation insurance.
PRIMARY PROPERTY TAXES	All ad valorem taxes, except the secondary property taxes, which can be used for any lawful purpose.

GLOSSARY

Terms

Term	Definition
PROGRAMS	Desired output-oriented accomplishments which can be measured and achieved within a given time frame. Achievement of the programs advance the activity and organization toward fulfillment of a corresponding need.
PROJECTS	Unique assignments having a finite time span and a deliverable; normally associated with capital improvements such as roadway, neighborhood facilities, etc.
RECURRING REVENUES	Revenue sources available on a continuing basis to support operating and capital budgetary needs.
RESTRICTED REVENUES	Revenues that are legally restricted for a specific purpose by the federal, state, or local governments.
REVENUES	Income from taxes and other sources during the fiscal year.
SECONDARY PROPERTY TAXES	Ad valorem taxes or special property assessments used to pay the principal, interest, and redemption charges on any bonded indebtedness or other lawful long-term obligation issued or incurred for a specific purpose by a municipality, county, or taxing district; and assessments levied by or for assessment districts and for limited purpose districts other than school districts and community colleges pursuant to an election to temporarily exceed (up to one year) budget, expenditure, or tax limitations.
SECONDARY TAX RATE	The rate per one hundred dollars of assessed value employed in the levy of secondary property taxes. The assessed value derived from the current full cash value (market value) is the basis for computing taxes for budget overrides, bonds, and sanitary, fire, and other special districts.
SERVICES	Costs that involve the performance of a specific service by an outside organization or other city organization. Examples of services include consultants, utilities, and vehicle maintenance.
SIGNIFICANT CHANGES	Explanations of financial differences between the current year adopted and the future year adopted budget amounts.
STREET AND HIGHWAY BONDS	Revenue bonds are secured by the city's Highway User Revenues and used for the construction of street, highway, and related capital projects.
TAX LEVY	The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.
TAX RATE	The amount of tax levied for each \$100 of assessed valuation.

