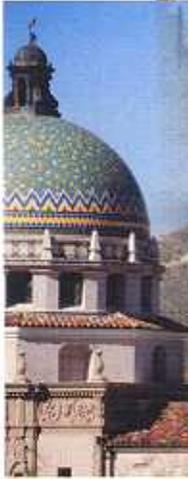


Tucson, Arizona

TRANSPORTATION



DOWNTOWN



GROWTH



GOOD
GOVERNMENT

ECONOMIC DEVELOPMENT



NEIGHBORHOODS

Biennial Budget
Fiscal Years 2003 & 2004
Adopted Update for Fiscal Year 2004



Tucson, Arizona

Biennial Budget Fiscal Years 2003 & 2004 *Adopted Update for Fiscal Year 2004*

CITY COUNCIL



HONORABLE
ROBERT E. WALKUP
MAYOR



JOSÉ J. IBARRA
WARD 1



CAROL W. WEST
WARD 2



KATHLEEN DUNBAR
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

TODD SANDER
Chief Information Officer

KAREN THORESON
Assistant City Manager



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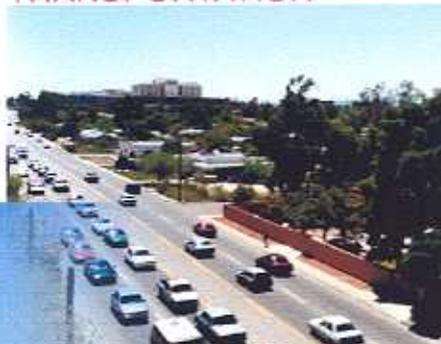


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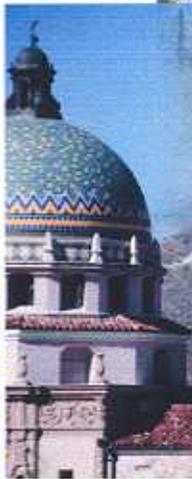
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Tucson, Arizona

TRANSPORTATION



DOWNTOWN

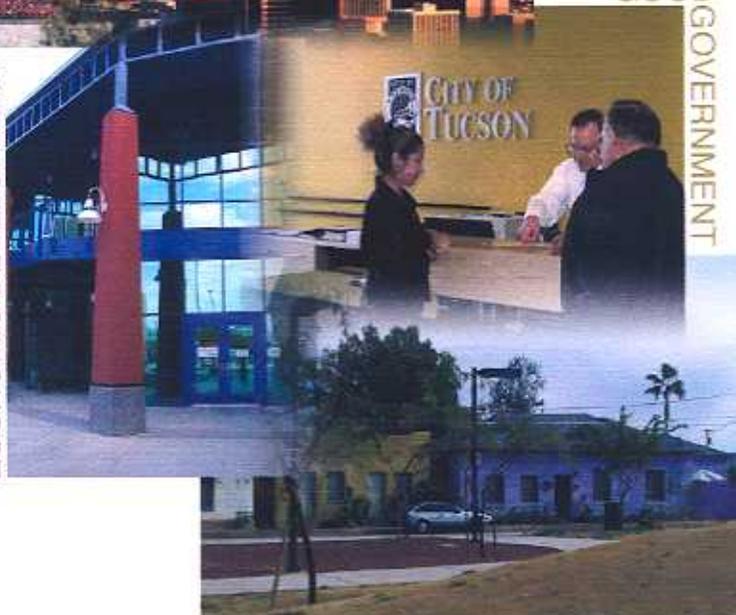


GROWTH



GOOD GOVERNMENT

ECONOMIC DEVELOPMENT

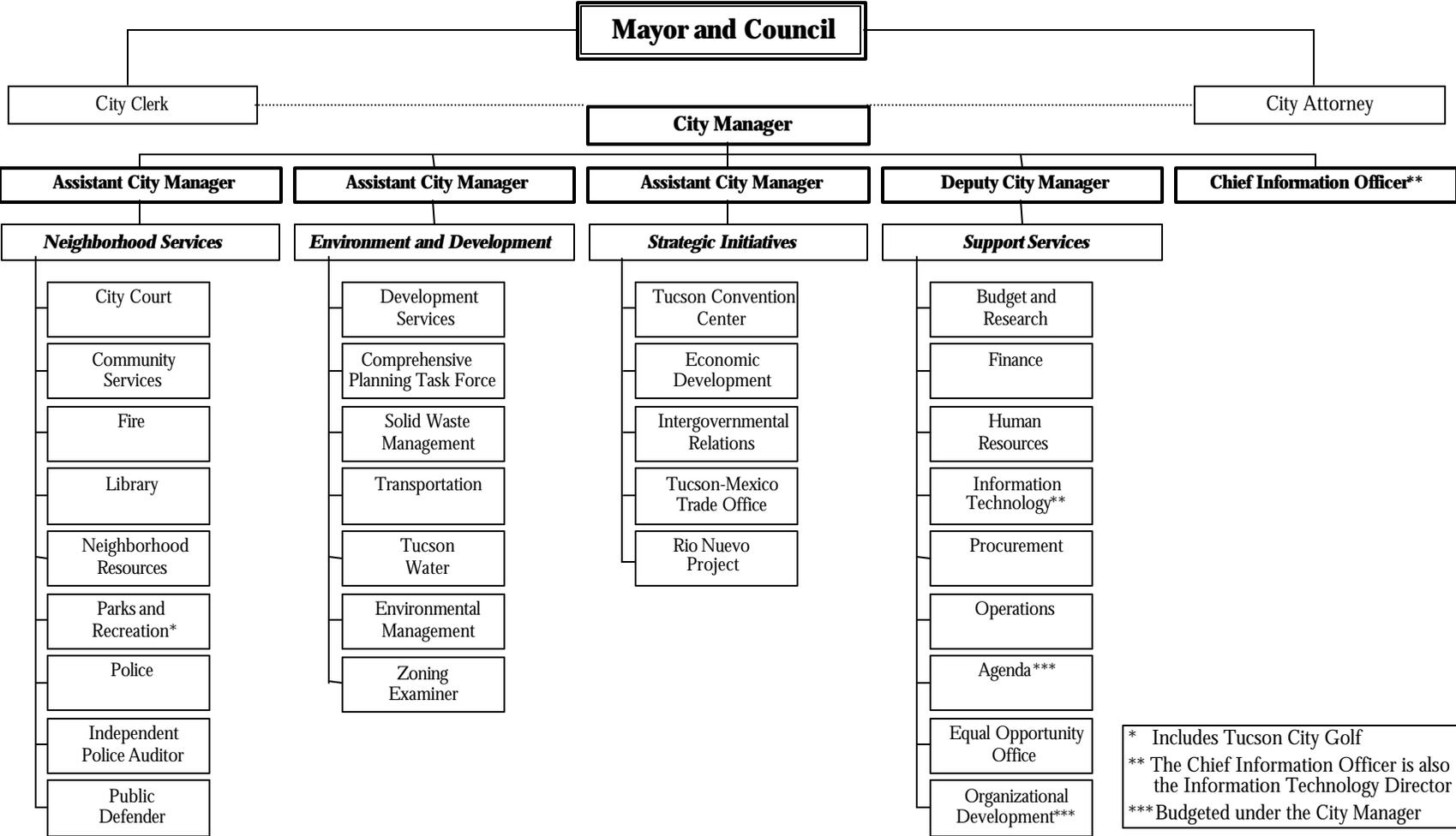


NEIGHBORHOODS

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



**CITY OF TUCSON
ORGANIZATION CHART
FISCAL YEAR 2004**



* Includes Tucson City Golf
 ** The Chief Information Officer is also the Information Technology Director
 *** Budgeted under the City Manager

CITY OF TUCSON

OFFICIALS AND DIRECTORS

OFFICIALS

City Manager, *James Keene*

Deputy City Manager, *Mike Letcher*

Assistant City Manager, *Liz R. Miller*

Assistant City Manager, *Benny J. Young*

Assistant City Manager, *Karen Thoreson*

Chief Information Officer, *Todd Sander*

City Attorney, *Michael House*

City Clerk, *Kathleen S. Detrick*

NEIGHBORHOOD SERVICES

City Court, *Antonio Riojas*

Community Services, *M. Emily Nottingham*

Fire, *Dan Newburn*

Independent Police Auditor, *Liana Perez*

Library, *Betsy Stunz-Hall, Acting*

Neighborhood Resources, *Paul Swift*

Parks and Recreation, *Bob Martin, Acting*

Police, *Richard Miranda*

Public Defender, *Charles Davies*

ENVIRONMENT AND DEVELOPMENT

Comprehensive Planning Task Force,
Albert Elias

Development Services, *Ernest Duarte*

Environmental Management, *Karen Masbruch*

Solid Waste Management, *Eliseo Garza*

Transportation, *James W. Glock*

Tucson Water, *David Modeer*

Zoning Examiner, *Peter Gavin*

STRATEGIC INITIATIVES

Economic Development, *Kendall Bert*

Intergovernmental Relations, *C. Mary Okoye*

Rio Nuevo Project, *Karen Thoreson, Acting*

Tucson Convention Center, *Richard Singer*

Tucson-Mexico Trade Office, *Augustine Garcia*

SUPPORT SERVICES

Agenda, *Joan Stauch*

Budget and Research, *Ned Zolman*

Equal Opportunity Office, *Liana Perez, Acting*

Finance, *J. Scott Douthitt*

Human Resources, *Suzanne Machain, Acting*

Information Technology, *Todd Sander*

Operations, *Todd Sander, Acting*

Organizational Development,
Julie Edmonds-Mares

Procurement, *Wayne A. Casper*

BUDGET CALENDAR FISCAL YEAR 2004

Sequence of events in the budget-setting process for Fiscal Year 2004.

October 7, 2002	Mayor and Council Discussion of Fiscal Years 2003 and 2004 Budgets
November 8, 2002	Mayor and Council Fiscal Year 2004 Budget Workshop
November 11, 2002	City Manager begins review of the Fiscal Year 2004 budget deficit and budget balancing strategies
November 22, 2002	Five-year capital improvement program requests submitted by departments to Budget and Research
November 25, 2002	Second Mayor and Council Fiscal Year 2004 Budget Workshop
December 2, 2002	City Manager presents budget reduction options to Mayor and Council
February 10, 2003	Mayor and Council study session on the Citizens Bond Project Oversight Committee Report
March 3, 2003	Submission of the City Manager's Recommended Update to the Fiscal Year 2004 Budget to Mayor and Council
March 17, 2003	Mayor and Council study session on Discussion of Revenue Options
March 17, 2003	Public Hearing on the Recommended Budget
March 24, 2003	Mayor and Council study session for the purpose of discussing budget reductions
April 7, 2003	Mayor and Council study session for the purpose of discussing budget reductions
April 14, 2003	Mayor and Council budget wrap-up study session
April 21, 2003	Fiscal Year 2004 Tentative Budget adoption
April 28, 2003	Truth in Taxation public hearing on primary property tax levy for Fiscal Year 2004
April 28, 2003	Public Hearing on Fiscal Year 2004 tentative budget
April 28, 2003	Special Mayor and Council meeting for purpose of final budget adoption
May 5, 2003	Adoption of Fiscal Year 2004 property tax levies

HOW TO USE THIS BUDGET

This document guide outlines the City of Tucson's Fiscal Years 2003 and 2004 Biennial Budget Adopted Update for Fiscal Year 2004. Copies of the budget are available at all branches of the Tucson-Pima Public Library, the University of Arizona Main Library, Pima Community College branch libraries, the City Clerk's Office, and the Department of Budget and Research. Information may be obtained by calling the Department of Budget and Research at (520) 791-4551 or e-mailing the department at budget&research@ci.tucson.az.us.

For Fiscal Year 2004 only one volume is used to present the adopted changes to the biennial budget. This document may be used with the adopted biennial budget document for Fiscal Years 2003 and 2004. The adopted update is organized as follows.

City Manager's Message - This section includes the letter from the city manager transmitting the biennial budget update to the Mayor and Council and an overview of the budget. In the transmittal letter, the city manager highlights the key policy issues and programs in the biennial budget. The overview includes the following:

- General Purpose Funds Budget
- All Funds Budget
- Staffing
- Citizen Impacts

Adopted Changes - This section summarizes the changes from the approved Fiscal Year 2004 budget to the adopted budget for both revenues and expenditures. Major changes are highlighted for each department including reductions adopted to balance the budget.

Legal Authorization - State and local legal provisions are presented, including the process for budget adoption and setting the property tax, public hearings, and a property tax summary. The Mayor and Council resolution adopting the budget is also included in this section.

Community Statistical Profile - This section of the summary provides the reader with demographic information on Tucson and benchmark information

that compares Tucson to comparable cities in the region.

Summary Information - Schedules contained in this section provide summary level information on the consolidated (operating and capital) city budget. Expenditures and revenue information, descriptions of funds, debt service information, staffing histories, and pay scales are summarized here. This section is particularly helpful if the reader is interested in an overview of the city budget.

Capital Budget Summary - This section provides a summary of the first year, Fiscal Year 2004, of the Five-Year Capital Improvement Program.

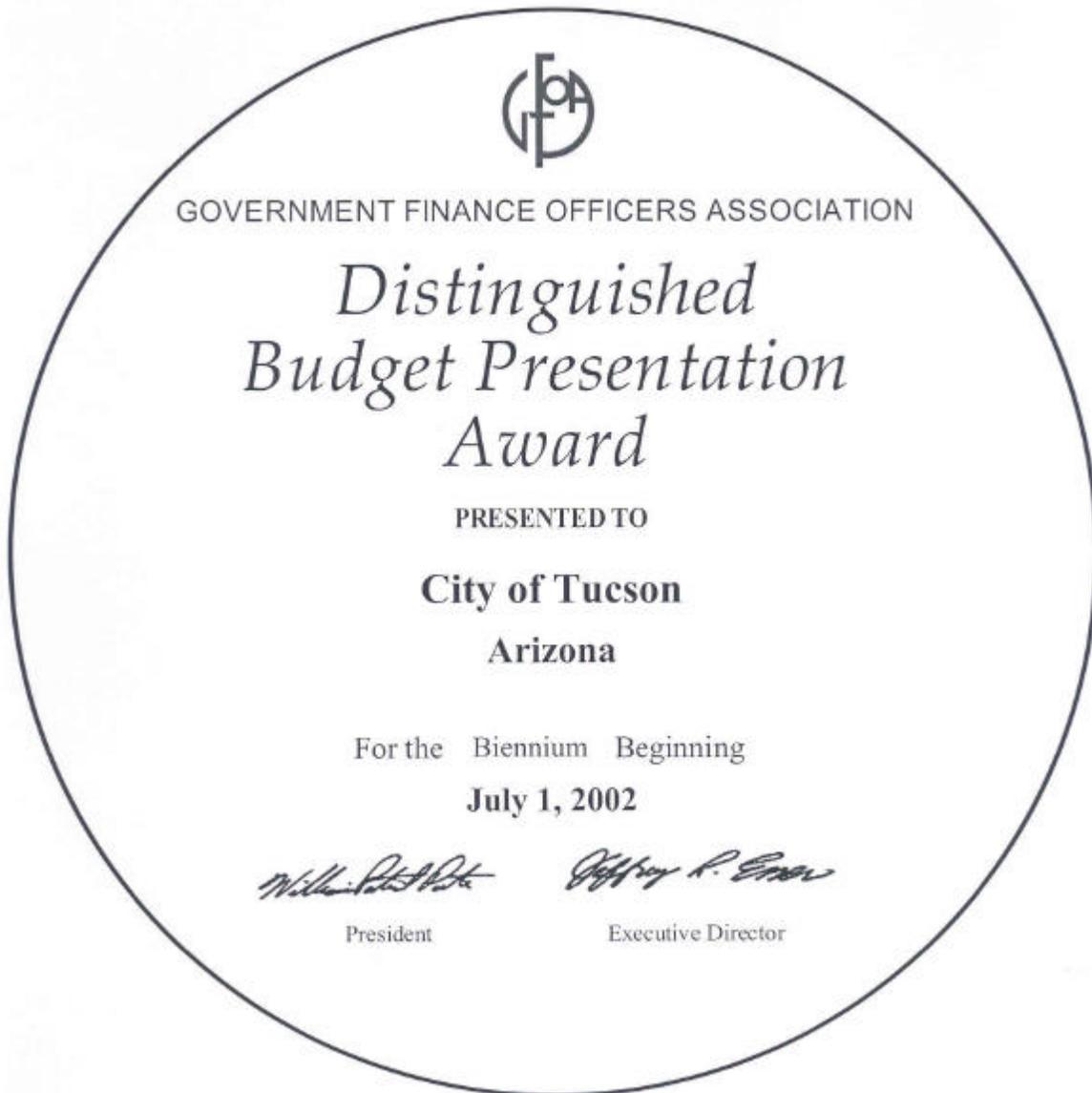
City Strategic Plan - This section summarizes the strategic plan for the city including focus areas and the 17 Livable Tucson Goals that emerged from community discussions.

Rio Nuevo - This is a summary of the Rio Nuevo district budget. Rio Nuevo is not part of the city budget and is included for information purposes.

Glossary - The glossary defines terms and acronyms used in the budget.

Index - The index provides an alphabetical listing of the contents of the budget.

**DISTINGUISHED
BUDGET PRESENTATION
AWARD**



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 Biennial Budget for the Fiscal Year beginning July 1, 2002 through June 30, 2004.

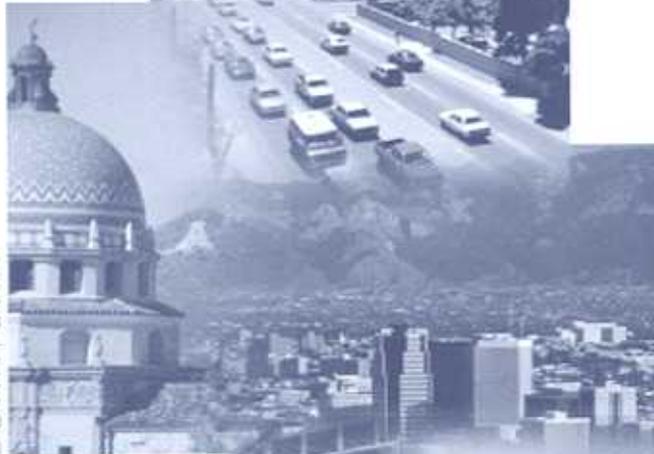
In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

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.

Section A

City Manager's Message

TRANSPORTATION



DOWNTOWN

GROWTH

GOOD GOVERNMENT

ECONOMIC DEVELOPMENT



GOOD GOVERNMENT

NEIGHBORHOODS





OFFICE OF THE CITY MANAGER

July 1, 2003

Honorable Mayor and Council Members:

On April 28, 2003, the Mayor and Council adopted the \$957.8 million Fiscal Year 2004 budget. This is the second year of the Fiscal Years 2003 and Year 2004 Biennial Budget approved by the Mayor and Council in June of 2002.

This has been the most difficult budget year of my career. I am not alone. City managers, mayors and councils, and governors across the nation are dealing with the worst fiscal environment in 50 years. The budget is balanced, but it is not a budget that pleases me. It is a result of the reality of our difficult times.

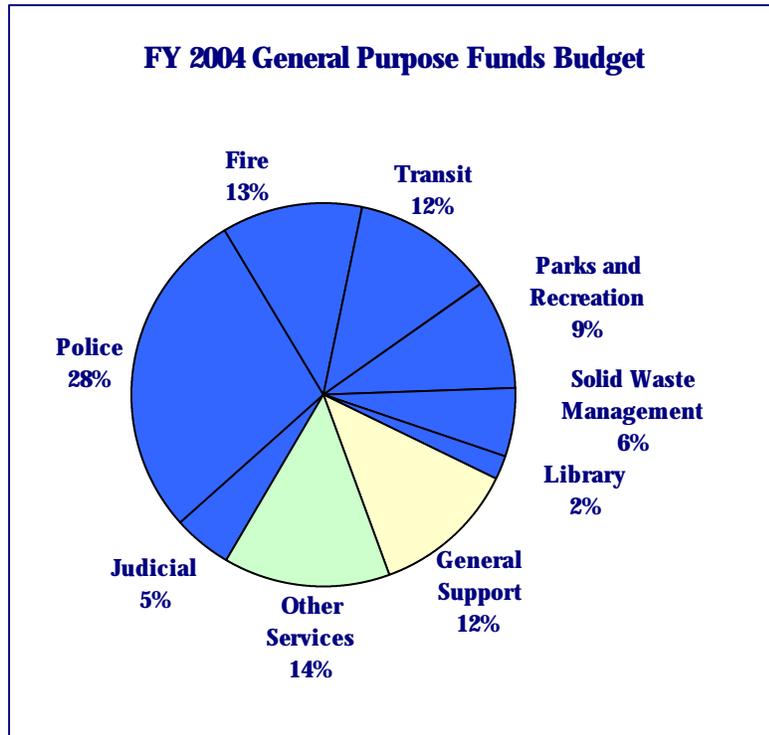
As you know, we used a different process and schedule this year, necessitated by the dire fiscal situation of the city and the state. At Council's direction, we began work sessions with Mayor and Council last fall. These sessions covered our emerging revenue and expenditure situation in some detail. We also presented "trial budgets" of the revenue and expenditure options we would consider, and sought Council direction and feedback.

As a result, both Mayor and Council and the community were uniquely informed and involved this year in a complex task that is one of the City Manager's prime responsibilities under the Charter—preparing a recommended budget for the Council. This early involvement and option sharing in a public setting allowed me to present a recommended budget that had no surprises or unfamiliar budget balancing ideas, despite the magnitude of our problems.

The deficit between revenue and expenditures in the General Fund for Fiscal Year 2004 was \$43.6 million. This was the gap that we had to close either through expenditure cuts, revenue increases, or a combination of the two. The General Fund budget that you adopted did close that gap and was balanced at \$388.2 million. This was a reduction of 3.9% and \$15.7 million from the Mayor and Council Approved Fiscal Year 2004 Budget and a reduction of \$2.1 million from the Fiscal Year 2003 budget. In order to balance the General Funds budget, 138.5 positions were eliminated. Ten other positions in Police were not eliminated but were not funded for the year. The position reductions to balance the budget were offset by the addition of 12 positions during Fiscal Year 2003, and 3 positions added for the Tucson Clean Program.

The All Funds Budget for the city was adopted at \$957.8 million, a 9% increase over the approved Fiscal Year 2004 budget. Although the operating budget was reduced by \$5.6 million to \$696.1 million, the capital budget was increased, primarily due to carry forward from Fiscal Year 2003. The All Funds Budget is 2.4% higher than Fiscal Year 2003.

Consistent with the decrease in operating funds, the size of our government continues to shrink. The number of employees per capita is down to 11.2 per 1,000 compared to 12.3 per 1,000 just three years ago. This is a decline of 9%. If we look back further, our number of employees per capita is at its lowest point in at least ten years.



The fiscal crisis facing the city is most dramatically affecting General Purpose Funds, which provide for the following core services of the city: *Police, Fire, Judicial Services, Parks and Recreation, Libraries, Solid Waste, and Transit.* Approximately 74% of the General Purpose Funds go to fund these key services.

Additionally, 14% of the General Fund provides funding for such *Other Services* as Mayor and Council, Comprehensive Planning Task Force, Development Services, Tucson Convention Center, and Neighborhood Resources.

Conclusion: when we add in significant Information Technology costs and Operations costs for fleet and building maintenance (included within the *General Support* area) that support Police and Fire, almost 50% of the General Fund goes to Public Safety.

As we sought to minimize cuts to public safety when we balanced the budget, it was difficult to cut \$43.6 million out of the remainder of the General Fund. If Public Safety was not cut at all, other services would have to absorb cuts of 20% to balance the budget. This means Parks and Recreation, Libraries, Solid Waste, and Transit--all services directly connected to quality of life in our city--would have been cut dramatically.

Budget Balancing Strategy

After careful and continuous review of those implications, the Mayor & Council settled on a series of recommendations that balanced the Fiscal Year 2004 Budget using three strategies. First, the city did not fund any pay raises for employees in Fiscal Year 2004. This includes cost-of-labor pay raises and merit pay increases for performance. This provided \$8.1 million of the needed \$43.6 million. Second, program and service cuts totaling \$20.6 million were approved. These cuts include direct service reductions and reorganizations, consolidations, and streamlining for efficiency. Finally, the budget includes \$16.7 million in revenue increases through fee and tax increases to reduce the impact of further reductions on key city services. (The revenue increase nets out to \$14.9 million due to increased program spending of \$1.8 million, as a condition of two of the revenue increases.)

During the numerous citizen town halls sponsored by the Mayor with each Council Member and through the budget comment line and on-line discussions, it became clear that most of those citizens who spoke out on our budget problem would prefer paying for some services the city provides, rather than having the service cut. Therefore, the adopted budget includes revenues that allow us to maintain some of these direct services without serious reductions. These services are concentrated in those areas that especially affect community quality and youth, in particular.

I believe that this budget takes an even-handed approach to resolving our very difficult fiscal problems for the upcoming year. At the same time it preserves our commitment to the city strategic plan.

The recommendations were designed to minimize future damage, share the burden of the cuts among employees and the community, and across a broad array of service areas. The budget requires a significant internal focus on efficiency changes and consolidations to continue to provide service to our citizens. Most of the revenue increases are charges associated with maintaining a particular service.

At the same time, this budget does not advance us towards a permanent resolution of the city's systemic, structural fiscal problem. We will continue to have structural deficits in the next few years that will require more severe cuts unless we expand our revenue base.

Nature of the Budget Problem

Across the nation, states and local governments are suffering through the worst financial crisis since World War II. While recent national media attention focuses on the plight of states and governors, all the problems of the states filter down to local governments and combine with our own concurrent revenue problems to create a very difficult situation. After all, cities are where people live and where their quality of life suffers when key city services and investments decline.

Arizona is one of the most financially troubled states in the nation. Tucson is one the most financially at-risk cities in the state. All medium to large cities in our state are having problems due to the economic downturn. We also have a *structural deficit* driven by unique local factors. We've discussed those problems before: the city-county fragmentation issue, the pattern of regional growth, the growing socio-economic divide between the city and the unincorporated county, our undiversified revenue system, our backlog of infrastructure and service needs stretching back many years, and demanding and challenging demographics. We're the 29th largest city in the nation, and we fund ourselves primarily with a single local revenue source, the sales tax, in tough economic times.

The Fiscal Year 2004 Budget adopted by Mayor and Council is balanced. But we are not out of the woods. Far from it. We will face the need to cut another \$26 million from the General Fund in Fiscal Year 2005, followed by another \$12 million in Fiscal Year 2006.

Details

Expenditure Reductions

We are cutting internal city operations and some direct services and programs to the public totaling \$20.6 million. This includes about \$7.4 million in one-time cuts, such as deferring purchase of new fire equipment, delays in opening new libraries and fire stations, deferral of the Mountain Avenue road project in order to fund Sun Tran, reduced landfill operations and maintenance, and deferrals of vehicle purchases.

Other reductions vary from requiring self-check out of books at libraries to eliminating a range of service positions in Budget, Finance, City Manager's Office, and Human Resources, to cutbacks in Fleet Services, to reduced leisure class programs in Parks and Recreation, to cuts in economic development. Outside agency funding has been reduced by 10% except that human services funding has not been cut.

In all, 138.5 FTEs were eliminated. Another ten positions in Police are not funded. Most of these positions were vacant due to a hiring freeze in place since the fall of 2002. For those that were occupied, we developed an *employee transition process* to transfer employees into vacant positions to avoid layoffs. This was one key reason for presenting the budget to the Council in March, with an end of April adoption date, so that we

could ensure adequate time to reassign employees as much as possible and avoid layoffs of civil service employees.

Employee Pay Freeze

The adopted budget cuts funding for all employee raises for Fiscal Year 2004. However, the city will pick up all of the pension and employee health care cost increases. This avoids a drop in take-home pay for city employees in a very challenging budget year.

Revenue Increases

The adopted budget includes a number of fee increases and tax adjustments. First, the Mayor and Council approved a use tax that will yield \$4 million. The bed tax was increased 2%, with a guaranteed portion of the revenue going to fund the Metropolitan Tucson Convention and Visitors Bureau (MTCVB), and their removal from the outside agency funding process. (Yield \$2.4 million with a net of \$1.5 million).

The adoption of a \$2 per month environmental service fee for all residential households will yield \$2 million for the Tucson Clean Program. These revenues will maintain the brush and bulky program in Solid Waste and enhanced neighborhood clean-ups throughout the year.

In place of the across-the-board Parks and Recreation fee increases, we have targeted fee increases totaling \$1 million. These place greater burdens on adult sports programs, non-resident charges, and attempt to keep youth charges low. Where there are some fees on youth activities, such as in the aquatics area, slight increases were adopted as an alternative to closing swimming pools. We will maintain the region's most wide-reaching and affordable after-school care and summer care program for children, KIDCO, by increasing registration fees. We have developed a plan to ensure that the most needy families continue to have access to KIDCO and to face only very modest increases through a sliding scale. Recreation center hours have not been cut. Parks and Recreation staff will also more aggressively market the use of some of our facilities to the private sector to generate additional revenues.

Also, a miscellaneous array of fee increases in courts, development services, and other miscellaneous services have been approved. (Yield \$5.7 million). Finally, the budget presumes Pima County would fund an additional \$700,000 in libraries through either a Library District Tax increase of about 1.5 cents, or provide the funding from the District's fund balance. This avoids further library job reductions and cutting back library hours.

With these revenue increases, the increase for a typical homeowner's bill for city services will increase \$2.30 per month, from \$56.56 to \$58.86.

The Budget Overview starting on page A-6 provides a summary of changes made to the budget that was approved in June 2002 in order to adopt a balanced budget.

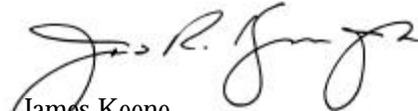
Where Do We Go From Here?

It is becoming increasingly difficult to believe we can continue to reduce our budgets and our services and feel that we are moving the city forward. You and I can't be happy with the prospects for our future if we continue on this path. Now that the Fiscal Year 2004 Budget is balanced, we need to turn our attention to the years that follow. There are needed services and investments that we have avoided for a long time which we must make. We must ensure that we have a competent, well-trained work force that is competitively compensated. And we must add, once and for all, some of the revenue options used by other cities in our state to ensure a more livable city.

I want to thank the Mayor and Council for their efforts in working through the difficult decisions required to adopt a balanced budget for Fiscal Year 2004. I also want to thank Ned Zolman and the Budget office staff for all their work, along with Kay Gray and Scott Douthitt of Finance, and the entire Executive Leadership Team, which has worked hard all year on putting together these recommendations. Finally, I want to thank all city employees, who have also been important to this process, our recommendations, and upon whom we'll all depend in the future to help transform our city into a Top Ten City.

We have a huge task ahead of us which requires leadership, vision, reality, ethics, and courage. I look forward to working with Mayor and Council to prepare for our future.

Respectfully Submitted,

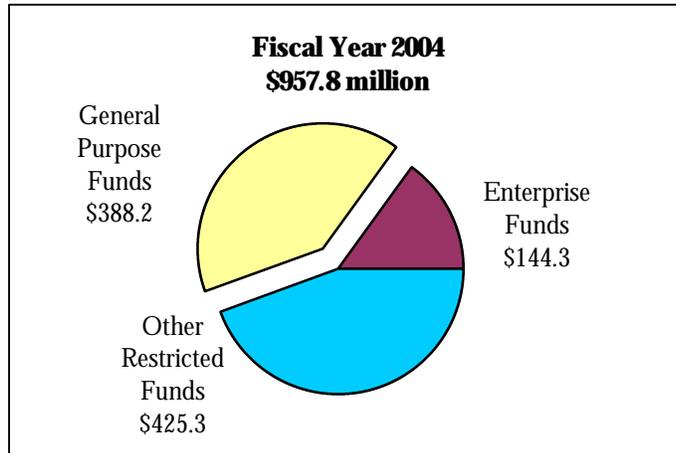


James Keene
City Manager

BUDGET OVERVIEW

The Tucson City Charter requires that the City Manager submit a recommended budget to the Mayor and Council on or before the first Monday in May for the following fiscal year. The Mayor and Council review the City Manager's recommended budget and are required by the State of Arizona to adopt a balanced budget on or before the third Monday in August. For Fiscal Year 2004, the recommended budget was submitted to the Mayor and Council on March 3. The Mayor and Council adopted the budget on April 28.

The Fiscal Year 2004 budget is the second year of the biennial budget for Fiscal Years 2003 and 2004. The adopted budget for Fiscal Year 2004 totals \$957.8 million: \$388.2 million from General Purpose Funds, \$144.3 million from Enterprise Funds (Golf and Tucson Water), and \$425.3 million in other restricted funds.



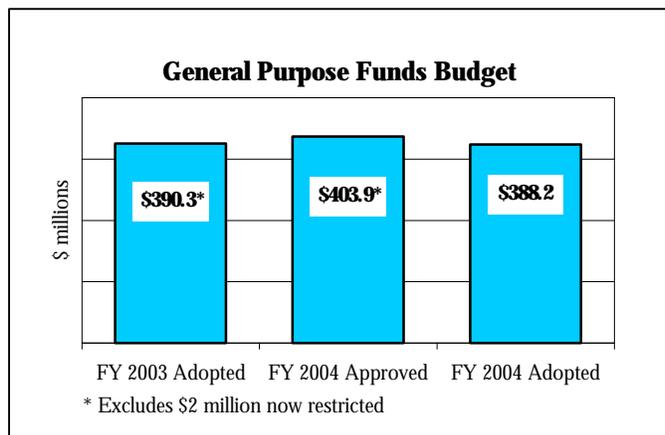
\$425.3 million in other restricted funds.

This Budget Overview, which summarizes changes from the approved budget to the adopted budget for Fiscal Year 2004, is organized into four sections:

- General Purpose Funds Budget
- All Funds Budget
- Staffing
- Citizen Impacts

GENERAL PURPOSE FUNDS BUDGET

The city's total budget is the sum of the General Purpose Funds Budget and the Restricted Funds Budget (Enterprise Funds + Other Restricted Funds). The General Purpose Funds Budget contains the funds that the Mayor and Council have full discretion to allocate. It is used for basic city services, such as police and fire protection, mass transit service, solid waste collection and recycling, parks, and libraries.



For Fiscal Year 2004, the adopted General Purpose Funds Budget totals \$388.2 million. That is a decrease of \$15.7 million from the approved Fiscal Year 2004 budget, and a decrease of \$2.1 million from the Fiscal Year 2003 Adopted Budget.

Like many state and local governments, the city is experiencing a significant decline in general purpose revenues. Significant expenditure reductions in the Fiscal Year 2004 General Purpose Funds Budget were necessary to bring it into balance.

Projected Budget Deficits

The budget process for Fiscal Year 2004 began with the development of the Fiscal Years 2003 and 2004 Biennial Budget. When Mayor and Council adopted the Fiscal Year 2003 Budget in June 2002, a Fiscal Year 2004 Budget was also approved. At that time, the Fiscal Year 2004 Approved Budget was not balanced; it had a deficit of \$10 million in the General Purpose Funds Budget.

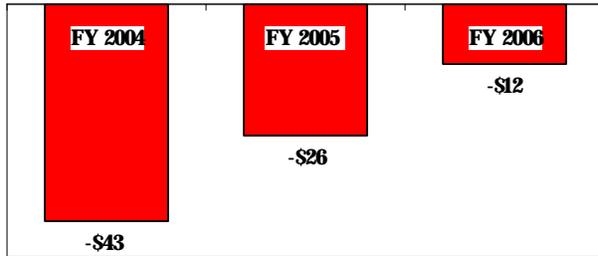
Projected Deficit of \$43.6 million for FY 2004:

<u>Millions</u>	
\$ (10.0)	Deficit from FY 2004 Approved Budget
(13.8)	Decreased state sales tax and income tax
(8.4)	Increased pension and medical costs
(6.4)	Decreased city sales tax collection
(3.2)	Decreased parks-related revenues
(1.2)	Decreased bed tax receipts
<u>(0.6)</u>	Other expenditure and revenue changes
\$ (43.6)	Projected FY 2004 Deficit

Fiscal Year 2004 Deficit. As revenue and expenditure projections were revised in preparation for a recommended Fiscal Year 2004 budget, the \$10 million deficit grew to \$43.6 million.

Most of the deficit increase was due to revised revenue projections for city sales tax and state-shared sales and income taxes. The national economy has suffered a downturn, which impacts directly on income earnings and consumer spending, which translates to reduced sales and income tax receipts. Pension and medical costs have also risen consistent with national trends.

Projected Deficits Over 3 Years
\$ millions



Three Year Problem. The city was not just facing a \$43.6 million deficit in Fiscal Year 2004. Due to inflation and other commitments, an \$81 million shortfall was projected over the next three years.

The deficit projections for Fiscal Years 2005 and 2006 assumed that most changes made to balance the Fiscal Year 2004 budget would be permanent and ongoing.

Balancing the Recommended FY 2004 Budget

To develop a balanced budget recommendation for Fiscal Year 2004, expenditure reductions and revenue increase options were presented to Mayor and Council at two budget workshops. The presented options ranged from employee compensation adjustments to reductions in public services.

Balancing the Recommended FY 2004 Budget
Millions

Opening Deficit	\$ (43.6)
Expenditure Solutions:	
Defer employee pay increases	8.1
One-time reductions	7.4
Internal service reductions	5.3
Program reductions	4.6
Organization and process change cuts	3.0
Other miscellaneous reductions	<u>0.8</u>
	29.2
Revenue Solutions:	
Primary property tax raised to maximum	4.6
New Tucson Clean Program fee	2.0
2% bed tax increase	1.5
Solid Waste fee increases	1.5
City Court revenue increase	1.5
Parks fee increases	1.0
Development fee and revenue increases	0.7
Pima County contribution increase	0.7
Other miscellaneous changes	<u>0.9</u>
	14.4
Closing Deficit	\$ -0-

To bring the opening deficit of \$43.6 million down to zero, a mix of expenditure and revenue solutions were included in the Fiscal Year 2004 Recommended Budget of \$382.4 million.

Expenditure Solutions: Cuts totaling \$29.2 million were recommended in department expenditures: \$8.1 million saved by deferring employee pay increases for a year, \$13.7 million reduced through permanent cuts, and \$7.4 million from one-time cuts.

In balancing the recommended budget, every effort was made to limit the impact on the public services. As a result, \$8.3 million in reductions were through internal organization and process changes (\$3.0 million) and reductions in internal services (\$5.3 million). Program reductions that would directly impact the public totaled \$4.6 million including cuts to Parks and Recreation programs, consumer affairs services, and Back to

Basics funding. One-time reductions included delayed projects such as new library branches and a new fire station, as well as deferred vehicle and equipment replacement.

Revenue Solutions: Most of the recommended revenue increases came from taxes and fees. These revenue increases were projected to generate \$16.2 million in additional revenues; however, \$1.8 million in related expenditures resulted in a net of \$14.4 million. Revenues were looked at only after it became apparent that continuing to balance the budget through service reductions would seriously impact the community.

The following tax and fee changes were recommended: raising the primary property tax by 15¢ to the maximum for \$4.6 million, increasing the bed tax by 2% for \$1.5 million, and a new environmental service fee for \$2 million. Other fee increases and fee structure changes are in parks fees, landfill tipping fees, commercial refuse collection fees, and zoning fees. The Pima County contribution increase came from the city's request for an increase of 1.5¢ (per \$100 of assessed valuation) to the county's Library District property tax rate.

Changes from the Recommended Budget to the Adopted Budget

The General Purpose Funds Budget was adopted at \$388.2 million, an increase of \$5.8 million over the recommended budget of \$382.4 million. Following is a brief discussion of the expenditure and revenue changes made by Mayor and Council. For more detail, see Section B.

Changes from Recommended to Adopted	
	<u>Millions</u>
Recommended Budget	\$ 382.4
Adopted Budget	<u>388.2</u>
Increase	\$ 5.8
Expenditure Changes:	
Funds carried forward	\$ 4.8
Restoration of program service cuts	0.5
New debt service	0.4
Other miscellaneous changes	<u>0.1</u>
	\$ 5.8
Revenue Changes:	
Primary property tax left at current rate	\$ (3.6)
Eliminated proposed change to landfill fees	(1.2)
Funds carried forward	4.8
Implement use tax	4.0
Miscellaneous fees, income and use of fund balance	1.8
	<u>\$ 5.8</u>

Expenditure Changes: Most of the increase is attributable to funds of \$4.8 million carried forward for acquisitions and projects that will not be completed in Fiscal Year 2003. The restoration of program service cuts added \$0.5 million: \$0.2 million for youth employment, \$0.2 million for civic events, and \$0.1 million for workforce development. An increase of \$0.4 million was included for debt service on certificates of participation for construction of a police substation (covered by rental revenue). The remaining \$0.1 million is in miscellaneous other changes.

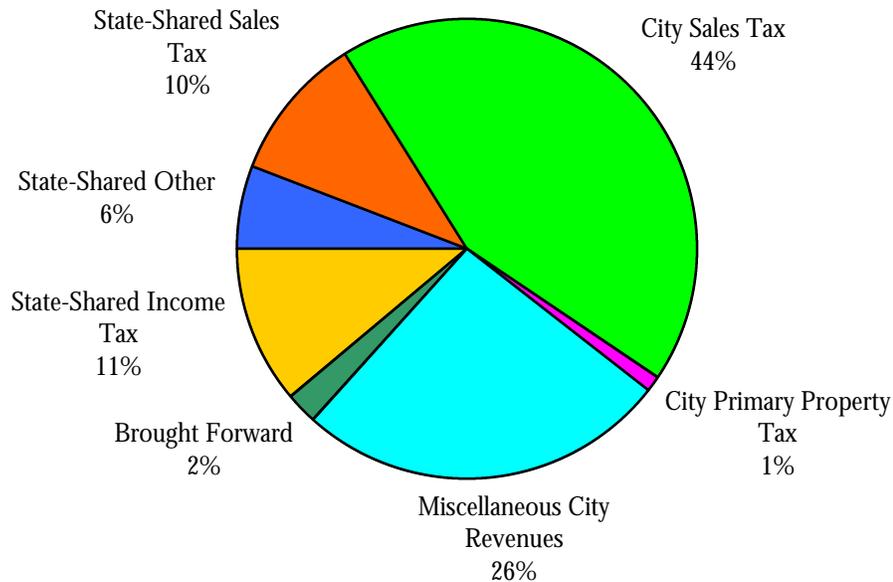
Revenue Changes: The primary property tax was left at its current rate of \$0.2089 per \$100 of assessed valuation, which reduced revenues by \$3.6 million. A proposed change to landfill tipping fees was also rejected, reducing revenues by another \$1.2 million. These reductions were primarily offset by Mayor and Council approval of a use tax with estimated receipts of \$4 million. Funds carried forward of \$4.8 million provide for acquisitions and projects that will not be completed in Fiscal

Year 2003. Increases to miscellaneous fees and income, such as court administration fees, interest earnings, rental income, and fund balance total \$1.8 million.

General Purpose Funds Budget – Where the Money Comes From

Funding that can be used for general purposes comes either from city-generated revenue or state-shared revenue. In total, adopted General Purpose Funds Budget revenues decreased by \$5.7 million from the approved budget for Fiscal Year 2004. That decline, added to the \$10 million deficit in the approved budget, brings the total General Purpose Funds Budget decrease to \$15.7 million.

Fiscal Year 2004 General Purpose Funds - Revenues \$388.2 million

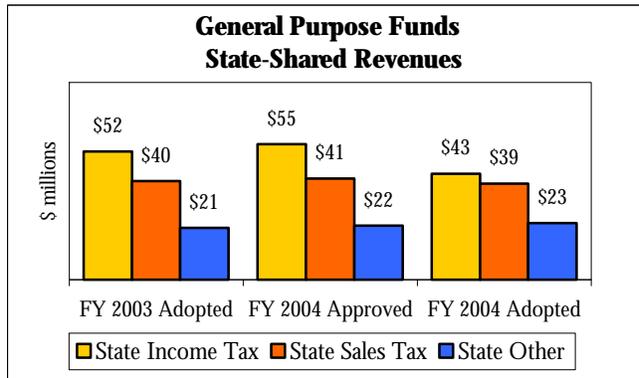


General Purpose Funds Budget – Revenues				
(\$ millions)	Adopted FY 2003	Approved FY 2004	Adopted FY 2004	FY 2004 Changes
State-Shared Revenues:				
Income Tax	\$ 52.4	\$ 54.6	\$ 43.4	\$ (11.2)
Sales Tax	39.5	41.4	38.8	(2.6)
Other	<u>21.2</u>	<u>21.7</u>	<u>23.0</u>	<u>1.3</u>
State-Shared Sub-Total	113.1	117.7	105.2	(12.5)
City Revenues:				
Sales Tax	166.3	174.6	168.2	(6.4)
Primary Property Tax	4.6	3.9	4.9	1.0
Other *	<u>91.0</u>	<u>96.1</u>	<u>100.9</u>	<u>4.8</u>
City Sub-Total	261.9	274.6	274.0	(0.6)
Brought Forward	15.3	1.6	9.0	7.4
Total	\$ 390.3	\$ 393.9	\$ 388.2	\$ (5.7)
Deficit	\$ -0-	\$ 10.0	\$ -0-	\$ (10.0)

*TEAM (Transportation Enterprise Area Management) parking revenues of \$2 million have been recategorized from General Purpose Funds to Restricted Funds.

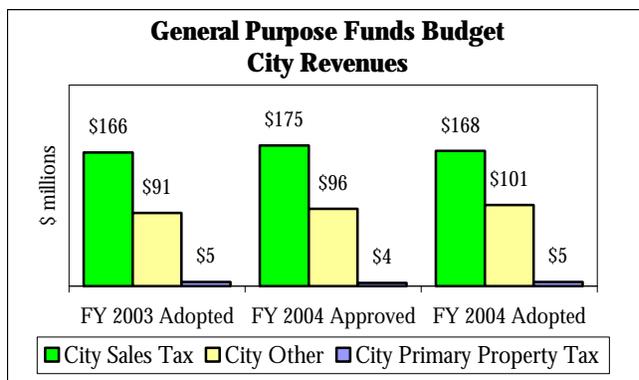
Revenue Changes – General Purpose Funds Budget

Following are brief explanations of the revenue differences between the Fiscal Year 2004 Adopted Budget and the Fiscal Year 2004 Approved Budget. For more detail, see Section E.



most significant component of that decrease is a loss of \$11.2 million in state-shared income taxes. State-shared income taxes are based on state income tax revenue from two years earlier, which was during the most severe period of the economic downturn. State-shared sales taxes are projected to be \$2.6 million less than in the Fiscal Year 2004 Approved Budget, offset by an increase of \$1.3 million in other state-shared revenues (auto lieu tax and lottery proceeds).

The state-shared revenue estimates for Fiscal Year 2004 assume that there will be no changes to the state's distribution formulas. No changes have been proposed to date, but the city will continue to monitor the state's budget balancing process.



State-Shared Revenues. Annually, the State of Arizona distributes a portion of its revenue receipts to cities and counties. The state-shared revenues that are used by the city for general purposes are state income tax, state sales tax, state auto lieu tax, and lottery proceeds. These revenues account for 27% of the General Purpose Funds Budget.

For the Fiscal Year 2004 Adopted Budget, state-shared revenues are projected at \$105.2 million. The decrease of \$12.5 million is 11% less than in the approved budget for Fiscal Year 2004. The

City Revenues. City-generated revenues account for 71% of the General Purpose Funds Budget. The total of \$274 million for the Fiscal Year 2004 Adopted Budget is a decrease of \$0.6 million.

Most of the city-generated revenue for the General Purpose Funds Budget comes from the city's sales tax (business privilege tax). For Fiscal Year 2004, these receipts are estimated at \$168.2 million. Due to the economic slowdown, that amount is \$6.4 million less than in the Fiscal Year 2004 Approved Budget.

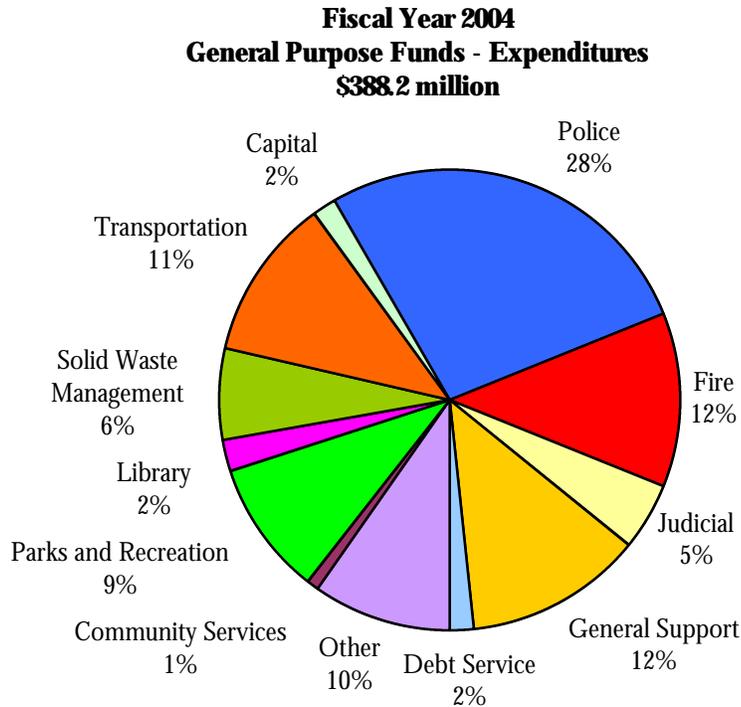
To make up for most of that shortfall, it was recommended that the primary property tax be raised to the maximum. However, the Mayor and Council decided to leave the primary property tax at its 2003 rate, bringing in only \$1 million more. To make up the remaining difference, the Mayor and Council approved a use tax with anticipated receipts of \$4 million and an environmental service fee with anticipated receipts of \$2.9 million.

Brought Forward. This category accounts for 2% of the General Purpose Funds Budget and includes funds carried forward from Fiscal Year 2003 or use of fund balance. For Fiscal Year 2004, the Brought Forward total of \$9 million is an increase of \$7.4 million from the approved budget. A total of \$6.4 million is being carried forward for acquisitions and projects that will not be completed as planned and \$1 million is from prior years.

Deficit. The approved budget for Fiscal Year 2004 was short \$10 million in revenues. For the adopted budget, that amount was brought down to zero.

General Purpose Funds Budget – Where the Money Goes

The General Purpose Funds Budget primarily pays for the operating expenses of basic municipal services. As noted earlier, the General Purpose Funds Budget has decreased by \$15.7 million from the approved budget for Fiscal Year 2004 and \$2.1 million from the Fiscal Year 2003 Adopted Budget.



General Purpose Funds Budget – Expenditures				
(\$ millions)	Adopted FY 2003	Approved FY 2004	Adopted FY 2004	FY 2004 Changes
Police	\$ 101.3	\$ 106.7	\$ 106.2	\$ (0.5)
Fire	47.0	49.9	47.4	(2.5)
Judicial	<u>18.3</u>	<u>19.0</u>	<u>17.8</u>	<u>(1.2)</u>
Public Safety Sub-Total	166.6	175.6	171.4	(4.2)
Transportation	41.7	43.5	44.0	0.5
Community Services	3.0	4.0	3.7	(0.3)
Parks and Recreation	38.0	39.2	36.4	(2.8)
Solid Waste Management	25.5	24.9	24.3	(0.6)
Library	9.7	10.2	8.9	(1.3)
General Support	50.6	51.8	48.2	(3.6)
Debt Service	7.0	8.1	6.5	(1.6)
Other	<u>40.6</u>	<u>41.3</u>	<u>37.9</u>	<u>(3.4)</u>
Operating Budget	382.7	398.6	381.3	(17.3)
Capital Budget	<u>7.6</u>	<u>5.3</u>	<u>6.9</u>	<u>1.6</u>
Total	\$ 390.3	\$ 403.9	\$ 388.2	\$ (15.7)
% Change		3%	(4%)	

Expenditure Changes – General Purpose Funds Budget

Changes by department or department category, from the Fiscal Year 2004 Approved Budget to the Fiscal Year 2004 Adopted Budget, are briefly noted below. Generally, department changes are a combination of reductions to balance the budget and deferral of employee pay increases in Fiscal Year 2004, which are offset by increased pension and health insurance costs. For more detail, see the individual department pages in Section B.

Operating Budget Changes

Police. The department's reduction of \$0.5 million includes \$1.3 million in cuts to balance the budget. The deferral of employee pay increases further reduced the budget by \$3 million. Reductions in charges from support departments contributed \$1 million. These reductions were offset by \$3.6 million in increased pension and health insurance costs, an additional \$1 million for jail board costs, and \$0.2 million in funds carried forward.

Fire. Fire's reduction of \$2.5 million is partially due to cuts to balance the budget of \$1.8 million, primarily due to delayed opening of a new fire station and deferring fire apparatus replacement. The remaining \$0.7 million reduction is net of adjustments in employee pay and increased pension and health insurance costs.

Judicial. This category includes City Court, City Attorney, and Office of the Public Defender. The reduction of \$1.2 million is primarily due to reductions of \$0.9 million to balance the budget, which included the elimination of the Consumer Affairs Division. The remaining \$0.3 million reduction is net of adjustments in employee pay and increased pension and health insurance costs.

Transportation. The department's increase of \$0.5 million from the approved Fiscal Year 2004 budget is due to several components. Budget balancing cuts total \$3 million and position transfers to other departments contributed another \$0.4 million. These decreases are offset by additional funds of \$1.5 million for enhanced Van Tran service, \$1.3 million in funds carried forward, and \$1.1 million transferred from the capital budget for accounting purposes.

Community Services. Community Services' reduction of \$0.3 million is primarily due to budget balancing cuts of \$0.2 million. The remaining \$0.1 million reduction is net of adjustments in employee pay and increased pension and health insurance costs.

Parks and Recreation. The department's reduction of \$2.8 million is due to cuts of \$1.9 million to balance the budget, which includes \$1.3 million in services such as leisure classes and maintenance of parks and equipment used by the public. The remaining \$0.9 million reduction is net of adjustments in employee pay and increased pension and health insurance costs.

Solid Waste Management. Solid Waste's reduction of \$0.6 million is primarily due to cuts to balance the budget. An increase of \$0.9 million for the Tucson Clean Program is offset by a net reduction from deferring employee pay adjustments and increasing pension and health insurance costs. The increase in the Tucson Clean Program will fund enhanced services such as more neighborhood and homeless camp cleanups.

Library. The department's reduction of \$1.3 million is due to cuts to balance the budget of \$0.4 million, mostly due to delayed opening of new libraries, and the transfer of \$0.7 million to county funding. The remaining \$0.2 million reduction is primarily net of deferring employee pay adjustments and increased pension and health insurance costs.

General Support. This category includes the City Manager's Office, City Clerk, and support services departments: Budget, Finance, Human Resources, Information Technology, Operations, and Procurement.

This category has a budget decrease of \$3.6 million. Cuts to balance the budget total \$6.7 million. The deferral of employee pay adjustments, partially offset by increased pension and health insurance costs, reduced the budget an additional \$0.7 million. These reductions are offset by increases totaling \$3.8 million: fewer charge-outs to line departments (+\$2.2 million), funds carried forward (+\$1.2 million), and miscellaneous other changes (+\$0.4 million).

Debt Service. The debt service reduction of \$1.6 million is due to cuts to balance the budget of \$0.6 million and the rescheduling of capital projects based on project schedules for \$1 million.

Other. All remaining departments and offices are included in this category: Mayor and Council, Development Services, Environmental Management, Comprehensive Planning Task Force, Neighborhood Resources, Economic Development, Tucson Convention Center, Tucson City Golf, Independent Police Auditor, Zoning Examiner, Tucson-Mexico Trade Office, Intergovernmental Relations, and Non-Departmental.

This category's budget decreased by \$3.4 million. Budget balancing cuts account for \$2.6 million of the decrease. The deferral of employee pay adjustments, partially offset by increased pension and health insurance costs, further reduced the budget by \$3 million. These reductions are offset by an additional \$0.9 million for the Metropolitan Tucson Convention and Visitors Bureau, \$1 million due to the transfer of positions to the Comprehensive Planning Task Force from other departments, and \$0.3 million in other miscellaneous changes.

Capital Budget Changes

There is an increase of \$1.6 million for capital projects, which is primarily due to \$3.3 million in funds carried forward for projects that will not be completed in Fiscal Year 2003. That increase is offset by reductions to Back to Basics (-\$0.5 million), the transfer of funds to the operating budget for accounting purposes (-\$0.6 million), and the completion and rescheduling of projects (-\$0.6 million).

ALL FUNDS BUDGET

The All Funds Budget includes all funding sources: general purpose funds and restricted funds.

The All Funds Budget adopted for Fiscal Year 2004 totals \$957.8 million, an increase of \$77.9 million over the approved budget: \$5.6 million decrease in the operating budget and \$83.5 million increase in the capital budget due primarily to funds carried forward for projects from Fiscal Year 2003.

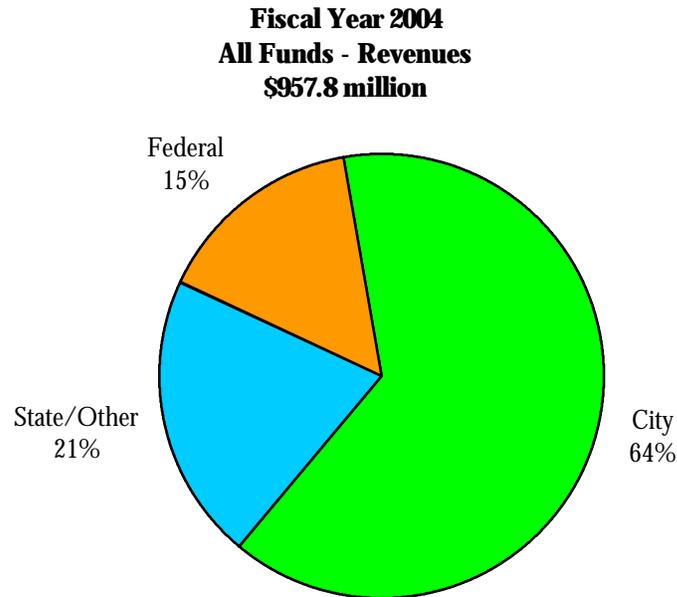
All Funds Budget Appropriation and Funding Source Comparisons				
\$ millions	Adopted FY 2003	Approved FY 2004	Adopted FY 2004	FY 2004 Changes
Operating	\$ 676.9	\$ 701.7	\$ 696.1	\$ (5.6)
Capital	<u>258.6</u>	<u>178.2</u>	<u>261.7</u>	<u>83.5</u>
Total	\$ 935.5	\$ 879.9	\$ 957.8	\$ 77.9
Restricted	\$ 545.2	\$ 476.0	\$ 569.6	\$ 93.6
General Purpose	<u>390.3</u>	<u>403.9</u>	<u>388.2</u>	<u>(15.7)</u>
Total	\$ 935.5	\$ 879.9	\$ 957.8	\$ 77.9

As discussed earlier in this overview, the General Purpose Funds Budget has decreased by \$15.7 million from the approved budget. Therefore, the \$77.9 million increase in the All Funds Budget is from the Restricted Funds Budget, which has increased by \$93.6 million. That increase is primarily due to restricted funds carried forward for capital projects that will not be completed as planned.

All Funds Budget – Where the Money Comes From

The city's budget has three sources of funding: (1) revenues generated by the city, (2) grants and contributions from state and other local agencies, and (3) federal grants. All federal revenues are restricted. City and state/other revenues are a mix of restricted funds and general purposes funds.

City funds account for 64% of revenues. State funds account for 21% of revenues. Federal funds account for the remaining 15% of revenues.

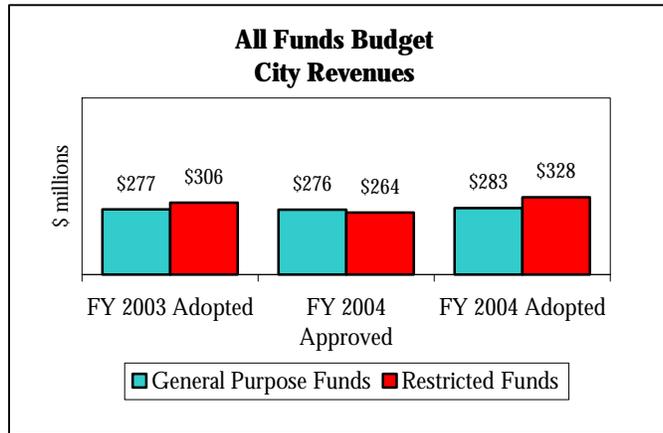


All Funds Budget – Sources of Revenues				
(\$ millions)	Adopted FY 2003	Approved FY 2004	Adopted FY 2004	FY 2004 Changes
City	\$ 582.6	\$ 539.7	\$ 611.2	\$ 71.5
State/Other	216.6	206.7	201.1	(5.6)
Federal	<u>136.3</u>	<u>123.5</u>	<u>145.5</u>	<u>22.0</u>
Total	\$ 935.5	\$ 869.9	\$ 957.8	\$ 87.9
Deficit	-0-	10.0	-0-	(10.0)

Revenue Changes – All Funds Budget

Following are brief explanations of the revenue differences between the Fiscal Year 2004 Adopted Budget and the Fiscal Year 2004 Approved Budget. For more detail, see Sections B and E.

City Revenues. Most of the increase in the Fiscal Year 2004 Adopted Budget comes from city-generated revenues, which total \$611.2 million or an increase of \$71.5 million over the approved budget.

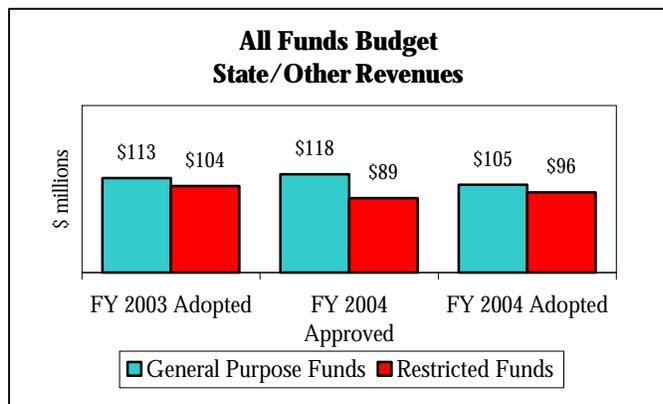


Most of that increase is from a \$64.5 million increase in city-generated restricted funds, which is primarily due to carryforward of \$57.8 million from bond funds, enterprise funds, non-bond debt funds, and reserves for capital projects that will not be completed as planned in the approved budget. The approved increase in Tucson Water connection fees added another \$6.5 million. The remaining \$0.2 million is from miscellaneous other restricted sources.

City-generated general purpose funds increased by \$6.9 million. An anticipated reduction in city sales tax of \$6.4 million is offset by an increase in primary property tax revenues of \$1 million and

new revenues including \$2 million from a new environmental fee, \$4 million from a new use tax, and \$7.3 million in brought forward funds. Other city revenues had a net decrease of \$1 million.

State/Other Revenues. Revenues from the state and other local agencies total \$201.1 million for Fiscal Year 2004 or a decrease of \$5.6 million from the approved budget.



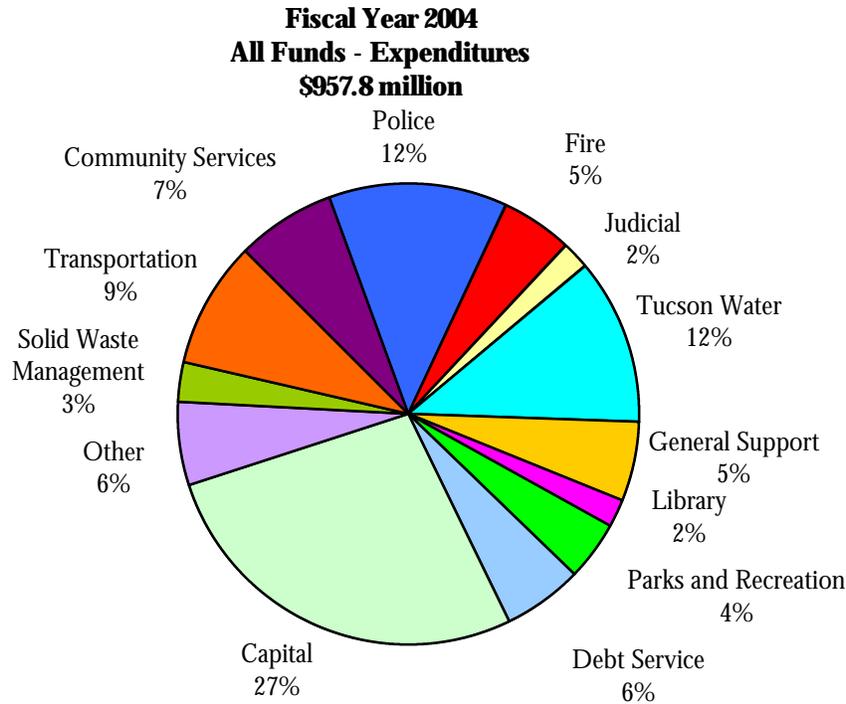
That decrease is primarily due to a decrease of \$12.5 million in general purpose funds. State-shared income tax receipts are expected to decline by \$11.2 million and state-shared sales tax receipts by \$2.6 million. Those reductions are offset by increases from state-shared auto lieu taxes and lottery proceeds totaling \$1.3 million.

There is an increase of \$6.9 million in restricted funds from state and other local agencies, primarily from funds carried forward.

Federal Revenues. All federal funds are restricted. Federal revenues total \$145.5 million in the adopted budget for Fiscal Year 2004 or an increase of \$22 million over the approved budget. The increase is primarily due to carryforward of \$18.1 million for capital projects that will not be completed as planned in the approved budget. The remaining \$3.9 million increase results from the rescheduling of federal grant-funded projects.

All Funds Budget – Where the Money Goes

The All Funds Budget contains funding for all operating budget and capital budget expenditures (except for non-city funds in improvement district projects). The \$77.9 million increase in the All Funds Budget is primarily attributable to capital budget expenditures, which increased by \$83.5 million. The operating budget decreased \$5.6 million.



All Funds Budget – Expenditures				
(\$ millions)	Adopted FY 2003	Approved FY 2004	Adopted FY 2004	FY 2004 Changes
Police	\$ 113.9	\$ 118.9	\$ 118.7	\$ (0.2)
Fire	47.8	50.4	47.9	(2.5)
Judicial	19.5	20.3	19.2	(1.1)
Public Safety Sub-Total	181.2	189.6	185.8	(3.8)
Tucson Water	103.3	109.3	111.3	2.0
Transportation	75.5	77.9	91.4	13.5
Community Services	67.8	66.9	66.6	(0.3)
Parks and Recreation	39.4	40.6	38.5	(2.1)
Solid Waste Management	25.9	25.3	24.7	(0.6)
Library	20.4	21.3	19.8	(1.5)
General Support	53.2	55.4	52.0	(3.4)
Debt Service	51.3	56.4	52.8	(3.6)
Other	58.9	59.0	53.2	(5.8)
Operating Budget	676.9	701.7	696.1	(5.6)
Capital Budget	258.6	178.2	261.7	83.5
Total	\$ 935.5	\$ 879.9	\$ 957.8	\$ 77.9
% Change		(6%)	9%	

Expenditure Changes – All Funds Budget

Following are brief explanations of the expenditure differences between the Fiscal Year 2004 Adopted Budget and the Fiscal Year 2004 Approved Budget. All department budget changes include reductions due to deferring employee salary increases, which are partially offset by increased pension costs. For more detail, see the individual department pages in Section B.

Operating Budget Changes

Police. This department's budget decreased by \$0.2 million. The deferral of employee pay increases reduced the budget by \$2.9 million. Budget balancing cuts further decreased the budget by \$1.3 million. An additional decrease of \$0.8 million resulted from reduced charges from support departments. These decreases are offset by increased pension and health insurance costs of \$3.6 million, additional jail boarding costs of \$1 million, and funds carried forward of \$0.2 million.

Fire. The department's decrease of \$2.5 million is due to \$1.8 million in budget balancing cuts, \$2.1 million savings in employee salary adjustments, and the addition of \$1.4 million for increased pension and health insurance costs.

Judicial. This category includes City Court, City Attorney, and Office of the Public Defender. The reduction of \$1.1 million is primarily due to reductions of \$0.9 million to balance the budget, which includes the elimination of the Consumer Affairs Division. The remaining \$0.2 million reduction is net of adjustments in employee pay and increased pension and health insurance costs.

Tucson Water. The increase of \$2 million in Tucson Water's budget is primarily due to the transfer of \$2.6 million from the capital budget for accounting purposes. Increased health insurance and pension costs added another \$0.4 million. Both these increases are offset by a savings of \$1 million for employee salary adjustments.

Transportation. This department's increase of \$13.5 million has several components. Since all of Transportation's reductions to balance the budget (\$3 million) were transfers from the General Purpose Funds Budget to the Restricted Funds Budget, they have no net impact on the All Funds Budget. Funds carried forward increased the budget by \$7 million. Costs transferred from the capital budget for accounting purposes added \$5.6 million. Increased service hours for Van Tran added another \$1.5 million. The deferral of employee pay adjustments and other miscellaneous changes offset those increases by \$0.6 million.

Community Services. Community Services' decrease of \$0.3 million is primarily due to budget balancing cuts of \$0.2 million. The remaining \$0.1 million reduction is net of adjustments in employee pay and increased pension and health insurance costs.

Parks and Recreation. Most of Parks and Recreation's decrease of \$2.1 million is due to budget balancing cuts of \$1.9 million. The deferral of employee pay increases reduced the budget an additional \$1 million. Revised charges from support departments further reduced the budget by \$0.5 million. These decreases are offset by increased pension and health insurance costs of \$0.5 million, the transfer of grant capacity of \$0.7 million from the capital budget for accounting purposes, and funds carried forward of \$0.1 million.

Solid Waste Management. Solid Waste's reduction of \$0.6 million is primarily due to cuts to balance the budget. An increase of \$0.9 million for the Tucson Clean Program is offset by a net reduction from deferring employee pay adjustments and increasing pension and health insurance costs. The increase in the Tucson Clean Program will fund enhanced services such as more neighborhood and homeless camp cleanups.

Library. This department's budget decreased by \$1.5 million. Reductions to balance the budget include \$0.4 million of city general purpose funds and a matching \$0.4 million in county funds. The deferral of employee pay increases and miscellaneous adjustments reduced the budget an additional \$1.1 million. Increases totaling \$0.4 million from pension and health insurance costs and the addition of 4 positions during Fiscal Year 2003 offset these reductions.

General Support. This category includes the City Manager's Office, City Clerk, and the support services departments: Budget, Finance, Human Resources, Information Technology, Operations, and Procurement.

This category has a budget decrease of \$3.4 million. Cuts to balance the budget total \$6.7 million. The deferral of employee pay increases reduced the budget an additional \$1.5 million. These reductions are offset by increases totaling \$4.8 million: fewer charge-outs to line departments (+\$2.2 million), funds carried forward (+\$1.2 million), increased pension and health insurance costs (+0.8 million), and miscellaneous other changes (+\$0.6 million).

Debt Service. The Debt Service budget includes those debt payments made by the general taxpayer; debt repayment for utilities (Tucson Water and Tucson City Golf) is excluded because service users pay it. The Debt Service budget decrease of \$3.6 million is due to \$0.6 million from budget cuts and \$3 million in savings from the refunding of existing bond debt and the rescheduling of debt financing for capital projects.

Other. All remaining departments and offices are included in this category: Mayor and Council, Development Services, Environmental Management, Comprehensive Planning Task Force, Neighborhood Resources, Economic Development, Tucson Convention Center, Tucson City Golf, Independent Police Auditor, Zoning Examiner, Tucson-Mexico Trade Office, Intergovernmental Relations, and Non-Departmental.

This category's budget decreased by \$5.8 million. Budget balancing cuts account for \$2.6 million of the decrease, and the deferral of employee pay increases and other miscellaneous changes further reduced the budget by \$3.4 million. Miscellaneous budget capacity was reduced by \$2 million. These reductions are offset by increased pension costs of \$0.3 million, an additional \$0.9 million for the Metropolitan Tucson Convention and Visitors Bureau, and \$1 million due to the transfer of positions to the Comprehensive Planning Task Force.

Capital Budget Changes

The capital budget increase of \$83.5 million is primarily due to funds carried forward from Fiscal Year 2003 for projects that will not be completed (+\$87.1 million). An offsetting decrease of \$3.6 million is primarily due to the transfer of budget capacity to the operating budget and the completion and rescheduling of projects.

State-Set Expenditure Limit

Tucson, like all Arizona cities, is subject to a spending limit imposed by the state constitution. For revenues that are subject to the limitation, the Mayor and Council's adopted budget cannot exceed the expenditure limitation regardless of how much money may be available. Excluded from the limitation are funding sources such as bond proceeds and related debt service, interest earnings, and federal grants.

(\$ millions)	Adopted FY 2003	Adopted FY 2004
Budgeted Expenditures	\$ 935.5	\$ 957.8
Less Exclusions	(431.5)	(443.0)
Subject to Spending Limit	\$ 504.0	\$ 514.8
EEC Official Limit	\$ 501.0	\$ 516.0
EEC Adjusted Limit	\$ 535.1 ¹	N/A
Under/(Over) Official Limit	\$ (3.0)	\$ 1.2
Under/(Over) Adjusted Limit	\$ 31.1	N/A

¹For Fiscal Year 2003, the state granted a one-time adjustment to all cities. If the city expends over the official but under the adjusted limit, the penalty will be \$100.

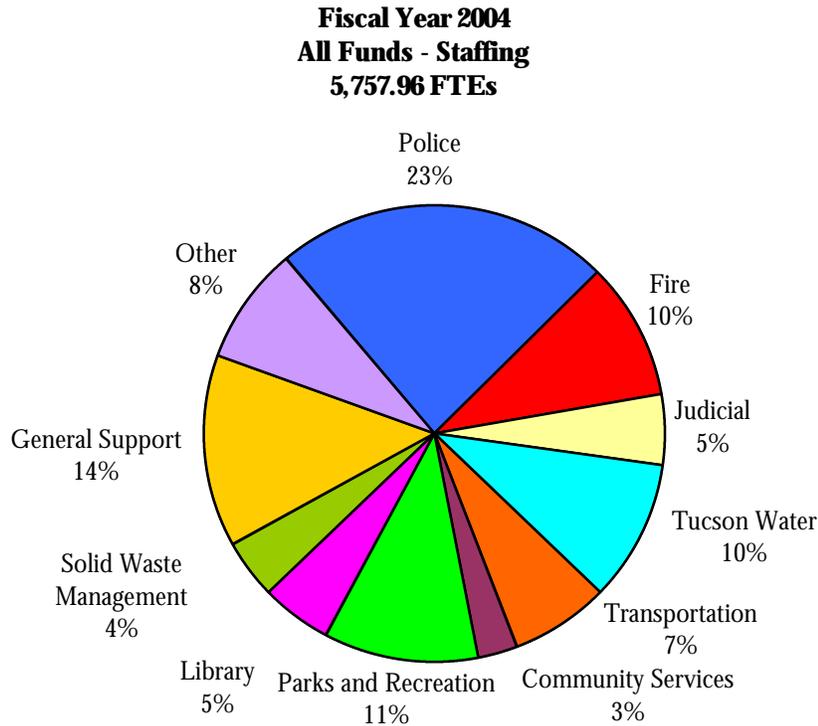
Each year the spending limit is set by the state's Economic Estimates Commission (EEC), which takes into consideration annual population growth and inflation.

Cities are allowed to override the EEC spending limit only with prior approval of the voters. In 1987, the voters of Tucson authorized an override of \$46.9 million for public safety, recreation, and transportation services. With this override, the city has been able to stay under the state-set spending limit.

For Fiscal Year 2004, the adopted budget is under the state's official spending limit by \$1.2 million.

STAFFING

The number of city employees in the adopted budget for Fiscal Year 2004 totals 5,757.96, a decrease of 123.5 full-time equivalent (FTE) positions from the approved budget. The reduction in positions is primarily due to 138.5 positions eliminated to balance the budget. The position reductions to balance the budget are offset by 12 positions that were added during Fiscal Year 2003 and 3 positions added to Fiscal Year 2004 for customer support of the Tucson Clean Program.



All Funds - Staffing				
	Adopted FY 2003 FTEs	Approved FY 2004 FTEs	Adopted FY 2004 FTEs	FY 2004 Changes
Police	1,356.00	1,354.50	1,352.50	(2.00)
Fire	572.00	593.00	572.00	(21.00)
Judicial	<u>283.80</u>	<u>283.80</u>	<u>275.80</u>	<u>(8.00)</u>
Public Safety Sub-Total	2,211.80	2,231.30	2,200.30	(31.00)
Tucson Water	590.00	590.00	589.00	(1.00)
Transportation	399.50	399.50	393.50	(6.00)
Community Services	157.00	155.00	153.00	(2.00)
Parks and Recreation	665.00	665.00	633.75	(31.25)
Solid Waste Management	236.00	236.00	237.00	1.00
Library	287.75	302.75	286.75	(16.00)
General Support	801.91	821.41	784.91	(36.50)
Other	<u>480.50</u>	<u>480.50</u>	<u>479.75</u>	<u>(0.75)</u>
Total	5,829.46	5,881.46	5,757.96	(123.50)
% Change		1%	(2%)	

Positions Eliminated to Balance the Budget

During the budget balancing process, the goals were to make permanent cuts and to keep public service reductions to a minimum. Seventy-three percent (73%) of the positions eliminated are from permanent cuts, and only 19% of the total are in public service cuts. The following table groups the nature of the position cuts for each department or department category. Employees in the eliminated positions were transferred to other vacant positions to avoid layoffs.

Summary of Positions Eliminated to Balance the Budget						
	Program Reductions	One-time	Internal Service	Org & Process	Other	Total
Police				2.00		2.00
Fire		21.00				21.00
Judicial	7.00			1.00		8.00
Community Services	2.00					2.00
Parks	27.25			4.00		31.25
Library		15.00		5.00		20.00
Solid Waste		2.00				2.00
General Support			34.50	6.00		40.50
Other				6.75	5.00	11.75
Total	36.25	38.00	34.50	24.75	5.00	138.50

Staffing Changes – All Funds Budget

The changes in positions by department or department category, from the Fiscal Year 2004 Approved Budget to the Fiscal Year 2004 Adopted Budget, are briefly noted below. For more detail, see the individual department pages in Section B.

Police. Two positions were eliminated as part of the budget balancing process: a personnel manager and a graphic arts specialist. Ten administrative commissioned officer positions remain authorized, but are unfunded.

Fire. Twenty-one positions to staff a new fire station have been delayed until Fiscal Year 2005, when the facility is now scheduled to open.

Judicial. This category includes City Attorney, City Court, and the Office of the Public Defender. Due to the elimination of the Consumer Affairs Division as a budget balancing cut, the City Attorney's staff is reduced by seven positions. One administrative assistant position in City Court has also been eliminated.

Tucson Water. One position in Tucson Water was transferred to the Comprehensive Planning Task Force during Fiscal Year 2003.

Transportation. Six positions were transferred out of Transportation during Fiscal Year 2003: two positions to Development Services and four positions to the Comprehensive Planning Task Force.

Community Services. Two positions, which provide support for grant-funded programs, were eliminated as part of the budget balancing process.

Parks and Recreation. Of the total 31.25 positions eliminated to balance the budget, 16.50 are permanent positions and 14.75 are non-permanent, seasonal positions. Positions providing direct service to the public account for 19.25 of the total positions eliminated.

Solid Waste Management. This department has a net increase of one position. Two positions were eliminated to balance the budget: one landfill operator and one recycling educator. Three positions were added for customer support of the Tucson Clean Program.

Library. Twenty positions were eliminated during the budget balancing process. Fifteen of those positions have been delayed until Fiscal Year 2005, when the Midtown and the Quincie Douglas Libraries are now scheduled to open. Five other positions were reduced due to the use of patron self-checkout equipment. These reductions are offset by four positions that were added during Fiscal Year 2003.

General Support. This category includes the City Manager's Office, City Clerk, and support services departments: Budget, Finance, Human Resources, Information Technology, Operations, and Procurement.

Of the 36.5 position reduction in the General Support category, 40.5 positions were eliminated to balance the budget. These reductions are offset by four positions added during Fiscal Year 2003.

Other. All remaining departments and offices are included in this category: Mayor and Council, Development Services, Environmental Management, Comprehensive Planning Task Force, Neighborhood Resources, Economic Development, Tucson Convention Center, Tucson City Golf, Independent Police Auditor, Zoning Examiner, Tucson-Mexico Trade Office, Intergovernmental Relations, and Non-Departmental.

The net reduction for this category is 0.75 positions: 11 positions added during Fiscal Year 2003 (transferred from other departments) and 11.75 positions eliminated to balance the budget.

CITIZEN IMPACTS

Changes to the City's "Bill for Services"

The cost impact to the typical homeowner from the Fiscal Year 2004 Adopted Budget will be approximately \$2.30 per month. Most of the increase comes from the approved \$2.00 per month environmental service fee that will fund the Tucson Clean Program. The remaining \$0.30 is for an increase in the secondary property tax for repayment of general obligation bonds authorized by the voters.

City "Bill for Services" for the Typical Homeowner¹

	FY 2003	FY 2004	Changes
City Property Taxes ¹	\$ 112.02	\$ 115.69	\$ 3.67
City Sales Tax ²	349.80	349.80	-0-
Environmental Fee	-0-	24.00	24.00
Tucson Water ³	<u>216.84</u>	<u>216.84</u>	<u>-0-</u>
Annual Total	\$ 678.66	\$ 706.33	\$ 27.67
Per Month	\$ 56.56	\$ 58.86	\$ 2.30

¹Typical Homeowner Definition: Owner-occupied residence with an assessed value of \$100,000.

²Assumes an average income of \$36,000 with approximately 53% of net income (after federal and state income taxes) spent on taxable purchases based on U.S. Department of Labor Consumer Expenditure Survey.

³The water bill figures assume a single-family residence with 12 Ccf usage per month. Because the Mayor and Council approved the System Equity Fee, there will be no water commodity rate increases for Fiscal Year 2004.

City Property Taxes. The city imposes two taxes on the assessed value of property within the city limits: (1) a primary property tax for general purposes and (2) a secondary property tax to pay off general obligation bond debt.

Primary Property Tax: The estimated primary property tax rate for the Fiscal Year 2004 Adopted Budget is \$0.2089 per \$100 of assessed valuation, the same rate as Fiscal Year 2003.

Secondary Property Tax: The estimated secondary property tax rate for the Fiscal Year 2004 Adopted Budget is \$0.9480 per \$100 of assessed valuation, an increase of \$0.0367. This increase is due to the estimated debt service payments on a new general obligation bond sale for the bond authorization approved by the voters in May 2000.

City of Tucson Property Tax Comparisons			
	Actual FY 2003	Estimated FY 2004	Changes
Rate Changes			
Primary	\$ 0.2089	\$ 0.2089	\$ -0-
Secondary	<u>0.9113</u>	<u>0.9480</u>	<u>0.0367</u>
Total	\$ 1.1202	\$ 1.1569	\$ 0.0367
Tax Bill Changes*			
Primary Property Tax	\$ 20.89	\$ 20.89	\$ -0-
Secondary Property Tax	<u>91.13</u>	<u>94.80</u>	<u>3.67</u>
Total	\$ 112.02	\$ 115.69	\$ 3.67
% Change		3%	
*Owner-occupied home with an assessed valuation of \$100,000.			

City Sales Tax. The Tucson City Charter authorizes a sales tax on many business transactions within the city. However, certain transactions, such as food purchased for home consumption and rent collected on residential units, are exempted from the city sales tax. City sales tax collections can be used for any general purpose.

There is no change to the current city sales tax rate of 2% in the adopted budget for Fiscal Year 2004.

Charges for Services. There are several charges for services that were approved for an increase. However, not all of them directly impact the general public; e.g., zoning, court administration, and parks fee increases. For example, parks fee increases impact only citizens who use the Parks and Recreation Department's programs and services.

The charges for service that affect the majority of Tucson residents are briefly noted below: environmental service fee and water commodity rates.

Environmental Service Fee: \$2.00 per month

This new fee will be assessed against all residential households, including multiple-dwellings up to four-plexes and mobile homes. The fee will appear on the Tucson Water bill of these residential households. Projected revenues from this fee total \$2.9 million. The revenue from the fee will support the Department of Solid Waste Management's Tucson Clean Program. Service level enhancements will include increasing the maximum setout per household from 5 cubic yards to 10 cubic yards and improving responsiveness to neighborhood cleanups, illegal dump cleanups, and homeless camp cleanups.

Water Commodity Rates: no change

Tucson Water's Financial Plan for Fiscal Year 2004 includes revenues from the System Equity Fee for new connections to the water system. Because the Mayor and Council approved the fee, there will be no increases to the current water commodity rates for Fiscal Year 2004.

Section B

Adopted Changes

TRANSPORTATION



DOWNTOWN



GROWTH



GOOD GOVERNMENT

ECONOMIC DEVELOPMENT

NEIGHBORHOODS



Section B - Adopted Changes

This section of the budget identifies the changes to the Fiscal Year 2004 budget for the original approved amounts. The changes are organized as follows:

Revenue Adjustments to the Fiscal Year 2004 Budget.....	B-2
Expenditure Adjustment to the Fiscal Year 2004 Budget.....	B-5
Position Changes to the Fiscal Year 2004 Budget.....	B-55

Within each part of this section, revenue, expenditure, and position, the changes are grouped by adjustments to balance the budget and other changes to the budget.

Revenue Adjustments to the Fiscal Year 2004 Budget

	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Primary Property Tax	\$ 3,864,260	\$ 4,904,190	\$ 1,039,930
Secondary Property Tax	22,907,710	23,055,320	147,610
Business Privilege Tax (City Sales Tax)	174,644,500	168,200,000	(6,444,500)
Other Local Taxes	18,526,990	23,776,380	5,249,390
Licenses and Permits	16,461,710	16,161,260	(300,450)
Fines, Forfeitures, and Penalties	8,347,600	10,458,200	2,110,600
Use of Money and Property	7,764,710	5,505,200	(2,259,510)
State Income Tax (State Revenue Sharing)	54,601,440	43,388,700	(11,212,740)
State Sales Tax	41,457,200	38,833,000	(2,624,200)
Highway User Revenue Funds	47,203,130	47,203,130	-0-
Other Shared Taxes and Grants	61,008,170	62,480,230	1,472,060
Federal Grants	123,453,670	145,544,370	22,090,700
Charges for Services	49,638,520	50,792,960	1,154,440
Non-Revenue Receipts	10,992,480	8,731,980	(2,260,500)
Enterprise Funds			
Golf	10,710,220	12,109,530	1,399,310
Water	125,666,000	132,166,320	6,500,320
Capital Funds (Bonds)	73,458,000	101,852,000	28,394,000
Certificates of Participation	12,222,000	23,723,800	11,501,800
Brought Forward and Use of Fund Balance	6,953,830	38,906,450	31,952,620
Total	\$ 869,882,140	\$ 957,793,020	\$ 87,910,880

Discussion of Major Revenue Adjustments

	Change
Revenue Increases to Balance the Budget	
Primary Property Tax	\$ 1,039,930
<p>The primary property tax remains at the FY 2003 rate of 20.89 cents. Projected revenues will increase from the approved FY 2004 amount, because the original FY 2004 rate was assumed to be lower than FY 2003.</p>	
Other Local Taxes	6,444,080
<p>A use tax has been added for FY 2004 with a projected revenue of \$4,000,000 and an increase in the transient occupancy tax from 4% to 6% provides \$2,368,200.</p> <p>An increase in the liquor license fee adds \$75,880.</p>	
Fines, Forfeitures, and Penalties	2,200,000
<p>A combination of improved collection rates and higher fines, including a new administrative fee, are anticipated to increase revenues.</p>	

Revenue Adjustments to the Fiscal Year 2004 Budget

Revenue Increases to Balance the Budget (Continued)	Change
Other Shared Taxes and Grants An increase in the Pima County library tax rate is included to avoid service reductions in Library.	\$ 736,490
Charges for Services	
Increases in Solid Waste Management fees include a Tucson Clean Program fee of \$2.00 a month (\$2,916,000) and increases in commercial collection charges (\$300,000).	3,216,000
Development review and inspection and zoning fees have been increased to improve cost recovery.	714,000
An increase in Parks and Recreation fees was adopted. This is significantly less than the amount required to reach 30% cost recovery in five years. These revenues result in a cost recovery rate consistent with Fiscal Year 2003.	978,900
Other increases include Tucson Convention Center (TCC) space rental, Sun Tran bus wrap advertising, and Tucson-Mexico Trade Office fees.	530,000
Brought Forward and Use of Fund Balance The sale of the A-7 Ranch is anticipated to fund debt service requirements until the city can pay off debt.	285,730
Total Revenue Increases to Balance the Budget	\$ 16,145,130
Other Revenues Changes	
Secondary Property Tax The secondary property tax is adjusted based on general obligation bond sales.	\$ 147,610
Business Privilege Tax (City Sales Tax) Projected revenues have been reduced based on the extended economic recession in Arizona and the economic uncertainties at the national level.	(6,444,500)
Other Local Taxes Projected tourism revenues have been reduced based on economic uncertainties. This change is prior to the adopted transient occupancy tax increase.	(1,194,690)
Licenses and Permits Miscellaneous revenue reductions.	(300,450)
Fines, Forfeitures, and Penalties Miscellaneous parking revenue reductions.	(89,400)
Use of Money and Property Most of this decrease is the result of continued low investment income (\$2,190,000) as well as lower parking and other rental income.	(2,259,510)

Revenue Adjustments to the Fiscal Year 2004 Budget

Other Revenues Changes (Continued)	Change
State Income Tax (State Revenue Sharing) As with the city sales tax, projected revenues have been reduced based on the extended economic recession in Arizona.	\$ (11,212,740)
State Sales Tax As with the city sales tax, projected revenues have been reduced based on the extended economic recession in Arizona.	(2,624,200)
Other Shared Taxes and Grants The auto-lieu tax and state grants are projected to increase.	735,570
Federal Grants Grants used to fund capital projects will increase based on the implementation of those projects.	22,090,700
Charges for Services Revised projections of revenues from users of city services prior to any fee increases were lower in the Fire Department's emergency medical transport, Parks and Recreation, and Solid Waste Management.	(4,284,460)
Non-Revenue Receipts One-time recovered expenditures are projected to be lower.	(2,260,500)
Enterprise Funds - Golf One-time funding for Trini Alvarez Golf Course renovations of \$1,610,000 less miscellaneous revenue reductions.	1,399,310
Enterprise Funds - Water A new connection fee has been approved in place of a rate increase.	6,500,320
Capital Funds (Bonds) Implementation of the 2000 bond authorization will result in an increase in the use of general obligation and street and highway bonds.	28,394,000
Certificates of Participation (COPs) Implementation of capital improvements such as the Emergency Communication System and Facility will result in an increase in the use of COPs.	11,501,800
Brought Forward and Use of Fund Balance The increase in these funds is primarily due to the carryforward of capital projects and the use of the environmental mandate reserve on one-time capital projects.	31,666,890
Total Other Revenue Changes	\$ 71,765,750
Total Revenue Changes	\$ 87,910,880

Expenditure Adjustments to the Fiscal Year 2004 Budget

	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Operating			
Elected and Official			
Mayor and Council	\$ 2,862,120	\$ 2,745,000	\$ (117,120)
City Manager	2,279,200	2,040,770	(238,430)
City Clerk	4,767,010	4,694,190	(72,820)
City Attorney	7,613,780	7,082,050	(531,730)
Sub-Total	17,522,110	16,562,010	(960,100)
Neighborhood Services			
City Court	10,275,780	9,753,570	(522,210)
Community Services	66,909,020	66,653,980	(255,040)
Fire	50,443,740	47,943,140	(2,500,600)
Library	21,313,100	19,783,980	(1,529,120)
Neighborhood Resources	2,642,710	2,401,930	(240,780)
Parks and Recreation	40,641,150	38,549,650	(2,091,500)
Tucson City Golf	10,118,220	10,060,630	(57,590)
Police	118,870,200	118,688,740	(181,460)
Independent Police Auditor	154,440	155,350	910
Office of the Public Defender	2,361,320	2,333,440	(27,880)
Sub-Total	323,729,680	316,324,410	(7,405,270)
Environment and Development			
Development Services	8,277,560	8,246,110	(31,450)
Comprehensive Planning Task Force	2,970,680	3,972,240	1,001,560
Solid Waste Management	25,265,630	24,714,780	(550,850)
Transportation	77,902,420	91,434,360	13,531,940
Tucson Water	109,347,000	111,343,320	1,996,320
Environmental Management	2,408,370	2,331,410	(76,960)
Historic Preservation Office	344,410	-	(344,410)
Zoning Examiner	165,070	167,500	2,430
Sub-Total	226,681,140	242,209,720	15,528,580
Strategic Initiatives			
Tucson Convention Center	11,528,230	10,880,110	(648,120)
Office of Economic Development	2,115,620	1,748,100	(367,520)
Intergovernmental Relations	541,910	538,190	(3,720)
Tucson-Mexico Trade Office	599,120	485,630	(113,490)
Sub-Total	14,784,880	13,652,030	(1,132,850)

Expenditure Adjustments to the Fiscal Year 2004 Budget

	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Operating (Continued)			
Support Services			
Budget and Research	\$ 2,039,810	\$ 2,023,890	\$ (15,920)
Finance	7,596,200	7,937,630	341,430
Human Resources	3,028,400	2,523,140	(505,260)
Information Technology	11,491,580	11,066,070	(425,510)
Operations	19,988,410	17,937,140	(2,051,270)
Procurement	3,486,340	3,190,160	(296,180)
Equal Opportunity Office	713,170	583,420	(129,750)
Sub-Total	48,343,910	45,261,450	(3,082,460)
Non-Departmental			
Outside Agencies	7,005,690	7,553,340	547,650
General Expense	7,123,200	1,742,820	(5,380,380)
Debt Service	56,356,500	52,751,470	(3,605,030)
Contingency Fund	175,000	46,970	(128,030)
Sub-Total	70,660,390	62,094,600	(8,565,790)
Total Operating	\$ 701,722,110	\$ 696,104,220	\$ (5,617,890)
Capital	178,219,000	261,688,800	83,469,800
Total Budget	\$ 879,941,110	\$ 957,793,020	\$ 77,851,910

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Mayor and Council			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 2,862,120	\$ 2,745,000	\$ (117,120)
Total	\$ 2,862,120	\$ 2,745,000	\$ (117,120)
Staffing Summary			
Permanent	53.00	53.00	-0-
Total Staffing	53.00	53.00	-0-
		Adopted Change	
		Staffing	Budget
General Changes			
Reduction in merit and other salary adjustments			\$ (168,040)
Increase in pension rate from 9.57% to 11.17%			23,820
Increase in employee health insurance benefit costs			33,430
Miscellaneous charges from support departments			(6,330)
Total Changes		-0-	\$ (117,120)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

City Manager			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 2,279,200	\$ 2,033,270	\$ (245,930)
Other Restricted Funding	-0-	7,500	7,500
Department Total	\$ 2,279,200	\$ 2,040,770	\$ (238,430)
Staffing Summary			
Permanent	22.25	19.25	(3.00)
Total Staffing	22.25	19.25	(3.00)
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Administrative Staff		(3.00)	\$ (275,000)
Support staff for City Manager functions and other city departments will be reduced.	<i>Permanent FTE</i>	<i>(3.00)</i>	
Other Reductions			
Eliminate Management Development Training Program			(22,420)
Total Reductions to Balance the Budget		(3.00)	\$ (297,420)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (74,010)
Miscellaneous charges from support departments			(4,850)
Carryforward of grant funds			7,500
Increase in employee health insurance benefit costs			18,320
Increase in pension rate from 9.57% to 11.17%			29,030
Reorganization of staff including transfers to and from other departments			83,000
Total General Changes		-0-	\$ 58,990
Total Changes		(3.00)	\$ (238,430)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

City Clerk			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 4,767,010	\$ 4,694,190	\$ (72,820)
Department Total	\$ 4,767,010	\$ 4,694,190	\$ (72,820)
Staffing Summary			
Permanent	38.50	35.50	(3.00)
Non-permanent	23.00	23.00	-0-
Total Staffing	61.50	58.50	(3.00)
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Mayor and Council Comment Line Automation		(2.00)	\$ (59,270)
Automation of the comment line allows for a reduction of support staff.	<i>Permanent FTE (2.00)</i>		
Reorganization of Clerical Staff		(1.00)	(29,630)
A secretary position has been eliminated by reorganization.	<i>Permanent FTE (1.00)</i>		
Total Reductions to Balance the Budget		(3.00)	\$ (88,900)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (26,190)
Miscellaneous charges from support departments			(8,390)
Increase in pension rate from 9.57% to 11.17%			24,380
Increase in employee health insurance benefit costs			26,280
Total Other General Changes		-0-	\$ 16,080
Total Changes		(3.00)	\$ (72,820)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

City Attorney			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 6,863,210	\$ 6,354,670	\$ (508,540)
Federal Funding	380,220	383,980	3,760
Other Restricted Funding	370,350	343,400	(26,950)
Department Total	\$ 7,613,780	\$ 7,082,050	\$ (531,730)
Staffing Summary			
Permanent	112.00	105.00	(7.00)
Total Staffing	112.00	105.00	(7.00)
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Eliminate the Consumer Affairs Division		(7.00)	\$ (510,540)
The city will no longer provide services to consumers including information, referral, mediation of consumer complaints, and investigation of consumer fraud.	<i>Permanent FTE</i>	(7.00)	
Total Reductions to Balance the Budget		(7.00)	\$ (510,540)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (153,100)
Miscellaneous charges from support departments			(9,340)
Increase in employee health insurance benefit costs			61,960
Increase in pension rate from 9.57% to 11.17%			90,620
Miscellaneous adjustments			(11,330)
Total Other General Changes		-0-	\$ (21,190)
Total Changes		(7.00)	\$ (531,730)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

City Court					
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change		
Financial Summary					
Operating Budget					
General Purpose Funds	\$ 9,735,700	\$ 9,144,510	\$ (591,190)		
Other Restricted Funding	540,080	609,060	68,980		
Total Operating Budget	\$ 10,275,780	\$ 9,753,570	\$ (522,210)		
Capital Budget					
Other Restricted Funding	\$ -0-	\$ 250,000	\$ 250,000		
Total Capital Budget	\$ -0-	\$ 250,000	\$ 250,000		
Department Total	\$ 10,275,780	\$ 10,003,570	\$ (272,210)		
Staffing Summary					
Permanent	138.30	137.30	(1.00)		
Total Staffing	138.30	137.30	(1.00)		
<table style="margin-left: auto; margin-right: 0;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Adopted Change</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Staffing Budget</th> </tr> </thead> </table>				Adopted Change	Staffing Budget
Adopted Change					
Staffing Budget					
Reductions to Balance the Budget					
Funding for Pre-Trial Services			\$ (286,000)		
Individuals arrested and booked in Pima County jail on charges over which Tucson City Court has jurisdiction will no longer be screened by contracted Pima County Pre-Trial Services staff to prepare a pre-trial report. Tucson Police Department reports will provide a majority of the information previously provided by pre-trial services. Possible impacts include increased jail costs and increased caseload for the Public Defender.					
Consolidate Drug and Mental Health Courts			(50,000)		
A single magistrate will hear both types of cases with the cost of the sessions charged to the Court's drug grant.					
Eliminate an Administrative Assistant Position		(1.00)	(35,230)		
Duties will be absorbed by other administrative staff.	<i>Permanent FTE</i>	<i>(1.00)</i>			

**Change from Fiscal Year 2004
Approved to Adopted Budget**

City Court		
	Adopted Change Staffing	Budget
Reductions to Balance the Budget (Continued)		
Other Reductions		
Process server fee funding transferred to Police Department.		(50,000)
Total Reductions to Balance the Budget	(1.00)	\$ (421,230)
Other General Changes		
Reduction in merit and other salary adjustments	\$	(341,110)
Local Judicial Collection Enhancement Fund capacity		75,000
Increase in pension rate from 9.57% to 11.17%		80,200
Increase in employee health insurance benefit costs		95,840
Miscellaneous adjustments		(10,910)
Total Other General Changes	-0-	\$ (100,980)
Capital Budget Changes		
Design funds for demolition of court garage and reinforcing of remaining structure	\$	250,000
Total Capital Budget Changes		\$ 250,000
Total Changes	(1.00)	\$ (272,210)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Community Services			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 3,986,230	\$ 3,731,190	\$ (255,040)
Federal Funding	60,868,510	60,868,510	-0-
Other Restricted Funding	2,054,280	2,054,280	-0-
Total Operating Budget	\$ 66,909,020	\$ 66,653,980	\$ (255,040)
Capital Budget			
Other Restricted Funding	\$ 3,445,000	\$ 2,290,100	\$ (1,154,900)
Total Capital Budget	\$ 3,445,000	\$ 2,290,100	\$ (1,154,900)
Department Total	\$ 70,354,020	\$ 68,944,080	\$ (1,409,940)
Staffing Summary			
Permanent	155.00	153.00	(2.00)
Total Staffing	155.00	153.00	(2.00)
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Program Support Funding	<i>Permanent FTE</i>	(2.00)	\$ (96,000)
General purpose funds that support grant-funded programs have been reduced.			
Homeless Services Funding			(25,000)
Funding assistance to relocate the homeless and related services has been reduced.			
Other Reductions			
Eliminate unallocated Human Services Contingency funding.			(34,000)
Total Reductions to Balance the Budget		(2.00)	\$ (155,000)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (187,250)
Increase in pension rate from 9.57% to 11.17%			106,000
Increase in employee health insurance benefit costs			6,020
Miscellaneous adjustments			(24,810)
Total Other General Changes		-0-	\$ (100,040)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Community Services		
	Adopted Change	
	Staffing	Budget
Capital Budget Changes		
Carryforward from Fiscal Year 2003		\$ 23,200
Adjustments based on project schedules		(1,178,100)
Total Capital Budget Changes	-0-	\$ (1,154,900)
Total Changes	(2.00)	\$ (1,409,940)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Fire			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 49,933,740	\$ 47,433,140	\$ (2,500,600)
Other Restricted Funding	510,000	510,000	-0-
Total Operating Budget	\$ 50,443,740	\$ 47,943,140	\$ (2,500,600)
Capital Budget			
General Obligation Bonds	\$ 5,998,000	\$ 7,645,700	\$ 1,647,700
Other Restricted Funding	-0-	1,543,800	1,543,800
Total Capital Budget	\$ 5,998,000	\$ 9,189,500	\$ 3,191,500
Department Total	\$ 56,441,740	\$ 57,132,640	\$ 690,900
Staffing Summary			
Permanent	593.00	572.00	(21.00)
Total Staffing	593.00	572.00	(21.00)
Adopted Change Staffing Budget			
Reductions to Balance the Budget			
Defer Fire Apparatus Acquisition (one-time) Some apparatus will remain in service beyond its normal replacement, resulting in increased down- time and maintenance costs.			\$ (803,000)
Delay Opening of New Fire Station 20 (one-time) Fire and medical responses in the area to be served by Station 20 will continue to be handled by Stations 5 and 8. This station will not be ready for operation until Fiscal Year 2005 based on anticipated completion of construction.	<i>Permanent FTE</i>	(21.00)	(697,390)
Eliminate Funds for Annual Recruit Class Retirement and other attrition will result in vacancies that cannot be filled. As a result, overtime costs are likely to increase.			(171,150)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Fire	
	Adopted Change Staffing Budget
Reductions to Balance the Budget (Continued)	
Planned Maintenance (one-time)	\$ (70,000)
Delaying preventive maintenance at fire stations and the Public Safety Academy could result in higher costs in the long run and adversely affect the health and safety of personnel.	
Other Reductions	
Purchase of air compressor (one-time)	(37,000)
Phone services	(10,000)
Purchase of safety clothing	(5,500)
Total Reductions to Balance the Budget	(21.00) \$ (1,794,040)
Other General Changes	
Reduction in merit and other salary adjustments	\$ (2,031,630)
Miscellaneous charges from support departments	(138,600)
Operations and maintenance savings due to Aircraft Rescue and Firefighting Facility project cancellation	(33,820)
Increase in pension rate from 9.57% to 11.17%	26,960
Carryforward to Fiscal Year 2004	41,300
Increase in employee health insurance benefit costs	479,210
Increase in fire pension rate from 5.03% to 9.29%	1,000,170
Miscellaneous adjustments	(50,150)
Total Other General Changes	-0- \$ (706,560)
Capital Budget Changes	
Adjustments based on project schedules	\$ (1,066,500)
Carryforward from Fiscal Year 2003	4,258,000
Total Capital Budget Changes	-0- \$ 3,191,500
Total Changes	(21.00) \$ 690,900

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Library			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 10,156,550	\$ 8,944,670	\$ (1,211,880)
Other Restricted Funding	11,156,550	10,839,310	(317,240)
Total Operating Budget	\$ 21,313,100	\$ 19,783,980	\$ (1,529,120)
Capital Budget			
General Obligation Bonds	\$ 820,000	\$ 2,464,000	\$ 1,644,000
Total Capital Budget	\$ 820,000	\$ 2,464,000	\$ 1,644,000
Department Total	\$ 22,133,100	\$ 22,247,980	\$ 114,880
Staffing Summary			
Permanent	247.50	233.50	(14.00)
Non-Permanent	55.25	53.25	(2.00)
Total Staffing	302.75	286.75	(16.00)
Adopted Change			
		Staffing	Budget
Reductions to Balance the Budget (City Funds)			
Delay opening the Midtown Library		(5.00)	\$ (142,540)
Twelve month delay in opening this new library, which will not be ready for operation until Fiscal Year 2005 based on anticipated completion of construction.	<i>Permanent FTE</i>	(4.00)	
	<i>Non-Permanent FTE</i>	(1.00)	
Delay opening the Quincie Douglas Library		(10.00)	(140,010)
Six month delay in opening this new library, which will not be ready for operation until Fiscal Year 2005 based on anticipated completion of construction.	<i>Permanent FTE</i>	(8.00)	
	<i>Non-Permanent FTE</i>	(2.00)	
Automated Check-Out System Savings		(5.00)	(72,460)
The use of new patron self-check equipment has shown that front counter staffing can be reduced. Several systems have been implemented and additional systems are funded for Fiscal Year 2004.	<i>Permanent FTE</i>	(5.00)	
Eliminate a Contracted Technology Service			(26,500)
Funding for a contracted technology service no longer used by the Library will be eliminated with no impact on public service.			

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Library		Adopted Change	
	Staffing		Budget
Reductions to Balance the Budget (City Funds)			
Library District Tax Increase			
Pima County will be requested to raise the Library District tax rate of 21.24 cents (per \$100 of assessed value) by about 1.47 cents to generate enough funding to avoid an additional \$736,490 in reductions required to balance the budget.			
Total Reductions to Balance the Budget (City Funds)	(20.00)	\$	(381,510)
Pima County Share of Reductions to Balance the Budget			\$ (381,510)
Other General Changes			
Reduction in merit and other salary adjustments		\$	(1,040,920)
Miscellaneous charges from support departments			(68,600)
Carryforward from FY 2003			12,000
Increase in pension rate from 9.57% to 11.17%			72,500
Southwest Library Staffing	4.00		147,260
When opened, the Southwest Library branch was initially staffed with employees from other branches.	<i>Permanent FTE</i> 3.00		
This increase provides for the appropriate authorized staffing levels.	<i>Non-Permanent FTE</i> 1.00		
Increase in employee health insurance benefit costs			155,220
Miscellaneous adjustments			(43,560)
Total Other General Changes	4.00	\$	(766,100)
Capital Budget Changes			
Carryforward from Fiscal Year 2003		\$	1,644,000
Total Capital Budget Changes	-0-	\$	1,644,000
Total Changes	(16.00)	\$	114,880

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Neighborhood Resources			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 2,180,310	\$ 1,939,530	\$ (240,780)
Federal Funding	370,000	370,000	-0-
Other Restricted Funding	92,400	92,400	-0-
Total Operating Budget	\$ 2,642,710	\$ 2,401,930	\$ (240,780)
Capital Budget			
General Purpose Funds	\$ 2,625,000	\$ 3,700,000	\$ 1,075,000
Federal Funding	1,275,000	2,820,000	1,545,000
Other Restricted Funding	1,700,000	4,260,000	2,560,000
Total Capital Budget	\$ 5,600,000	\$ 10,780,000	\$ 5,180,000
Department Total	\$ 8,242,710	\$ 13,181,930	\$ 4,939,220
Staffing Summary			
Permanent	21.00	19.00	(2.00)
Total Staffing	21.00	19.00	(2.00)
Reductions to Balance the Budget			
Back to Basics Funding (Capital Budget)			\$ (525,000)
Funding for future rounds of neighborhood/downtown infrastructure improvements has been limited to Community Development Block Grant and Highway User Revenue Funds. This resulted in a decrease to General Purpose funds.			
Administrative Staff		(2.00)	(170,000)
Citizen and neighborhood services administrator positions have been eliminated.			
	<i>Permanent FTE</i>	<i>(2.00)</i>	
Youth Employment Programs			(53,650)
The ability to administer the programs in-house has resulted in a decrease of required funds.			
Other Reductions			
Miscellaneous operating costs			
			(34,000)
Total Reductions to Balance the Budget		(2.00)	\$ (782,650)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Neighborhood Resources		
	Adopted Change	
	Staffing	Budget
Other General Changes		
Reduction in merit and other salary adjustments		\$ (24,600)
Miscellaneous charges from support departments		(3,760)
Increase in employee health insurance benefit costs		13,150
Increase in pension rate from 9.57% to 11.17%		15,380
Miscellaneous adjustments		16,700
Total Other General Changes	-0-	\$ 16,870
Capital Budget Changes		
Carryforward from Fiscal Year 2003		\$ 5,705,000
Total Capital Budget Changes	-0-	\$ 5,705,000
Total Changes	(2.00)	\$ 4,939,220

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Parks and Recreation			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 39,192,640	\$ 36,443,160	\$ (2,749,480)
Federal Funding	671,550	619,560	(51,990)
Other Restricted Funding	776,960	1,486,930	709,970
Total Operating Budget	\$ 40,641,150	\$ 38,549,650	\$ (2,091,500)
Capital Budget			
General Obligation Bonds	\$ 9,348,000	\$ 19,928,900	\$ 10,580,900
Other Restricted Funding	5,514,000	11,416,900	5,902,900
Total Capital Budget	\$ 14,862,000	\$ 31,345,800	\$ 16,483,800
Department Total	\$ 55,503,150	\$ 69,895,450	\$ 14,392,300
Staffing Summary			
Permanent	400.50	384.00	(16.50)
Non-Permanent	264.50	249.75	(14.75)
Total Staffing	665.00	633.75	(31.25)
Reductions to Balance the Budget			
Leisure Class Program		(14.50)	\$ (438,330)
Reductions in fall, winter, and spring classes will focus on the least popular programs. The net savings after anticipated reductions in revenues is \$163,330.	<i>Permanent FTE</i>	(2.00)	
	<i>Non-Permanent FTE</i>	(12.50)	
Water Savings			(434,000)
The agreement between the City of Tucson and Pima County for the reconstruction of the treatment facility at Reid Park will provide reclaimed water for irrigation.			
Maintenance of Parks		(5.00)	(398,920)
Park users will see reduced levels of maintenance, including less frequent mowing, delayed trash and litter pick-up, reduced maintenance of playground surfaces, delayed graffiti removal, less frequent cleaning of comfort stations, more weeds due to reduced spraying and delayed storm damage clean-up.	<i>Permanent FTE</i>	(5.00)	

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Parks and Recreation			
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget (Continued)			
Civic Events Support		(3.00)	\$ (189,380)
Reduce civic events support by approximately one-third and eliminate rental of some equipment.	<i>Permanent FTE</i>	(3.00)	
Aquatics Programs		(1.25)	(36,630)
Aquatics supervision will be reduced and Catalina wading pool will be closed.	<i>Permanent FTE</i>	(1.00)	
	<i>Non-Permanent FTE</i>	(0.25)	
Other Reductions			
Reduce administrative support staff	<i>Permanent FTE</i>	(3.00)	(126,190)
Eliminate the Center of Downtown Program	<i>Permanent FTE</i>	(1.00)	(98,660)
Reduce concerts and theater events	<i>Permanent FTE</i>	(0.50)	(36,650)
Reduce YMCA support and the Sacred Heart program			(35,000)
Eliminate support for arts and crafts and antique fairs	<i>Non-Permanent FTE</i>	(1.00)	(34,340)
Eliminate the monitor at the Randolph Skate Park	<i>Non-Permanent FTE</i>	(1.00)	(17,420)
Delay class reservation software system expansion			(17,000)
Reduce painting maintenance of park facilities	<i>Permanent FTE</i>	(1.00)	(10,100)
Total Reductions to Balance the Budget		(31.25)	\$ (1,872,620)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (1,048,990)
Miscellaneous charges from support departments			(476,880)
Carryforward from Fiscal Year 2003			133,400
Increase in pension rate from 9.57% to 11.17%			214,730
Increase in employee health insurance benefit costs			299,800
Transfer from the capital budget based on new accounting standards			700,000
Miscellaneous adjustments			(40,940)
Total Other General Changes		-0-	\$ (218,880)
Capital Budget Changes			
Adjustments based on project schedules			\$ (1,988,300)
Transfer to the operating budget based on new accounting standards			(700,000)
Carryforward from Fiscal Year 2003			19,172,100
Total Capital Budget Changes		-0-	\$ 16,483,800
Total Changes		(31.25)	\$ 14,392,300

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Tucson City Golf			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
Other Restricted Funding	\$ 10,118,220	\$ 10,060,630	\$ (57,590)
Total Operating Budget	\$ 10,118,220	\$ 10,060,630	\$ (57,590)
Capital Budget			
Other Restricted Funding	\$ 592,000	\$ 2,048,900	\$ 1,456,900
Total Capital Budget	\$ 592,000	\$ 2,048,900	\$ 1,456,900
Department Total	\$ 10,710,220	\$ 12,109,530	\$ 1,399,310
Staffing Summary			
Permanent	43.00	43.00	-0-
Non-Permanent	110.75	110.75	-0-
Total Staffing	153.75	153.75	-0-
		Adopted Change	
		Staffing	Budget
General Changes			
Reduction in merit and other salary adjustments			\$ (85,360)
Increase in pension rate from 9.57% to 11.17%			26,640
Miscellaneous adjustments			1,130
Total General Changes		-0-	\$ (57,590)
Capital Budget Changes			
Adjustments based on project schedules			\$ (592,000)
Carryforward from Fiscal Year 2003			438,900
Trini Alvarez-First Tee Improvements			1,610,000
Total Capital Budget Changes		-0-	\$ 1,456,900
Total Changes		-0-	\$ 1,399,310

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Police			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 106,660,330	\$ 106,175,590	\$ (484,740)
Federal Funding	5,904,580	6,250,450	345,870
Other Restricted Funding	6,305,290	6,262,700	(42,590)
Total Operating Budget	\$ 118,870,200	\$ 118,688,740	\$ (181,460)
Capital Budget			
General Obligation Bonds	\$ 6,092,000	\$ 3,971,200	\$ (2,120,800)
Total Capital Budget	\$ 6,092,000	\$ 3,971,200	\$ (2,120,800)
Department Total	\$ 124,962,200	\$ 122,659,940	\$ (2,302,260)
Staffing Summary			
Permanent	1,348.50	1,346.50	(2.00)
Non-permanent	6.00	6.00	-0-
Total Staffing	1,354.50	1,352.50	(2.00)
Adopted Change			
		Staffing	Budget
Reductions to Balance the Budget			
Administrative Commissioned Officers			\$ (510,000)
Funding for nine vacant commissioned staff has been eliminated. Reductions will occur in several administrative areas throughout the department.			
Savings from Revised Jail Booking Policies			(300,000)
The department will book arrestees with multiple charges on felony for prosecution by the Superior Court, rather than misdemeanor charge(s).			
Personnel Office		(1.00)	(90,000)
A vacant personnel officer position has been eliminated. Less time will be devoted to developing the department's personnel policies.			
	<i>Permanent FTE</i>	<i>(1.00)</i>	
Helicopter Flight Hours			(55,000)
Flight hours will be reduced on weekends between 5:30 p.m. and 7:00 p.m. to minimize the impact on public safety.			

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Police		
	Adopted Change	
	Staffing	Budget
Reductions to Balance the Budget (Continued)		
Graphic Arts	(1.00)	\$ (52,580)
The department will increase the use of technological resources to illustrate crime scenes by eliminating one graphic arts specialist.	<i>Permanent FTE</i> (1.00)	
Decentralize Crime Prevention		(50,100)
Funding for one vacant commissioned staff has been eliminated as the department decentralizes the Crime Prevention Unit. Some crime prevention duties will be a service cut.		
Other Reductions		
Telephone budget		(70,000)
Uniforms and equipment		(41,100)
Reduce funding of contracted services		(25,820)
Advertising for recruits		(20,000)
Miscellaneous adjustments		(85,900)
Total Reductions to Balance the Budget	(2.00)	\$ (1,300,500)
Other General Changes		
Reduction in merit and other salary adjustments		\$ (2,982,840)
Miscellaneous charges from support departments		(794,180)
Increase in pension rate from 9.57% to 11.17% for non-commissioned staff		210,170
Increase due to carryforward from Fiscal Year 2003		225,000
Increase in funding for jailboard		1,000,000
Increase in employee health insurance benefit costs		1,018,060
Increase in commissioned pension rate from 5.46% to 9.84%		2,442,830
Total Other General Changes	-0-	\$ 1,119,040
Capital Budget Changes		
Adjustments to Police Substation project funding based on project schedule.		\$ (2,769,400)
Carryforward from Fiscal Year 2003		648,600
Total Capital Budget Changes	-0-	\$ (2,120,800)
Total Changes	(2.00)	\$ (2,302,260)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Independent Police Auditor			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 154,440	\$ 155,350	\$ 910
Total	\$ 154,440	\$ 155,350	\$ 910
Staffing Summary			
Permanent	2.00	2.00	-0-
Total Staffing	2.00	2.00	-0-
		Adopted Change	
		Staffing	Budget
General Changes			
Reduction in merit and other salary adjustments			\$ (2,080)
Increase in employee health insurance benefit costs			1,160
Increase in pension rate from 9.57% to 11.17%			1,830
Total Changes		-0-	\$ 910

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Office of the Public Defender			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 2,361,320	\$ 2,333,440	\$ (27,880)
Department Total	\$ 2,361,320	\$ 2,333,440	\$ (27,880)
Staffing Summary			
Permanent	33.50	33.50	-0-
Total Staffing	33.50	33.50	-0-
General Changes			
		Adopted Change	
		Staffing	Budget
Reduction in merit and other salary adjustments			\$ (77,190)
Increase in employee health insurance benefit costs			24,100
Increase in pension rate from 9.57% to 11.17%			25,310
Miscellaneous adjustments			(100)
Total Changes		-0-	\$ (27,880)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Development Services			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 8,277,560	\$ 8,246,110	\$ (31,450)
Department Total	\$ 8,277,560	\$ 8,246,110	\$ (31,450)
Staffing Summary			
Permanent	110.00	112.00	2.00
Non-permanent	1.00	1.00	-0-
Total Staffing	111.00	113.00	2.00
		Adopted Change Staffing Budget	
Reductions to Balance the Budget			
Plan reviews and inspection fees will be increased by \$414,000 to avoid budget and service reductions.		\$	-0-
Zoning fees will be increased by \$300,000 to avoid budget and service reductions.			-0-
Total Reductions to Balance the Budget		-0-	\$ -0-
Other General Changes			
Reduction in merit and other salary adjustments		\$	(380,920)
Due to new Federal Stormwater Quality Regulations two environmental inspectors were transferred from Transportation to better service the development community.		<i>Permanent FTE</i> 2.00	109,610
Increase in employee health insurance benefit costs			86,680
Increase in pension rate from 9.57% to 11.17%			80,070
Carryforward from Fiscal Year 2003			30,000
Miscellaneous adjustments			43,110
Total Other General Changes		2.00	\$ (31,450)
Total Changes		2.00	\$ (31,450)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Comprehensive Planning Task Force			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 2,890,680	\$ 3,551,990	\$ 661,310
Federal Funding	80,000	290,000	210,000
Other Restricted Funding	-0-	130,250	130,250
Department Total	\$ 2,970,680	\$ 3,972,240	\$ 1,001,560
Staffing Summary			
Permanent	29.50	38.50	9.00
Total Staffing	29.50	38.50	9.00
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Consultant Services Funding			\$ (72,000)
Second year consultant funding for the Community Planning Program, specifically Rio Nuevo and Southland has been reduced.			
Total Reductions to Balance the Budget		-0-	\$ (72,000)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (27,450)
Miscellaneous charges from support departments			(5,590)
Increase in employee health insurance benefit costs			29,610
Increase in pension rate from 9.57% to 11.17%			36,320
Transfers from other departments		9.00	1,040,670
As part of consolidating comprehensive planning functions, nine positions were transferred from Transportation, Historic Preservation, Water, and Annexation.	<i>Permanent FTE</i>	<i>9.00</i>	
Total Other General Changes		9.00	\$ 1,073,560
Total Changes		9.00	\$ 1,001,560

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Solid Waste Management			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 24,855,630	\$ 24,304,780	\$ (550,850)
Other Restricted Funding	410,000	410,000	-0-
Total Operating Budget	\$ 25,265,630	\$ 24,714,780	\$ (550,850)
Capital Budget			
General Obligation Bonds	\$ 1,710,000	\$ 4,624,600	\$ 2,914,600
Other Restricted Funding	3,231,000	7,208,700	3,977,700
Total Capital Budget	\$ 4,941,000	\$ 11,833,300	\$ 6,892,300
Department Total	\$ 30,206,630	\$ 36,548,080	\$ 6,341,450
Staffing Summary			
Permanent	236.00	237.00	1.00
Total Staffing	236.00	237.00	1.00
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Recycling Education Program		(1.00)	\$ (262,770)
The introduction of the new recycling program in Fiscal Year 2003 required a major educational campaign. Fiscal Year 2004 and future years will not require the same level of funding. This reduction includes one public information specialist (\$42,770).	<i>Permanent FTE (1.00)</i>		
Landfill Maintenance and Monitoring		(1.00)	(219,770)
The reduction in landfill maintenance funding, including one landfill operator (\$42,770), will impact daily operation and equipment maintenance.	<i>Permanent FTE (1.00)</i>		
Transfer Household Hazardous Waste Program Funding			(45,000)
This program is funded by both the City of Tucson and Pima County. The Fire Department will contribute a part of city's share of the program so no actual reduction will be realized by the program.			

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Solid Waste Management		
	Adopted Change	
	Staffing	Budget
Reductions to Balance the Budget (Continued)		
Other Reductions		
Material Recovery Facility contingency funds		\$ (38,000)
Reduction to garbage container replacement program		(37,000)
Reduce funding for Beat the Heap Program		(20,000)
Miscellaneous adjustments		(46,000)
		<hr/>
Total Reductions to Balance the Budget	(2.00)	\$ (668,540)
Other General Changes		
Miscellaneous charges from support departments		\$ (647,710)
Reduction in merit and other salary adjustments		(482,320)
Increase in pension rate from 9.57% to 11.17%		137,540
Increase in employee health insurance benefit costs		196,420
Tucson Clean Program		
The new fee for the Tucson Clean Program will provide for improved services in city neighborhoods and expenses to administer the fee. Includes the addition of three positions, one environmental inspector and two customer service representatives.	<i>Permanent FTE 3.00</i>	3.00 913,760
		<hr/>
Total Other General Changes	3.00	\$ 117,690
Capital Budget Changes		
Carryforward from Fiscal Year 2003		\$ 8,876,300
Adjustments based on project schedules		(1,984,000)
		<hr/>
Total Capital Budget Changes	-0-	\$ 6,892,300
		<hr/>
Total Changes	1.00	\$ 6,341,450
		<hr/> <hr/>

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Transportation			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 43,509,910	\$ 43,981,060	\$ 471,150
Federal Funding	2,791,700	14,829,210	12,037,510
Other Restricted Funding	31,600,810	32,624,090	1,023,280
Total Operating Budget	\$ 77,902,420	\$ 91,434,360	\$ 13,531,940
Capital Budget			
General Purpose Funds	\$ 2,696,000	\$ 2,250,000	\$ (446,000)
Federal Funding	46,026,000	54,549,400	8,523,400
General Obligation Bonds	8,937,000	16,357,000	7,420,000
Street and Highway Bonds	5,717,000	11,189,200	5,472,200
Other Restricted Funding	7,806,000	17,781,900	9,975,900
Total Capital Budget	\$ 71,182,000	\$ 102,127,500	\$ 30,945,500
Department Total	\$ 149,084,420	\$ 193,561,860	\$ 44,477,440
Staffing Summary			
Permanent	398.00	392.00	(6.00)
Non-Permanent	1.50	1.50	-0-
Total Staffing	399.50	393.50	(6.00)
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Defer Mountain Avenue: Ft. Lowell Road to Roger Road (Capital Budget)			\$ (2,579,320)
This project will be deferred to provide a one-time source of federal funding for public transit in place of general purpose funds.			
Transfer of Highway User Revenue Funds (HURF) Eligible Budget			(373,320)
Real Estate general purpose fund expenses that are directly related to rights-of-way will be fully charged to HURF (\$250,000). Eligible stormwater project management and environmental inspection expenses will be charged to HURF (\$123,320).			
Total Reductions to Balance the Budget		-0-	\$ (2,952,640)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Transportation		
	Adopted Change Staffing	Budget
Other General Changes		
Positions transferred to other departments	(6.00)	\$ (536,480)
As part of consolidating city functions such as comprehensive planning and development review, four positions have been transferred to the Comprehensive Planning Task Force (\$427,030) and two positions to Development Services (\$109,450).	<i>Permanent FTE</i> (6.00)	
Reduction in merit and other salary adjustments		(140,050)
Miscellaneous charges from support departments		(75,230)
Increase in employee health insurance benefit costs		154,100
Increase in pension rate from 9.57% to 11.17%		253,390
Transfer to HURF funding from General Purpose funds		373,320
Increase service for Van Tran		1,500,000
Transfer to federal funding from General Purpose Funds		2,579,320
Transferred from capital budget based on new accounting standards		5,554,600
Carryforward to Fiscal Year 2004		6,857,000
Miscellaneous adjustments		(35,390)
Total Other General Changes	(6.00)	\$ 16,484,580
Capital Budget Changes		
Transferred to operating budget based on new accounting standards		\$ (5,554,600)
Carryforward to Fiscal Year 2004		715,000
New funding from federal, state, and other sources		2,818,680
Adjustments based on project schedules		4,891,600
Carryforward from Fiscal Year 2003		28,074,820
Total Capital Budget Changes	-0-	\$ 30,945,500
Total Changes	(6.00)	\$ 44,477,440

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Tucson Water			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
Water Revenue and Operations Fund	\$ 109,197,000	\$ 111,193,320	\$ 1,996,320
Miscellaneous Non-Federal Grants	150,000	150,000	-0-
Total Operating Budget	\$ 109,347,000	\$ 111,343,320	\$ 1,996,320
Capital Budget			
Water Revenue and Operations Fund	\$ 16,319,000	\$ 20,823,000	\$ 4,504,000
Other Restricted Funding	31,992,000	31,206,000	(786,000)
Total Capital Budget	\$ 48,311,000	\$ 52,029,000	\$ 3,718,000
Department Total	\$ 157,658,000	\$ 163,372,320	\$ 5,714,320
Staffing Summary			
Permanent	590.00	589.00	(1.00)
Total Staffing	590.00	589.00	(1.00)
		Adopted Change	
		Staffing	Budget
General Changes			
Reduction in merit and other salary adjustments			\$ (1,024,500)
Increase in pension rate from 9.57% to 11.17%			393,820
Transfer to Comprehensive Planning Task Force		(1.00)	-0-
As part of consolidating comprehensive planning functions, one position was transferred; however, funding remains in Water.	<i>Permanent FTE</i>	<i>(1.00)</i>	
Transferred from capital budget based on new accounting standards			2,627,000
Total General Changes		(1.00)	\$ 1,996,320
Capital Budget Changes			
Transferred to operating budget based on new accounting standards			\$ (2,627,000)
Adjustments based on project schedules			440,000
Carryforward from Fiscal Year 2003			5,905,000
Total Capital Budget Changes		-0-	\$ 3,718,000
Total Changes		(1.00)	\$ 5,714,320

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Environmental Management			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 2,088,370	\$ 2,011,410	\$ (76,960)
Other Restricted Funding	320,000	320,000	-0-
Total Operating Budget	\$ 2,408,370	\$ 2,331,410	\$ (76,960)
Capital Budget			
General Obligation Bonds	\$ 2,844,000	\$ 4,697,900	\$ 1,853,900
Other Restricted Funding	1,310,000	4,032,900	2,722,900
Total Capital Budget	\$ 4,154,000	\$ 8,730,800	\$ 4,576,800
Department Total	\$ 6,562,370	\$ 11,062,210	\$ 4,499,840
Staffing Summary			
Permanent	15.00	15.00	-0-
Total Staffing	15.00	15.00	-0-
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Landfill Operating and Maintenance Costs			\$ (40,000)
Reduce electrical costs required for removal of volatile organic compounds at landfill sites.			
Other Reductions			
Miscellaneous adjustments including increased staff charges to Rio Nuevo Project.			(20,120)
Total Reductions to Balance the Budget		-0-	\$ (60,120)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (37,860)
Miscellaneous charges from support departments			(3,320)
Increase in employee health insurance benefit costs			11,430
Increase in pension rate from 9.57% to 11.17%			12,910
Total Other General Changes		-0-	\$ (16,840)
Capital Budget Changes			
Carryforward from Fiscal Year 2003			\$ 4,576,800
Total Capital Budget Changes		-0-	\$ 4,576,800
Total Changes		-0-	\$ 4,499,840

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Historic Preservation Office			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 134,410	\$ -0-	\$ (134,410)
Other Restricted Funding	210,000	-0-	(210,000)
Total	\$ 344,410	\$ -0-	\$ (344,410)
Staffing Summary			
Permanent	2.00	-0-	(2.00)
Total Staffing	2.00	-0-	(2.00)
		Adopted Change	
		Staffing	Budget
General Changes			
Transferred to Comprehensive Planning Task Force		(2.00)	\$ (344,410)
All Historic Preservation Office functions have been included in the Comprehensive Planning Task Force.	<i>Permanent FTE</i>	<i>(2.00)</i>	
Total General Changes		(2.00)	\$ (344,410)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Zoning Examiner			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 165,070	\$ 167,500	\$ 2,430
Total	\$ 165,070	\$ 167,500	\$ 2,430
Staffing Summary			
Permanent	2.00	2.00	-0-
Total Staffing	2.00	2.00	-0-
		Adopted Change	
		Staffing	Budget
General Changes			
Reduction in merit and other salary adjustments			\$ (1,020)
Increase in employee health insurance benefit costs			1,480
Increase in pension rate from 9.57% to 11.17%			1,970
Total Changes		-0-	\$ 2,430

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Tucson Convention Center			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 10,628,230	\$ 10,130,110	\$ (498,120)
Other Restricted Funding	900,000	750,000	(150,000)
Department Total	\$ 11,528,230	\$ 10,880,110	\$ (648,120)
Staffing Summary			
Permanent	46.00	43.00	(3.00)
Non-Permanent	14.00	13.25	(0.75)
Total Staffing	60.00	56.25	(3.75)
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Reductions in Positions		(3.75)	\$ (221,430)
Three vacant permanent positions and a non-permanent position have been eliminated through realignment of responsibilities.	<i>Permanent FTE</i>	(3.00)	
	<i>Non-Permanent FTE</i>	(0.75)	
Maintenance of Grounds and Buildings			(90,000)
Maintenance of Tucson Convention Center grounds and buildings will be reduced. The likely result will be deterioration of facilities making them less attractive and more difficult to market.			
Other Reductions			
Miscellaneous operating costs			(37,660)
Total Reductions to Balance the Budget		(3.75)	\$ (349,090)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (158,960)
Decrease in restricted funding based on approved formula for parking revenues			(150,000)
Miscellaneous charges from support departments			(104,450)
Increase in pension rate from 9.57% to 11.17%			26,960
Increase in employee health insurance benefit costs			45,280
Miscellaneous adjustments			42,140
Total Other General Changes		-0-	\$ (299,030)
Total Changes		(3.75)	\$ (648,120)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Office of Economic Development			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 1,490,620	\$ 1,081,050	\$ (409,570)
Federal Funding	625,000	667,050	42,050
Department Total	\$ 2,115,620	\$ 1,748,100	\$ (367,520)
Staffing Summary			
Permanent	14.00	11.00	(3.00)
Non-Permanent	3.50	3.50	-0-
Total Staffing	17.50	14.50	(3.00)
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Tucson Film Office Transfer to Metropolitan Tucson Convention and Visitors Bureau (MTCVB)		(3.00)	\$ (196,430)
The MTCVB will take over the Tucson Film Office, including three permanent positions.	<i>Permanent FTE (3.00)</i>		
Reduce or Eliminate Funding for Technology and Workforce Development Agencies			(105,000)
Funding of Tucson Technology Incubator and Southern Arizona Institute of Advanced Technology has been eliminated for a savings of \$50,000 and \$130,500 respectively. Funding for the City Workforce Development Program has been reduced 30% for a savings of \$24,500. Mayor and Council added back \$100,000 for Workforce Development related programs.			
Shift staff from General Purpose to Federal Funding			(58,000)
One position will be funded with CDBG funds, saving \$58,000 in General Purpose Funds.			

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Office of Economic Development		
	Adopted Change	
	Staffing	Budget
Reductions to Balance the Budget (Continued)		
Other Reductions		
Eliminate rent expenses due to move to City Hall	\$	(37,650)
Reduce funding for miscellaneous items		(7,000)
Reduce funding of Foreign Trade Zone		(2,000)
Reduce funding of Tucson Small Business Commission		(500)
Total Reductions to Balance the Budget	(3.00)	\$ (406,580)
Other General Changes		
Reduction in merit and other salary adjustments	\$	(24,040)
Miscellaneous charges from support departments		(1,750)
Increase in employee health insurance benefit costs		6,010
Increase in pension rate from 9.57% to 11.17%		12,960
Increase in grant funding		45,880
Total Other General Changes	-0-	\$ 39,060
Total Changes	(3.00)	\$ (367,520)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Intergovernmental Relations				
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change	
Financial Summary				
Operating Budget				
General Purpose Funds	\$ 541,910	\$ 538,190	\$	(3,720)
Total	\$ 541,910	\$ 538,190	\$	(3,720)
Staffing Summary				
Permanent	2.00	2.00		-0-
Total Staffing	2.00	2.00		-0-
			Adopted Change	
			Staffing	Budget
General Changes				
Reduction in merit and other salary adjustments			\$	(6,670)
Increase in pension rate from 9.57% to 11.17%				1,440
Increase in employee health insurance benefit costs				1,510
Total Changes			-0-	\$ (3,720)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Tucson-Mexico Trade Office			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 599,120	\$ 485,630	\$ (113,490)
Total	\$ 599,120	\$ 485,630	\$ (113,490)
Staffing Summary			
Permanent	6.00	6.00	-0-
Total Staffing	6.00	6.00	-0-
		Adopted Change Staffing	Budget
Reductions to Balance the Budget			
Lease requirements			\$ (86,000)
Lease expenses have been eliminated due to staff relocation to City Hall.			
Travel and marketing programs			(30,000)
Travel and marketing budgets have been reduced 75% and 50% respectively.			
Total Reductions to Balance the Budget		-0-	\$ (116,000)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (4,590)
Increase in employee health insurance benefit costs			2,480
Increase in pension rate from 9.57% to 11.17%			4,620
Total Other General Changes		-0-	\$ 2,510
Total Changes		-0-	\$ (113,490)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Budget and Research			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 2,039,810	\$ 2,023,890	\$ (15,920)
Department Total	\$ 2,039,810	\$ 2,023,890	\$ (15,920)
Staffing Summary			
Permanent	24.00	22.00	(2.00)
Total Staffing	24.00	22.00	(2.00)
		Adopted Change Staffing	Budget
Reductions to Balance the Budget			
Budget Management and Performance		(2.00)	\$ (113,800)
Management Programs	<i>Permanent FTE</i>	<i>(2.00)</i>	
General support on budget issues and performance system provided to other city departments and Mayor and Council will be reduced.			
Other Reductions			
Advertising			(10,000)
Travel and training			(8,800)
Total Reductions to Balance the Budget		(2.00)	\$ (132,600)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (38,980)
Increase in employee health insurance benefit costs			17,470
Increase in pension rate from 9.57% to 11.17%			18,140
Carryforward for budget and position control software systems			122,500
Miscellaneous adjustments			(2,450)
Total Other General Changes		-0-	\$ 116,680
Total Changes		(2.00)	\$ (15,920)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Finance			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 7,596,200	\$ 7,837,630	\$ 241,430
Other Restricted Funding	-0-	100,000	100,000
Department Total	\$ 7,596,200	\$ 7,937,630	\$ 341,430
Staffing Summary			
Permanent	145.00	146.00	1.00
Total Staffing	145.00	146.00	1.00
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Savings in Risk Management/Safety Programs		(1.00)	\$ (450,000)
Employee safety training and other functions will be performed in-house by city staff.	<i>Permanent FTE</i>	<i>(1.00)</i>	
Savings in Pension Investment Management Fees			(145,000)
Management fees have decreased due to lower valuation of pension investment assets.			
Total Reductions to Balance the Budget		(1.00)	\$ (595,000)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (332,230)
Increase in pension rate from 9.57% to 11.17%			84,100
Increase in employee health insurance benefit costs			90,360
Addition of capacity for Certificates of Participation funds for remodeling requirements.			100,000
Change in accounting procedures to reflect bank fee expenditures which are offset by interest income			200,000
Transfer Employee Benefits function from the Human Resources Department including two insurance clerk positions	<i>Permanent FTE</i>	<i>2.00</i>	210,360
Adjustments in charges to other departments			583,840
Total Other General Changes		2.00	\$ 936,430
Total Changes		1.00	\$ 341,430

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Human Resources			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 3,028,400	\$ 2,523,140	\$ (505,260)
Department Total	\$ 3,028,400	\$ 2,523,140	\$ (505,260)
Staffing Summary			
Permanent	29.00	25.00	(4.00)
Total Staffing	29.00	25.00	(4.00)
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Human Resources Reorganization		(2.00)	\$ (194,000)
A reorganization of Human Resources functions provides opportunities for savings in staff and other costs, including rent expenses.	<i>Permanent FTE</i> (2.00)		
Employee Training Programs			(66,540)
General training provided by the department to city employees has been reduced. Departments have training budgets to provide for the specific needs of their employees.			
Other Reductions			
Miscellaneous adjustments			(24,480)
Medical costs associated with pre-employment services			(9,000)
Total Reductions to Balance the Budget		(2.00)	\$ (294,020)
Other General Changes			
Transfer Employee Benefits function to the Finance		(2.00)	\$ (210,360)
Department including two insurance clerk positions.	<i>Permanent FTE</i> 2.00		
Reduction in merit and other salary adjustments			(91,090)
Miscellaneous charges from support departments			(4,140)
Increase in employee health insurance benefit costs			21,550
Increase in pension rate from 9.57% to 11.17%			22,800
Carryforward from Fiscal Year 2003			50,000
Total Other General Changes		(2.00)	\$ (211,240)
Total Changes		(4.00)	\$ (505,260)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Information Technology			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 10,892,080	\$ 10,551,380	\$ (340,700)
Other Restricted Funding	599,500	514,690	(84,810)
Department Total	\$ 11,491,580	\$ 11,066,070	\$ (425,510)
Staffing Summary			
Permanent	82.50	79.50	(3.00)
Non-Permanent	2.16	1.66	(0.50)
Total Staffing	84.66	81.16	(3.50)
		Adopted Change Staffing	Budget
Reductions to Balance the Budget			
Reduce Funding for the Citywide Computer Replacement Program			\$ (200,000)
<p>This cut will reduce the replacement of old personal computers (PCs) by approximately 200 units in Fiscal Year 2004. This will result in extending the replacement periods for all city personal computers. Older equipment is slower and may not support newer software or technology.</p>			
Reduction of Vacant Positions		(3.00)	(192,000)
<p>Two information technology managers and one computer operator vacancies will be eliminated.</p>			
Eliminate Weekly CityPage			(47,580)
<p>Since August 1995, CityPage has provided the public with information on City of Tucson services, programs, events, participation opportunities, etc. This will affect community members who use CityPage as an information source and city staff trying to inform the public.</p>			
Eliminate a Part-Time Technological Intern Position		(0.50)	(13,160)
<p>The Citywide Computer Replacement program relies in part upon this part-time position for the timely completion of tasks associated with ordering, receiving, inventorying, configuring, and delivering the computers.</p>			

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Information Technology		
	Adopted Change	
	Staffing	Budget
Reductions to Balance the Budget (Continued)		
Other Reductions		
Computer hardware and software upgrades	\$	(84,590)
Cable inspections and I-Net expansion (one time)		(60,650)
Data wiring improvements and alterations (one time)		(35,000)
Technical training and other miscellaneous costs		(28,240)
	<hr/>	
Total Reductions to Balance the Budget	(3.50)	\$ (661,220)
Other General Changes		
Eliminate capacity for restricted funding no longer available	\$	(265,000)
Reduction in merit and other salary adjustments		(252,420)
Miscellaneous charges from support departments		(15,030)
Increase in employee health insurance benefit costs		55,340
Increase in pension rate from 9.57% to 11.17%		71,840
Carryforward from Fiscal Year 2003		675,190
Miscellaneous adjustments		(34,210)
	<hr/>	
Total Other General Changes	-0-	\$ 235,710
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Total Changes	(3.50)	\$ (425,510)
	<hr/> <hr/>	

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Operations			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 16,988,410	\$ 14,838,370	\$ (2,150,040)
Federal Funding	1,500,000	1,500,000	-0-
Other Restricted Funding	1,500,000	1,598,770	98,770
Total Operating Budget	\$ 19,988,410	\$ 17,937,140	\$ (2,051,270)
Capital Budget			
General Purpose Funds	\$ -0-	\$ 931,200	\$ 931,200
Other Restricted Funding	8,222,000	4,997,200	(3,224,800)
Total Capital Budget	\$ 8,222,000	\$ 5,928,400	\$ (2,293,600)
Department Total	\$ 28,210,410	\$ 23,865,540	\$ (4,344,870)
Staffing Summary			
Permanent	367.00	348.00	(19.00)
Non-Permanent	2.00	2.00	-0-
Total Staffing	369.00	350.00	(19.00)
Adopted Change			
		Staffing	Budget
Reductions to Balance the Budget			
Building Maintenance Management			\$ (1,000,000)
Funding for maintenance of buildings will be reduced through changes in contracting and management of building maintenance.			
Vehicle Replacement			(765,150)
Savings will be generated by reducing the number of vehicles purchased and through changes in vehicle management.			
Custodial Services			(400,000)
Savings will be generated through changes in custodial services contracting and management.			
Facilities Management Staff		(6.00)	(362,050)
Decrease in support staff for building maintenance functions due to changes in maintenance management.			
	<i>Permanent FTE</i>	<i>(6.00)</i>	

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Operations			
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget (Continued)			
Architectural and Engineering Staff		(3.00)	\$ (295,000)
Support staff for facility design project management and associated miscellaneous operating costs have been reduced.	<i>Permanent FTE</i>	<i>(3.00)</i>	
Fleet Services Staff		(11.00)	(285,270)
Decrease in support staff for fleet services functions.	<i>Permanent FTE</i>	<i>(11.00)</i>	
Telephone Usage			(213,730)
Savings will be generated through changes in telephone usage.			
Administrative Staff		(3.00)	(160,200)
Positions have been eliminated based on process improvement recommendation.	<i>Permanent FTE</i>	<i>(3.00)</i>	
Midtown Multi-Service Center			(100,000)
Reduce operating expenses based on a January 2004 expected project completion date.			
Other Reductions			
Defer building component replacement projects			(165,090)
Miscellaneous adjustments			(140,360)
Reduction of energy star building program projects			(116,820)
Reduce funding for I-Net support equipment			(55,150)
Reduce funding for computer-aided dispatch			(54,000)
Total Reductions to Balance the Budget		(23.00)	\$ (4,112,820)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (624,410)
Miscellaneous charges from support departments			(412,440)
Increase in employee health insurance benefit costs			130,110
Increase in pension rate from 9.57% to 11.17%			233,370
Operating carryforward from Fiscal Year 2003			470,770
Adjustments in charges to other departments			2,264,150
Added positions funded from other agencies	<i>Permanent FTE</i>	4.00	-0-
Total Other General Changes		4.00	\$ 2,061,550
Capital Budget Changes			
Carryforward from Fiscal Year 2003			\$ 806,800
Adjustments based on project schedules			(3,100,400)
Total Capital Budget Changes		-0-	\$ (2,293,600)
Total Changes		(19.00)	\$ (4,344,870)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Procurement			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 3,486,340	\$ 3,190,160	\$ (296,180)
Department Total	\$ 3,486,340	\$ 3,190,160	\$ (296,180)
Staffing Summary			
Permanent	77.00	75.00	(2.00)
Total Staffing	77.00	75.00	(2.00)
		Adopted Change Staffing	Budget
Reductions to Balance the Budget			
Increase Fleet Chargebacks			
Stores services for auto parts and other services is being fully charged to the Department of Operations Fleet Services fund.			\$ (211,640)
City Stores Operations		(1.00)	(100,280)
One of five warehouses has been closed to provide savings in staff and other operating costs.	<i>Permanent FTE (1.00)</i>		
Other Staff Reductions		(1.00)	(65,000)
A vacant position in Reprographics has been eliminated and an administrative position in the Architectural and Engineering Division is being charged to the Departments of Transportation and Water.	<i>Permanent FTE (1.00)</i>		
Other Reductions			
Miscellaneous operating expenses			(25,820)
Total Reductions to Balance the Budget		(2.00)	\$ (402,740)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (126,210)
Miscellaneous charges from support departments			(13,380)
Increase in employee health insurance benefit costs			36,380
Increase in pension rate from 9.57% to 11.17%			52,210
Carryforward from Fiscal Year 2003 for Online Procurement Information System (OPIS)			157,560
Total Other General Changes		-0-	\$ 106,560
Total Changes		(2.00)	\$ (296,180)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Equal Opportunity Office			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 713,170	\$ 583,420	\$ (129,750)
Total	\$ 713,170	\$ 583,420	\$ (129,750)
Staffing Summary			
Permanent	9.00	8.00	(1.00)
Total Staffing	9.00	8.00	(1.00)
		Adopted Change	
		Staffing	Budget
Reductions to Balance the Budget			
Equal Opportunity Office Reorganization		(1.00)	\$ (124,000)
This reorganization transfers responsibility for the internal discrimination complaint program (\$69,000, one FTE) to the Human Resources Department and the Minority and Women Owned Business Enterprise function (\$55,000) is now federally-funded by the Department of Transportation.	<i>Permanent FTE</i>	<i>(1.00)</i>	
Total Reductions to Balance the Budget		(1.00)	\$ (124,000)
Other General Changes			
Reduction in merit and other salary adjustments			\$ (18,490)
Increase in employee health insurance benefit costs			5,340
Increase in pension rate from 9.57% to 11.17%			7,400
Total Other General Changes		-0-	\$ (5,750)
Total Changes		(1.00)	\$ (129,750)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Non-Departmental			
	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Financial Summary			
Operating Budget			
General Purpose Funds	\$ 17,488,840	\$ 12,321,690	\$ (5,167,150)
Federal Funding	166,110	966,110	800,000
Other Restricted Funding	53,005,440	48,806,800	(4,198,640)
Total Operating Budget	\$ 70,660,390	\$ 62,094,600	\$ (8,565,790)
Capital Budget			
General Fund	\$ -0-	\$ 850,000	\$ 850,000
General Fund: Certificates of Participation	4,000,000	10,200,300	6,200,300
General Fund: Restricted	-0-	1,000,000	1,000,000
General Fund: Restricted Trust Reserves	-0-	6,650,000	6,650,000
Total Capital Budget	\$ 4,000,000	\$ 18,700,300	\$ 14,700,300
Department Total	\$ 74,660,390	\$ 80,794,900	\$ 6,134,510
Staffing Summary			
Permanent	5.75	4.75	(1.00)
Total Staffing	5.75	4.75	(1.00)
Reductions to Balance the Budget			
Postpone Issuance of Certificates of Participation Debt service payments for certificates of participation will not be required as originally planned based on project schedules.			\$ (585,140)
Reduce Outside Agency Funding by 10% Outside Agency budgets will be reduced 10% with the exception of Tucson Downtown Alliance (which operates under a five-year Enhanced Services Agreement), Pima Animal Control, and the Metropolitan Tucson Convention and Visitors Bureau (MTCVB).			(326,100)
Operating Savings from the Sale of the A-7 Ranch The cost of operating and maintaining the A-7 Ranch will not be required when it is sold. Debt service of \$285,730 annually will be paid from the sale proceeds.	<i>Permanent FTE</i> (3.00)	(3.00)	(276,290)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Non-Departmental		
	Adopted Change	
	Staffing	Budget
Reductions to Balance the Budget (Continued)		
Eliminate Contingency Fund Mayor and Council funds for contingency requests for community events have been eliminated.	\$	(175,000)
Other Reductions		
Reduce General Expense funds		(348,000)
Miscellaneous reductions		(165,580)
Retiree medical premium savings		(99,950)
Reduce funding for Geographic Information System		(84,000)
Eliminate Youth Travel Funding		(16,910)
Total Reductions to Balance the Budget	(3.00)	\$ (2,076,970)
Other General Changes		
Reduction in unallocated funding for merit and other salary adjustments	\$	(3,027,360)
Rescheduling, additions, or elimination of debt financing		(3,019,890)
Reduction of budget capacity in Other General Expense		(2,000,000)
Reduction of A-7 Ranch grant funds		(282,500)
Rio Nuevo Project support staff All staff costs in support of Rio Nuevo are charged to the Rio Nuevo fund.	2.00 <i>Permanent FTE (2.00)</i>	-0-
Increase MTCVB funding The city worked with MTCVB to increase the Transient Occupancy Tax, which will be used to in combination with General Fund to increase the the city's contribution to MTCVB to \$3 million annually.		873,750
Carryforward for Tucson Convention Center Switchgear (\$900,000) and contingency fund (\$46,970)		946,970
Miscellaneous adjustments		20,210
Total Other General Changes	2.00	\$ (6,488,820)

**Change from Fiscal Year 2004
Approved to Adopted Budget**

Non-Departmental		
	Adopted Change	
	Staffing	Budget
Capital Budget Changes		
Adjustments based on project schedules		\$ (1,042,600)
Funding for upgrade of financial and human resources software systems		850,000
Funding for the City Hall Annex Parking Garage		4,000,000
Carryforward from Fiscal Year 2003		10,892,900
		<hr/>
Total Capital Budget Changes	-0-	\$ 14,700,300
		<hr/>
Total Changes	(1.00)	\$ 6,134,510
		<hr/> <hr/>

Position Changes to the Fiscal Year 2004 Budget

	FY 2004 Approved	FY 2004 Adopted	FY 2004 Change
Elected and Official	248.75	235.75	(13.00)
Neighborhood Services	3,418.80	3,343.55	(75.25)
Environment and Development	1,385.00	1,388.00	3.00
Strategic Planning	85.50	78.75	(6.75)
Support Services	737.66	707.16	(30.50)
Non-Departmental	5.75	4.75	(1.00)
Total	5,881.46	5,757.96	(123.50)

Position Change Detail

	Permanent	Non-Permanent	Total Change
Reductions to Balance the Budget			
Elected and Official			
City Manager			
Assistant to the City Manager	(1.00)	-0-	(1.00)
Community Relations Administrator	(1.00)	-0-	(1.00)
Special Projects Coordinator - City Manager's Office	(1.00)	-0-	(1.00)
Sub-Total	(3.00)	-0-	(3.00)
City Clerk			
Secretary	(3.00)	-0-	(3.00)
Sub-Total	(3.00)	-0-	(3.00)
City Attorney			
Principal Assistant City Attorney	(1.00)	-0-	(1.00)
Assignment: Deputy City Attorney			
Senior Legal Investigator	(2.00)	-0-	(2.00)
Legal Investigator	(2.00)	-0-	(2.00)
Legal Secretary	(1.00)	-0-	(1.00)
Secretary	(1.00)	-0-	(1.00)
Sub-Total	(7.00)	-0-	(7.00)
Total Elected and Official	(13.00)	-0-	(13.00)
Neighborhood Services			
City Court			
Administrative Assistant	(1.00)	-0-	(1.00)
Sub-Total	(1.00)	-0-	(1.00)

Position Changes to the Fiscal Year 2004 Budget

	Permanent	Non-Permanent	Total Change
Reductions to Balance the Budget			
Neighborhood Services (Continued)			
Community Services			
Housing Technician	(1.00)	-0-	(1.00)
Secretary	(1.00)	-0-	(1.00)
Sub-Total	(2.00)	-0-	(2.00)
Fire			
Fire Captain	(4.00)	-0-	(4.00)
Fire Engineer	(3.00)	-0-	(3.00)
Paramedic	(7.00)	-0-	(7.00)
Fire Fighter	(7.00)	-0-	(7.00)
Sub-Total	(21.00)	-0-	(21.00)
Library			
Managing Librarian	(1.00)	-0-	(1.00)
Senior Librarian	(1.00)	-0-	(1.00)
Librarian	(3.00)	-0-	(3.00)
Library Associate	(2.00)	-0-	(2.00)
Senior Library Technical Assistant	(1.00)	-0-	(1.00)
Customer Service Clerk	(9.00)	-0-	(9.00)
Library Program Instructor	-0-	(0.50)	(0.50)
Library Page	-0-	(2.50)	(2.50)
Sub-Total	(17.00)	(3.00)	(20.00)
Neighborhood Resources			
Citizen and Neighborhood Services Administrator	(2.00)	-0-	(2.00)
Sub-Total	(2.00)	-0-	(2.00)
Parks and Recreation			
Community Events Manager	(1.00)	-0-	(1.00)
Management Analyst	(1.00)	-0-	(1.00)
Parks and Golf Area Supervisor	(2.00)	-0-	(2.00)
Aquatics Coordinator	(1.00)	-0-	(1.00)
Recreation Program Coordinator	(3.00)	-0-	(3.00)
Trade Specialist	(2.00)	-0-	(2.00)
Painter	(1.00)	-0-	(1.00)
Administrative Assistant	(1.00)	-0-	(1.00)
Senior Account Clerk	(1.00)	-0-	(1.00)
Recreation Assistant	(0.50)	-0-	(0.50)
Groundskeeper	(3.00)	-0-	(3.00)
Seasonal Swimming Pool Supervisor	-0-	(0.25)	(0.25)

Position Changes to the Fiscal Year 2004 Budget

	Permanent	Non-Permanent	Total Change
Reductions to Balance the Budget			
Neighborhood Services (Continued)			
Parks and Recreation (Continued)			
Seasonal Senior Recreation Worker	-0-	(1.25)	(1.25)
Seasonal Class Instructor	-0-	(12.50)	(12.50)
Seasonal Recreation Worker	-0-	(0.75)	(0.75)
Sub-Total	(16.50)	(14.75)	(31.25)
Police			
Police Personnel Manager	(1.00)	-0-	(1.00)
Graphic Arts Specialist	(1.00)	-0-	(1.00)
Sub-Total	(2.00)	-0-	(2.00)
Total Neighborhood Services	(61.50)	(17.75)	(79.25)
Environment and Development			
Solid Waste Management			
Equipment Operation Specialist	(1.00)	-0-	(1.00)
Public Information Specialist	(1.00)	-0-	(1.00)
Sub-Total	(2.00)	-0-	(2.00)
Total Environment and Development	(2.00)	-0-	(2.00)
Strategic Initiatives			
Tucson Convention Center			
Management Coordinator	(1.00)	-0-	(1.00)
Convention Center Stage Manager	(1.00)	-0-	(1.00)
Building Maintenance Worker	(1.00)	-0-	(1.00)
Cashier	-0-	(0.75)	(0.75)
Sub-Total	(3.00)	(0.75)	(3.75)
Office of Economic Development			
Motion Picture Coordinator	(1.00)	-0-	(1.00)
Administrative Assistant	(1.00)	-0-	(1.00)
Secretary	(1.00)	-0-	(1.00)
Sub-Total	(3.00)	-0-	(3.00)
Total Strategic Initiatives	(6.00)	(0.75)	(6.75)
Support Services			
Budget and Research			
Special Projects Coordinator - City Manager's Office	(1.00)	-0-	(1.00)
Budget Analyst	(1.00)	-0-	(1.00)
Sub-Total	(2.00)	-0-	(2.00)

Position Changes to the Fiscal Year 2004 Budget

	Permanent	Non-Permanent	Total Change
Reductions to Balance the Budget			
Support Services (Continued)			
Finance			
Risk Management Coordinator	(1.00)	-0-	(1.00)
Sub-Total	(1.00)	-0-	(1.00)
Human Resources			
Senior Human Resources Analyst	(1.00)	-0-	(1.00)
Secretary	(1.00)	-0-	(1.00)
Sub-Total	(2.00)	-0-	(2.00)
Information Technology			
Information Technology Manager	(2.00)	-0-	(2.00)
Computer Operator	(1.00)	-0-	(1.00)
Technological Intern	-0-	(0.50)	(0.50)
Sub-Total	(3.00)	(0.50)	(3.50)
Operations			
Architect	(1.00)	-0-	(1.00)
Electrical Engineer	(1.00)	-0-	(1.00)
Facilities Management Superintendent	(1.00)	-0-	(1.00)
Facilities Management Supervisor	(1.00)	-0-	(1.00)
Fleet Services Superintendent	(1.00)	-0-	(1.00)
Senior Electronics Technician	(1.00)	-0-	(1.00)
Electrician	(1.00)	-0-	(1.00)
Facilities Project Coordinator	(1.00)	-0-	(1.00)
HVAC-R Mechanic	(2.00)	-0-	(2.00)
Automotive Mechanic	(3.00)	-0-	(3.00)
Senior Heavy Equipment Mechanic	(2.00)	-0-	(2.00)
Accountant	(1.00)	-0-	(1.00)
Administrative Assistant	(1.00)	-0-	(1.00)
Senior Fleet Service Technician	(5.00)	-0-	(5.00)
Data Control Clerk	(1.00)	-0-	(1.00)
Sub-Total	(23.00)	-0-	(23.00)
Procurement			
Senior Reprographics Technician	(1.00)	-0-	(1.00)
Senior Storekeeper	(1.00)	-0-	(1.00)
Sub-Total	(2.00)	-0-	(2.00)

Position Changes to the Fiscal Year 2004 Budget

	Permanent	Non-Permanent	Total Change
Reductions to Balance the Budget			
Support Services (Continued)			
Equal Opportunity Office			
Equal Opportunity Specialist	(1.00)	-0-	(1.00)
Sub-Total	(1.00)	-0-	(1.00)
Total Support Services	(34.00)	(0.50)	(34.50)
Non-Departmental			
General Expense			
Lead Ranch Worker	(1.00)	-0-	(1.00)
Ranch Worker	(2.00)	-0-	(2.00)
Sub-Total	(3.00)	-0-	(3.00)
Total Non-Departmental	(3.00)	-0-	(3.00)
Total Reductions to Balance the Budget	(119.50)	(19.00)	(138.50)
Other General Changes			
Elected and Official			
City Manager			
Assistant City Manager	1.00	-0-	1.00
Assistant to the City Manager	1.00	-0-	1.00
Special Projects Coordinator - City Manager's Office	(1.00)	-0-	(1.00)
Management Coordinator	(1.00)	-0-	(1.00)
Annexation Coordinator	(1.00)	-0-	(1.00)
Executive Assistant - City Manager or Mayor	1.00	-0-	1.00
Sub-Total	-0-	-0-	-0-
Total Elected and Official	-0-	-0-	-0-
Neighborhood Services			
Library			
Librarian	1.00	-0-	1.00
Library Associate	1.50	-0-	1.50
Customer Service Clerk	0.50	-0-	0.50
Library Page	-0-	0.50	0.50
Library Program Instructor	-0-	0.50	0.50
Sub-Total	3.00	1.00	4.00
Total Neighborhood Services	3.00	1.00	4.00

Position Changes to the Fiscal Year 2004 Budget

	Permanent	Non-Permanent	Total Change
Other General Changes (Continued)			
Environment and Development			
Development Services			
Environmental Inspector	2.00	-0-	2.00
Sub-Total	2.00	-0-	2.00
Comprehensive Planning Task Force			
Historic Preservation Program Manager	1.00	-0-	1.00
Transportation Administrator	2.00	-0-	2.00
Annexation Coordinator	1.00	-0-	1.00
Project Manager	2.00	-0-	2.00
Public Information Specialist	1.00	-0-	1.00
Executive Assistant	1.00	-0-	1.00
Administrative Assistant	1.00	-0-	1.00
Sub-Total	9.00	-0-	9.00
Solid Waste Management			
Environmental Inspector	1.00	-0-	1.00
Customer Service Representative	2.00	-0-	2.00
Sub-Total	3.00	-0-	3.00
Transportation			
Transportation Administrator	(2.00)	-0-	(2.00)
Environmental Inspector	(2.00)	-0-	(2.00)
Project Manager	(2.00)	-0-	(2.00)
Sub-Total	(6.00)	-0-	(6.00)
Tucson Water			
Public Information Specialist	(1.00)	-0-	(1.00)
Sub-Total	(1.00)	-0-	(1.00)
Historic Preservation Office			
Historic Preservation Program Manager	(1.00)	-0-	(1.00)
Administrative Assistant	(1.00)	-0-	(1.00)
Sub-Total	(2.00)	-0-	(2.00)
Total Environment and Development	5.00	-0-	5.00

Position Changes to the Fiscal Year 2004 Budget

	Permanent	Non-Permanent	Total Change
Other General Changes			
Support Services			
Finance			
Insurance Clerk	2.00	-0-	2.00
Sub-Total	2.00	-0-	2.00
Human Resources			
Insurance Clerk	(2.00)	-0-	(2.00)
Sub-Total	(2.00)	-0-	(2.00)
Operations			
Public Safety Dispatcher	4.00	-0-	4.00
Sub-Total	4.00	-0-	4.00
Total Support Services	4.00	-0-	4.00
Non-Departmental			
General Expense			
Project Manager	1.00	-0-	1.00
Staff Assistant	1.00	-0-	1.00
Sub-Total	2.00	-0-	2.00
Total Non-Departmental	2.00	-0-	2.00
Total Other General Changes	14.00	1.00	15.00
Total Position Changes	(105.50)	(18.00)	(123.50)

Section C

Legal Authorization

TRANSPORTATION



DOWNTOWN

GROWTH

ECONOMIC DEVELOPMENT



GOOD GOVERNMENT

NEIGHBORHOODS



LEGAL REQUIREMENTS

The city's budget is subject to requirements set by the State of Arizona's Constitution and statutes, and the Tucson City Charter.

LEGAL REQUIREMENTS IMPOSED BY THE STATE

State Spending Limitation

Tucson, like all cities in the State of Arizona, is subject to numerous budgetary and related legal requirements. Article IX, Section 20(1) of the Arizona Constitution sets out limits on the city's legal budget capacity. In general, the Mayor and Council cannot authorize expenditures of local revenues in excess of the expenditure limitation determined annually by the State of Arizona's Economic Estimates Commission (EEC). This limitation is based on the city's actual expenditures incurred during Fiscal Year 1980, adjusted to reflect subsequent inflation and population growth. Not subject to this limit are items such as bond proceeds, related debt service, interest earnings, certain highway user revenue funds, federal funds, monies received pursuant to intergovernmental agreements, and state grants which are to be used for specific purposes. Each year the EEC recalculates expenditure limitations for population growth and inflation, using the federal Gross Domestic Product (GDP) index to account for inflationary increases.

On November 3, 1987, in accordance with state statutes, the voters of Tucson passed a \$46.9 million increase in the expenditure base used to calculate the city's expenditure limitation. The effect is a permanent increase in the city's expenditure limitation, which the city has used for purposes of improved police, recreational, water, transportation, and fire protection services.

Property Tax Levy Limitation

The Arizona Constitution and Arizona Revised Statutes (ARS) specify a property tax levy limitation system. This system consists of two levies, a limited levy known as the primary property tax levy and an unlimited levy referred to as the secondary property tax levy. The primary levy may be imposed for all purposes, while the secondary levy may only be used to retire the principal and interest or redemption charges on general obligation bonded indebtedness.

Primary Property Tax Levy. There is a strict limitation on how much the city can levy as a primary property tax. This primary property tax levy is limited to an increase of 2% over the previous year's maximum allowable primary levy, plus an increased dollar amount due to a net gain in property not taxed the previous year (ARS §42-17051). Even if the city does not adopt the maximum allowable levy from year to year, the 2% allowable increase will be based on the prior year's "maximum allowable levy." The "net new property" factor is included in the calculation to take into account all new construction and any additional property added to a community due to an annexation. The 2% increase applies to all taxable property.

Secondary Property Tax Levy. The secondary property tax allows the city to levy a property tax for the purpose of retiring the principal and paying interest on general obligation bonds. This levy is referred to as the "unlimited" levy because this property tax may be levied in an amount to make necessary interest payments on, and for the retirement of, general obligation bonds issued by the city.

Not only is the dollar amount of the secondary property tax levy "unlimited," the actual full cash value of property that is used in determining the tax rate will be increased by changes in market value without a cap (Article 9, Section 18 and 19, Arizona Constitution). Unlike the primary tax system which uses a controlled assessment system to determine the tax rate, state laws allow the city to levy the amount of secondary property tax necessary to pay off its general obligation bonds.

Budget Adoption

State law (ARS §42-17101) requires that on or before the third Monday in July of each fiscal year, the Mayor and Council must adopt a tentative budget. Once this tentative budget has been adopted, the expenditures may not be increased upon final adoption. In effect, with the adoption of the tentative budget, the council has set its maximum "limits" for expenditure, but these limits may be reduced upon final adoption.

Once the tentative budget has been adopted, it must be published once a week for at least two consecutive weeks. The tentative budget must be fully itemized in accordance with forms supplied by the auditor general and included in the council meeting minutes.

State law (ARS §42-17104, §42-17105) specifies that seven or more days prior to the date the property tax levy is adopted, the city or town council must adopt the final budget for the fiscal year by roll call vote at a special meeting called for that purpose. State law requires adoption of the tax levy on or before the third Monday in August. The adopted budget then becomes the amount proposed for expenditure in the upcoming fiscal year and shall not exceed the total amount proposed for expenditure in the published estimates (ARS §42-17106). Once adopted, no expenditures shall be made for a purpose not included in the budget and no expenditures shall be made in excess of the amounts specified for each purpose in the budget, except as provided by law. This restriction applies whether or not the city has at any time received, or has on hand, funds or revenue in excess of those required to meet expenditures incurred under the budget. Federal and bond funds are not subject to this requirement.

Adoption Of Tax Levy

State law (ARS §42-17107) governing truth in taxation notice and hearing requires that on or before July 1st, the county assessor shall transmit to the city an estimate of the total net assessed valuation of the city, including an estimate of new property that has been added to the tax roll since the previous levy of property taxes in the city. If the proposed primary property tax levy, excluding amounts that are attributable to new construction, is greater than the amount levied by the city in the preceding year, the governing body shall publish a notice of tax increase. The truth in taxation hearing must be held prior to the adoption of the property tax levy.

The tax levy for the city must be adopted on or before the third Monday in August (ARS §42-17151). The tax levy must be specified in an ordinance adopted by the Mayor and Council. The levy is for both the primary and secondary tax.

Budget Revisions

ARS §42-17106 requires that no expenditures be made for a purpose not included in the adopted budget in any fiscal year in excess of the amount specified for each purpose in the budget. The City of Tucson in its annual Budget Adoption Resolution defines “purpose” as a series of departments and offices organized into the following six program categories:

- 1) Elected and Official
- 2) Neighborhood Services
- 3) Environment and Development
- 4) Strategic Initiatives
- 5) Support Services
- 6) Non-Departmental

The departments within a given program category are held accountable for their budget. Each department and the Budget and Research Department continuously monitor expenditures. If budget changes are needed, city departments prepare budget change requests that identify the areas to be increased and decreased. The Director of Budget and Research approves these budget change requests; under special circumstances the City Manager or his designee also approves the change requests. If there are major policy or program implications associated with a change, the City Manager may submit it to the Mayor and Council for approval. Once approved, the revised appropriation is entered into the city’s financial management system.

ARS §42-17106 permits the Mayor and Council, on the affirmation of a majority of the members at a duly noticed public meeting, to authorize the transfer of funds between program categories if the funds are available so long as the transfer does not violate the state set spending limitations.

LEGAL REQUIREMENTS IMPOSED BY THE CITY CHARTER

Certain legal requirements of the City Charter—property tax limitation and scheduling of budget adoption—are more restrictive than state law.

Property Tax Levy Limitation

Chapter IV, Section 2 of the Tucson Charter sets an upper property tax limit of \$1.75 per \$100 assessed value. Therefore, state laws notwithstanding, the city cannot levy a combined primary and secondary property tax that exceeds \$1.75.

Fiscal Year

The fiscal year of the city begins the first day of July of each year. (Tucson City Charter, Chapter XIII, Section 1)

Submission of the Recommended Budget

The City Charter requires that the City Manager prepare a written estimate of the funds required to conduct the business and affairs of the city for the next fiscal year. This estimate, which is the recommended budget, is due on or before the first Monday in May of each year, or on such date in each year as shall be fixed by the Mayor and Council. (Tucson City Charter, Chapter XIII, Section 3)

Budget Approval

On or before the first Monday in June of each year, or on such date in each year as shall be fixed by the Mayor and Council, the City Manager is required to submit to the Mayor and Council an estimate of the probable expenditures for the coming fiscal year, stating the amount in detail required to meet all expenditures necessary for city purposes, including interest and sinking funds, and outstanding indebtedness. Also required is an estimate of the amount of income expected from all sources and the probable amount required to be raised by taxation to cover expenditures, interest, and sinking funds. (Tucson City Charter, Chapter XVIII, Section 4)

Budget Publication and Hearings

The budget has to be prepared in detail sufficient to show the aggregate sum and the specific items allowed for each and every purpose. The budget and a notice that the Mayor and Council will meet for the purpose of making tax levies must be published in the official newspaper of the city once a week for at least two consecutive weeks following the tentative adoption of such budget. (Tucson City Charter, Chapter XVIII, Section 5)

Adoption of the Budget and Tax Levy

The Mayor and Council are required to hold a public hearing at least one week prior to the day on which tax levies are made, so that taxpayers may be heard in favor of or against any proposed tax levy.

After the hearing has been concluded, the Mayor and Council adopt the budget as finally determined upon. All taxes are to be levied or voted upon in specific sums and cannot exceed the sum specified in the published estimate. (Tucson City Charter, Chapter XVIII, Section 6 and Ordinance Number 1142, effective 6-23-48)

City Ordinance Setting the Tax Rate

On the day set for making tax levies, and not later than the third Monday in August, the Mayor and Council must meet and adopt an ordinance that levies upon assessed valuation of property within the city a rate of taxation sufficient to raise the amounts estimated to be required in the annual budget. (Tucson City Charter, Chapter XVIII, Section 7 and Ordinance Number 1142, effective 6-23-48)

THE CITY'S BUDGET PROCESS

While state and city legal requirements dictate certain facets of the budget process, the budget evolves through a number of steps: (1) identification of priorities, (2) a five-year forecast of revenues and expenditures, (3) department requests and the city manager's recommendation, and (4) Mayor and Council adoption.

A significant change to the budget process in Fiscal Year 2003 was the inclusion of a second year. Fiscal Year 2004 is the second year of the biennial budget.

Step 1: Identification of Priorities

In October 1996 the Mayor and Council adopted the "Strategic Cycle for Budget Development and Planning," a process for allocating resources based on identified community values and priorities. The Fiscal Year 2003 budget is the fifth budget to go through all phases of that process, which involved the community in identifying shared values, setting city service priorities, allocating resources to programs and projects, and evaluating the success of programs and projects.

To identify the community's values and priorities, public forums were conducted during the spring and summer of 1997 as part of the *Livable Tucson Vision Program*. Over 1,200 community members, business people, and city employees participated. Seventeen goals for strengthening the community emerged from these forums. These goals are used by departments and city management to assess programs and projects during the preparation of the budget.

The City Strategic Plan was developed to further guide resources towards priority areas and to focus attention on the results to be achieved. In December 2001, the Mayor and Council adopted six focus areas for Fiscal Years 2003 and 2004: Transportation, Downtown, Growth, Neighborhoods, Economic Development, and Good Government. Within each

focus area, a set of strategies and priority projects were approved. Taken collectively, these projects set the workplan for the city during Fiscal Years 2003 and 2004.

Step 2: Five-Year Forecast of Revenues and Expenditures

Each summer a five-year financial forecast—the proforma—is prepared for all sources of funds. This financial forecast takes into consideration economic factors and strategic plans implemented by the city. All departments participate by projecting their expenditures, which are reviewed and modified by the Budget and Research Department. The Finance Department projects revenues. The expenditure and revenue forecasts are collated by the Budget and Research Department and presented to the city manager. The proforma then serves as a baseline from which to develop a balanced budget for the coming year.

Step 3: Department Requests and the City Manager’s Recommendation

In the fall, department directors are asked to submit budget requests. Following a review by the Budget and Research Department and the Operating Budget Review Committee, each department’s requested budget is reviewed by the City Manager. The city manager, acting upon citywide priorities, will revise department requested budgets and prepare a balanced budget for Mayor and Council consideration.

Step 4: Mayor and Council Adoption

As noted earlier, this step in the process is governed by both state and city legal requirements and provides for citizen comment.

Public Hearings: Citizens are provided three public hearings to express to the Mayor and Council their opinions and concerns about the recommended budget and property tax levy. The first public hearing is held prior to the Mayor and Council’s study session reviews of the recommended budget. The second public hearing is held subsequent to those reviews and the Mayor and Council’s tentative adoption of the budget. The third public hearing is a truth in-taxation hearing regarding the primary property tax levy.

Citizens Advisory Committees: The Mayor and Council have also established two citizen advisory committees for budget oversight: the Budget Advisory Committee (BAC) and the Bond Project Oversight Committee (BPOC). The BAC reviews the budget and financial policies of the city to ensure the Mayor and Council’s intentions are carried out. The BPOC tracks the city’s use of bond funds through regular committee meetings and attendance at project management reviews.

Mayor and Council Review and Adoption: Within the framework of the identified community priorities and the policy initiatives, the Mayor and Council review the city manager’s recommended budget during several study sessions. Department directors are available to respond to questions. Following these reviews and public hearings to obtain taxpayer comments, the Mayor and Council adopt the budget and property tax levy.

**STATEMENT REQUIRED BY ARIZONA REVISED STATUTES 42-17102
RELATIVE TO PROPERTY TAXATION**

**PRIMARY AND SECONDARY TAX LEVIES
FISCAL YEARS 2003 AND 2004**

Property Tax	FY 2003 Levy	FY 2003 Revised (Estimated)	FY 2004 Levy	FY 2004 Maximum Levy Amount	Amount of Levy Increase/ (Decrease)	Percentage Levy Increase/ (Decrease)
Primary	\$ 4,601,930	\$ 4,601,930	\$ 4,904,190	\$ 8,477,330 ¹	\$ 302,260	6.6% ²
Secondary	20,674,970	20,674,970	23,055,320 ³	23,055,320	2,380,350	11.5%
Total	\$ 25,276,900	\$ 25,276,900	\$ 27,959,510	\$ 31,532,650	\$ 2,682,610	10.6%

Property Tax	Actual FY 2003 Rate	Estimated FY 2004 Rate ⁴	Amount Rate Increase/ (Decrease)	Percentage Rate Increase/ (Decrease)
Primary	\$ 0.2089	\$ 0.2089	0.0000	0.0%
Secondary	0.9113	0.9480	0.0367	4.0%
Total	\$ 1.1202	\$ 1.1569	\$ 0.0367	3.3%

¹ The primary property tax levy is shown at the estimated maximum possible amount. The actual maximum amount may be less.

² The primary property tax levy is limited to an increase of two percent over the previous year's maximum allowable primary levy plus an increased dollar amount due to a net gain in property not taxed in the previous year. The net new property factor is included in the calculation to take into account all new construction and property annexed in the last year.

³ A sale of \$25 million in general obligation bonds is assumed for 2003.

⁴ Both of these rates may differ depending upon the final actual assessed valuations.

**CITY OF TUCSON
PROPERTY TAX SUMMARY**

Taxing Jurisdiction	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
State of Arizona	\$ 0.47	\$ 0.47	\$ 0.47	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Pima County ¹	5.34	5.27	5.28	5.24	5.34	5.41	5.74	5.72	5.68	5.60
Tucson Unified School District ²	5.80	6.16	6.29	6.99	6.46	6.26	6.03	6.05	5.86	5.74
Pima Community College	1.06	1.10	1.22	1.24	1.18	1.19	1.37	1.56	1.55	1.53
Flood Control District	0.54	0.46	0.36	0.36	0.33	0.32	0.30	0.30	0.35	0.35
Fire District	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.04
Central Arizona Project (CAP) - Conservation District	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.13	0.13	0.13
Sub-Total without the City of Tucson	\$ 13.41	\$ 13.65	\$ 13.81	\$ 14.02	\$ 13.50	\$ 13.37	\$ 13.63	\$ 13.81	\$ 13.62	\$ 13.39
City of Tucson	1.09	1.16	1.15	1.15	0.99	0.96	1.02	1.13	1.12	1.12
Total ³	\$ 14.50	\$ 14.81	\$ 14.96	\$ 15.17	\$ 14.49	\$ 14.33	\$ 14.65	\$ 14.94	\$ 14.74	\$ 14.51
Percent increase/(decrease) from prior year	6.9%	2.1%	1.0%	1.4%	(4.5%)	(1.1%)	2.2%	2.0%	(1.3%)	(1.6%)
Assessed Valuation										
Primary (in billions)	\$ 1.471	\$ 1.498	\$ 1.530	\$ 1.582	\$ 1.727	\$ 1.830	\$ 1.887	\$ 1.999	\$ 2.088	\$ 2.203
Secondary (in billions)	\$ 1.487	\$ 1.547	\$ 1.569	\$ 1.599	\$ 1.819	\$ 1.904	\$ 1.945	\$ 2.049	\$ 2.138	\$ 2.269

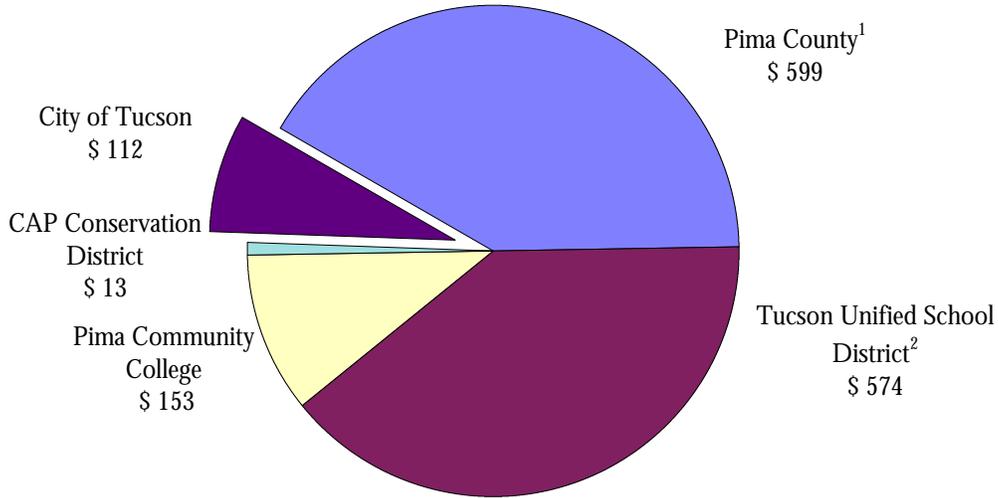
¹ Includes the Education Assistance rate (\$0.49 in Fiscal Year 2003).

² Tucson Unified School District tax levy reflects State Aid to Education reduction (\$3.53 in Fiscal Year 2003).

³ Does not include any special assessment districts.

**City of Tucson
Residential Property Owner Tax Valuation
Fiscal Year 2003 Property Taxes**

Owner-Occupied Home with Assessed Valuation of \$100,000



	Tax Rate Per \$1,000	Total Tax Amount ³	Percent of Total
Pima County ¹	\$ 5.99	\$ 599.00	41.3%
Tucson Unified School District ²	5.74	574.00	39.6%
Pima Community College	1.53	153.00	10.5%
Central Arizona Project (CAP) Conservation District	0.13	13.00	0.9%
Sub-Total	\$ 13.39	\$ 1,339.00	92.3%
City of Tucson	1.12	112.00	7.7%
Total	\$ 14.51	\$ 1,451.00	100.0%

¹ Includes Flood Control and Fire District tax rates.

² Tucson Unified School District actual levy after decreased for State Aid to Education.

³ The tax amount is calculated on 10% of the assessed value for tax purposes.

ADOPTED BY THE
MAYOR AND COUNCIL

APR 28 2003

RESOLUTION NO. 19568

RELATING TO FINANCE; FINALLY DETERMINING AND ADOPTING ESTIMATES OF PROPOSED EXPENDITURES BY THE CITY OF TUCSON FOR THE FISCAL YEAR BEGINNING JULY 1, 2003 AND ENDING JUNE 30, 2004; AND DECLARING THAT TOGETHER SAID EXPENDITURES SHALL CONSTITUTE THE BUDGET OF THE CITY OF TUCSON FOR SUCH FISCAL YEAR.

WHEREAS, pursuant to the provisions of the laws of the State of Arizona, and the Charter and Ordinances of the City of Tucson, the Mayor and Council are required to adopt an annual budget; and

WHEREAS, the Mayor and Council have prepared and filed with the City Clerk a proposed budget for the Fiscal Year beginning July 1, 2003 and ending June 30, 2004, which was tentatively adopted on April 21, 2003 and consists of estimates of the amounts of money required to meet the public expenses for that year, an estimate of expected revenues from sources other than direct taxation and the amount needed to be raised by taxation upon real and personal property; and

WHEREAS, due notice has been given by the City Clerk that this tentative budget with supplementary schedules and details is on file and open to inspection by anyone interested; and

WHEREAS, publication of the estimates has been made and the public hearing at which any taxpayer could appear and be heard in favor of or against any proposed expenditure or tax levy has been duly held, and the Mayor and Council are now convened in special meeting to finally determine and adopt estimates of proposed

expenditures for the various purposes set forth in the published proposal, all as required by law;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. The Mayor and Council have finally determined the estimates of revenue and expenditures, as set forth in Schedules A, B, C, D, and E, attached and incorporated herein by this reference, which will be required of the City of Tucson for the Fiscal Year beginning July 1, 2003 and ending June 30, 2004, and such finally determined estimates are hereby adopted as the budget of the City of Tucson for said fiscal year.

SECTION 2. The Purposes of Expenditure and the amount finally determined upon for each purpose, as set forth in this section, are necessary for the conduct of the business of the government of the City of Tucson, and such amounts and purposes shall constitute the adopted Expenditure Plan for the City for the 2004 Fiscal Year:

<u>Purpose of Expenditure</u>	<u>Final 2004 Budget</u>
Elected and Official	\$ 16,562,010
Neighborhood Services	378,663,910
Environment and Development	416,930,320
Strategic Initiatives	13,652,030
Support Services	51,189,850
Non-Departmental	<u>80,794,900</u>
TOTAL	<u>\$957,793,020</u>

The 2004 Probable Expenditure by Purpose is attached hereto as Exhibit I for information purposes.

SECTION 3. That the Purposes of Expenditure and the amount finally determined upon for each purpose as set forth in this section constitutes the portion of the adopted budget of the City for the 2004 Fiscal Year which is subject to the State Budget Law:

<u>Purpose of Expenditure</u>	<u>Final 2004 Budget Subject to State Budget Law</u>
Elected and Official	\$ 16,178,030
Neighborhood Services	274,345,650
Environment and Development	279,397,010
Strategic Initiatives	12,984,980
Support Services	49,689,850
Non-Departmental	<u>79,828,790</u>
 TOTAL	 <u>\$ 712,424,310</u>

SECTION 4. That money for any fund may be used for any of the purposes set forth in Section 2, except money specifically restricted by State or Federal law or City Charter, Code, Ordinances or Resolutions or bond covenants.

SECTION 5. The various City officers and employees are authorized and directed to perform all acts necessary or desirable to give effect to this resolution.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Tucson, Arizona, this 28th day of April, 2003.



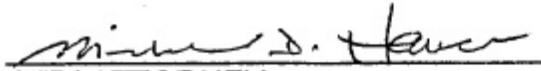
 MAYOR

ATTEST:



 CITY CLERK

APPROVED AS TO FORM:



 CITY ATTORNEY

REVIEWED BY:



 CITY MANAGER


 DD:dc
 04/22/2003 11:42 AM

**SCHEDULE A TO RESOLUTION NO. 19568
CITY OF TUCSON**

**SUMMARY SCHEDULE OF ESTIMATED REVENUES AND EXPENDITURES
FISCAL YEAR 2004**

FUND	ADOPTED BUDGETED EXPENDITURES FY 2003	ACTUAL EXPENDITURES FY 2003 ^(A)	UNRESERVED FUND BALANCE AT BEGINNING FY 2004	DIRECT PROPERTY TAX REVENUES FY 2004	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES	PROCEEDS FROM OTHER FUNDING SOURCES	INTERFUND		TOTAL FINANCIAL RESOURCES AVAILABLE	BUDGETED EXPENDITURES FY 2004
							IN	OUT		
1) General Fund	\$ 338,248,240	\$ 303,705,520	\$ 10,320,130	Primary \$ 4,904,190	\$ 297,014,580	\$ 23,723,800	-0-	-0-	\$ 335,962,700	\$ 335,962,700
2) Special Revenue Funds	320,469,580	311,360,060	28,586,320	-0-	307,766,280	-0-	-0-	-0-	336,352,600	336,352,600
3) Debt Service Funds	36,791,630	34,309,070	-0-	Secondary 23,055,320	16,294,550	-0-	-0-	-0-	39,349,870	39,349,870
4) Less: Designation for Future Years	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
5) Total Debt Service Funds	36,791,630	34,309,070	-0-	23,055,320	16,294,550	-0-	-0-	-0-	39,349,870	39,349,870
6) Capital Project Funds	67,774,200	74,494,110	-0-	-0-	-0-	70,646,000	-0-	-0-	70,646,000	70,646,000
7) Enterprise Funds	172,256,220	167,780,660	-0-	-0-	143,936,950	31,544,900	-0-	-0-	175,481,850	175,481,850
8) Expendable Trust Fund	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
9) Nonexpendable Trust Fund	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL ALL FUNDS	\$ 935,539,870	\$ 891,649,420	\$ 38,906,450	\$ 27,959,510	\$ 765,012,360	\$ 125,914,700	-0-	-0-	\$ 957,793,020	\$ 957,793,020

EXPENDITURE LIMITATION COMPARISON

1. Budgeted Expenditures
2. Add/Subtract estimated net reconciling items
3. Budgeted Expenditures Adjusted for Reconciling Items
4. Less: Estimated Exclusions
5. Amount Subject to Expenditure Limitation
6. Economics Estimates Commission Official Expenditure Limitation

	PREVIOUS FISCAL YEAR	CURRENT FISCAL YEAR
	\$ 935,539,870	\$ 957,793,020
	-0-	-0-
	935,539,870	957,793,020
	(431,539,590)	(442,982,090)
	504,000,280	514,810,930
	\$ 501,030,598	\$ 516,031,479

NOTES:

(A) Includes actual expenditures as of the date the proposed budget was prepared and expenditures expected to be made for the remainder of the fiscal year.

**SCHEDULE B TO RESOLUTION NO. 19568
CITY OF TUCSON**

**SUMMARY OF TAX LEVY AND TAX RATE INFORMATION
FISCAL YEAR 2004**

	2003 FISCAL YEAR	ESTIMATED 2004 FISCAL YEAR
1. Maximum Allowable Primary Property Tax Levy (ARS §42-17051.A.)	\$ 8,146,101	\$ 8,477,330
2. Amount Received from Primary Property Taxation in the 2002-03 Fiscal Year in Excess of the Sum of that Year's Maximum Allowable Primary Property Tax Levy (ARS §42-17102.A.18.)	-0-	
3. Property Tax Levy Amounts		
A. Primary Property Taxes	\$ 4,612,960	\$ 4,904,190
B. Secondary Property Taxes	20,756,360	23,055,320
Total Property Tax Levy Amounts	\$ 25,369,320	\$ 27,959,510
4. Property Taxes Collected*		
A. Primary Property Taxes		
1. 2002-03 Levy	\$ 4,601,930	
2. Prior Years' Levies	-0-	
Total Primary Property Taxes	\$ 4,601,930	
B. Secondary Property Taxes		
1. 2002-03 Levy	\$ 20,674,970	
2. Prior Years' Levies	-0-	
Total Secondary Property Taxes	\$ 20,674,970	
C. Total Property Taxes Collected	\$ 25,276,900	
5. Property Tax Rates		
A. City Tax Rate		
1. Primary Property Tax Rate	\$ 0.2089	\$ 0.2089
2. Secondary Property Tax Rate	0.9113	0.9480
Total City Tax Rate	\$ 1.1202	\$ 1.1569
B. Special Assessment District Tax Rates		

Secondary Property Tax Rates - As of the date the proposed budget was prepared, the city was operating no special assessment districts for which secondary property taxes are levied.

* Includes actual property taxes collected as of the date the proposed budget was prepared and the property taxes expected to be collected for the remainder of the fiscal year.

**SCHEDULE C TO RESOLUTION NO. 19568
CITY OF TUCSON**

SUMMARY BY FUND OF REVENUES OTHER THAN PROPERTY TAXES

<u>SOURCE OF REVENUES</u>	<u>ADOPTED REVENUES 2003</u>	<u>ACTUAL REVENUES 2003</u>	<u>ESTIMATED REVENUES 2004</u>
GENERAL FUND			
Local Taxes			
Business Privilege Tax	\$ 104,096,980	\$ 99,953,840	\$ 110,207,030
Public Utility Tax	7,499,440	7,795,600	7,951,500
Transient Occupancy Tax	7,508,800	6,456,200	8,953,600
Occupational Taxes	2,100,170	1,980,000	2,019,600
Liquor Taxes	731,300	760,600	851,680
Use Tax	-0-	-0-	4,000,000
Licenses and Permits	15,953,740	15,953,740	15,803,260
Fines, Forfeitures, and Penalties	7,963,120	8,363,120	9,795,200
Use of Money and Property	6,065,670	3,420,980	2,732,280
Intergovernmental Revenues			
Shared State Taxes	58,013,060	57,058,960	59,026,000
State Grants-In-Aid	2,529,560	2,376,920	2,637,830
State Revenue Sharing	52,388,880	51,808,070	43,388,700
Charges for Services	20,220,760	18,783,150	20,915,920
Non-Revenue Receipts	10,581,690	10,581,690	8,731,980
TOTAL GENERAL FUND	\$ 295,653,170	\$ 285,292,870	\$ 297,014,580
SPECIAL REVENUE FUNDS			
Solid Waste Management Fund			
Business Privilege Tax	\$ 14,627,120	\$ 15,816,080	\$ 10,632,120
Licenses and Permits	10,000	10,000	10,000
Charges for Services	11,141,360	10,077,000	14,000,100
Total Solid Waste Fund	<u>25,778,480</u>	<u>25,903,080</u>	<u>24,642,220</u>
Library Fund			
Business Privilege Tax	9,047,850	8,191,530	8,278,300
Local Grants-In-Aid	10,676,980	9,676,080	10,339,310
Charges for Services	629,200	629,200	654,370
Total Library Fund	<u>20,354,030</u>	<u>18,496,810</u>	<u>19,271,980</u>
Public Safety Academy Fund			
Business Privilege Tax	3,821,750	3,128,330	3,850,820
Charges for Services	836,020	836,020	854,280
Total Public Safety Academy Fund	<u>4,657,770</u>	<u>3,964,350</u>	<u>4,705,100</u>
Transportation Enterprise Area Management Fund			
Licenses and Permits	-0-	-0-	348,000
Fines and Forfeitures	-0-	-0-	663,000
Use of Money and Property	-0-	-0-	1,170,060
Total Transportation Enterprise Area Management Fund	<u>-0-</u>	<u>-0-</u>	<u>2,181,060</u>

**SCHEDULE C TO RESOLUTION NO. 19568
CITY OF TUCSON**

SUMMARY BY FUND OF REVENUES OTHER THAN PROPERTY TAXES

SOURCE OF REVENUES	ADOPTED REVENUES 2003	ACTUAL REVENUES 2003	ESTIMATED REVENUES 2004
SPECIAL REVENUE FUNDS (Continued)			
Convention Center Fund			
Business Privilege Tax	\$ 7,557,770	\$ 7,786,270	\$ 7,127,040
Charges for Services	3,929,520	3,063,140	3,753,070
Total Convention Center Fund	11,487,290	10,849,410	10,880,110
Capital Agreements Fund			
Local Grants-In-Aid	13,296,400	9,396,400	19,030,100
Total Capital Agreements Fund	13,296,400	9,396,400	19,030,100
Highway User Fund			
State Grants-In-Aid	30,385,530	29,000,530	30,908,580
Interest Earnings	1,553,160	1,553,160	1,602,860
Total Highway User Fund	31,938,690	30,553,690	32,511,440
Mass Transit Fund			
Business Privilege Tax	27,176,630	26,900,350	28,104,690
State Grants-In-Aid	3,342,950	3,402,950	2,767,000
Charges for Services	10,200,000	10,211,000	10,615,220
Federal Grants	26,057,930	26,059,090	45,724,150
Total Mass Transit Fund	66,777,510	66,573,390	87,211,060
Intermodal Surface Transportation Efficiency Act Fund			
Federal Grant	34,250,780	42,656,420	24,454,460
Total Intermodal Surface Transportation Efficiency Act Fund	34,250,780	42,656,420	24,454,460
Community Development Block Grant Fund			
Federal Grant	13,093,870	14,061,690	14,312,970
Total Community Development Block Grant Fund	13,093,870	14,061,690	14,312,970
Housing Assistance Fund			
Federal Grant	49,276,030	53,862,850	48,282,280
Charges for Services	2,027,660	2,027,660	2,027,660
Total Housing Assistance Fund	51,303,690	55,890,510	50,309,940
Federal Grants Fund	11,603,620	10,764,800	10,742,850
Other Grants Fund	7,709,010	5,946,260	7,512,990
TOTAL SPECIAL REVENUE FUNDS	\$ 292,251,140	\$ 295,056,810	\$ 307,766,280

**SCHEDULE C TO RESOLUTION NO. 19568
CITY OF TUCSON**

SUMMARY BY FUND OF REVENUES OTHER THAN PROPERTY TAXES

<u>SOURCE OF REVENUES</u>	<u>ADOPTED REVENUES 2003</u>	<u>ACTUAL REVENUES 2003</u>	<u>ESTIMATED REVENUES 2004</u>
DEBT SERVICE FUNDS			
Street and Highway Debt			
State Grants-In-Aid	\$ 16,035,270	\$ 14,987,200	\$ 16,294,550
TOTAL DEBT SERVICE FUNDS	\$ 16,035,270	\$ 14,987,200	\$ 16,294,550
ENTERPRISE FUNDS			
Water Utility			
Water Revenues	\$ 117,279,000	\$ 113,387,860	\$ 132,166,320
Golf Course Fund			
Golf Revenues	10,712,220	9,820,800	11,770,630
TOTAL ENTERPRISE FUNDS	\$ 127,991,220	\$ 123,208,660	\$ 143,936,950
TOTAL	\$ 731,930,800	\$ 718,545,540	\$ 765,012,360

**SCHEDULE D TO RESOLUTION NO. 19568
CITY OF TUCSON**

**SUMMARY BY FUND OF BOND PROCEEDS AND INTERFUND TRANSFERS
FISCAL YEAR 2004**

<u>FUND</u>	<u>PROCEEDS FROM OTHER FINANCING SOURCES</u>	<u>INTERFUND TRANSFERS IN</u>	<u>(OUT)</u>
GENERAL FUND			
Certificates of Participation:			
Fire Department	\$ 1,543,800	-0-	-0-
Police Department	232,500	-0-	-0-
Finance Department	100,000	-0-	-0-
Operations Department	4,997,200	-0-	-0-
General Expense	16,850,300	-0-	-0-
Total General Fund	<u>\$ 23,723,800</u>	<u>-0-</u>	<u>-0-</u>
SPECIAL REVENUE FUNDS			
CAPITAL PROJECTS FUNDS			
General Obligation Bond Funds	\$ 59,456,800	-0-	-0-
Street and Highway Project Funds	11,189,200	-0-	-0-
Total Capital Projects Funds	<u>\$ 70,646,000</u>	<u>-0-</u>	<u>-0-</u>
ENTERPRISE FUNDS			
Certificates of Participation			
Golf	\$ 338,900	-0-	-0-
Water Revenue Bond Funds	31,206,000	-0-	-0-
Total Enterprise Funds	<u>\$ 31,544,900</u>	<u>-0-</u>	<u>-0-</u>
TOTAL ALL FUNDS	<u><u>\$ 125,914,700</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>

**SCHEDULE E TO RESOLUTION NO. 19568
CITY OF TUCSON**

SUMMARY BY DEPARTMENT OF EXPENDITURES WITHIN EACH FUND

FISCAL YEAR 2004

<u>FUND/DEPARTMENT</u>	ADOPTED BUDGETED EXPENDITURES 2003	ACTUAL EXPENDITURES 2003	BUDGETED EXPENDITURES 2004
GENERAL FUND			
Mayor and Council	\$ 2,731,960	\$ 2,731,960	\$ 2,745,000
City Manager	2,194,810	2,122,060	2,040,770
City Clerk	2,681,980	2,400,750	4,944,190
City Attorney	6,787,190	6,349,370	6,564,680
City Court	9,609,740	9,170,590	9,394,510
Community Services	6,371,090	6,336,090	5,785,470
Fire	46,762,960	45,819,140	47,155,860
Neighborhood Resources	4,537,370	4,381,150	5,639,530
Parks and Recreation	38,406,170	36,901,790	36,851,750
Police	104,015,470	104,942,600	109,147,580
Independent Police Auditor	147,440	146,060	155,350
Public Defender	2,262,620	2,172,230	2,333,440
Development Services	7,950,940	7,557,510	8,246,110
Comprehensive Planning Task Force	2,913,180	3,257,270	3,551,990
Transportation	6,171,040	4,865,720	2,500,290
Environmental Management	3,660,260	3,411,130	4,499,410
Historic Preservation Office	130,770	-0-	-0-
Zoning Examiner	157,730	155,120	167,500
Economic Development	1,520,350	1,295,240	1,081,050
Intergovernmental Relations	534,090	507,800	538,190
Tucson-Mexico Trade Office	580,830	561,650	485,630
Budget and Research	2,137,100	2,071,940	2,023,890
Finance	7,321,740	7,126,680	7,937,630
Human Resources	2,977,290	2,959,500	2,523,140
Information Technology	11,830,050	11,149,520	11,066,070
Operations	23,836,700	17,941,810	20,865,540
Procurement	3,520,360	3,499,090	3,190,160
Equal Opportunity Office	702,410	701,830	583,420
Outside Agencies	6,650,320	6,645,930	7,452,760
General Expense	22,130,540	1,905,990	20,281,930
Debt Service	6,812,830	4,524,830	6,162,890
Contingency Fund	200,910	93,170	46,970
TOTAL GENERAL FUND	\$ 338,248,240	\$ 303,705,520	\$ 335,962,700

**SCHEDULE E TO RESOLUTION NO. 19568
CITY OF TUCSON**

SUMMARY BY DEPARTMENT OF EXPENDITURES WITHIN EACH FUND

FISCAL YEAR 2004

<u>FUND/DEPARTMENT</u>	<u>ADOPTED BUDGETED EXPENDITURES 2003</u>	<u>ACTUAL EXPENDITURES 2003</u>	<u>BUDGETED EXPENDITURES 2004</u>
SPECIAL REVENUE FUNDS			
Solid Waste Management Fund			
Solid Waste Management	\$ 30,223,620	\$ 29,786,210	\$ 31,513,480
Debt Service	303,560	509,870	337,440
Total Solid Waste Management Fund	30,527,180	30,296,080	31,850,920
Library Fund			
Library	19,854,030	17,996,810	19,283,980
General Expense	500,000	500,000	-0-
Total Library Fund	20,354,030	18,496,810	19,283,980
Public Safety Academy Fund			
Fire	1,946,350	1,270,540	1,981,080
Police	2,455,200	2,437,590	2,470,010
Debt Service	256,220	256,220	254,010
Total Public Safety Academy Fund	4,657,770	3,964,350	4,705,100
Transportation Enterprise Area Management Fund			
Transportation	-0-	-0-	2,630,760
Debt Service	-0-	-0-	102,080
Total Transportation Enterprise Area Management Fund	-0-	-0-	2,732,840
Tucson Convention Center Fund			
Tucson Convention Center	11,595,290	10,957,410	10,880,110
Total Tucson Convention Center Fund	11,595,290	10,957,410	10,880,110
Capital Agreements Fund			
Parks and Recreation	7,648,500	808,200	11,225,900
Transportation	10,234,800	8,702,900	10,920,900
Environmental Management	2,600,000	2,100,000	1,864,900
Debt Service	4,800,000	800,000	4,400,000
Total Capital Agreements Fund	25,283,300	12,411,100	28,411,700
Highway User Fund			
Neighborhood Resources	1,792,400	1,792,400	4,352,400
Comprehensive Planning Task Force	-0-	108,880	130,250
Transportation	37,976,860	35,025,090	35,776,390

**SCHEDULE E TO RESOLUTION NO. 19568
CITY OF TUCSON**

SUMMARY BY DEPARTMENT OF EXPENDITURES WITHIN EACH FUND

FISCAL YEAR 2004

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES 2003	ACTUAL EXPENDITURES 2003	BUDGETED EXPENDITURES 2004
SPECIAL REVENUE FUNDS (Continued)			
Outside Agencies	\$ 101,650	\$ 101,650	\$ 100,580
General Expense	158,590	158,590	161,190
Debt Service	2,136,830	1,936,830	1,179,070
Total Highway User Fund	42,166,330	39,123,440	41,699,880
Mass Transit Fund			
Transportation	67,924,710	66,791,190	89,454,860
Intermodal Surface Transportation Efficiency Act Fund			
Transportation	34,250,780	42,656,420	23,654,460
Debt Service	-0-	-0-	800,000
Total Intermodal Surface Transportation Efficiency Act Fund	34,250,780	42,656,420	24,454,460
Community Development Block Grant Fund			
Community Services	11,277,360	12,045,130	10,960,010
Neighborhood Resources	1,645,000	1,845,050	3,190,000
Economic Development	125,000	125,000	125,000
Debt Service	46,510	46,510	37,960
Total Community Development Block Grant Fund	13,093,870	14,061,690	14,312,970
Housing Assistance Funds			
Community Services	51,154,480	55,741,300	50,181,790
Debt Service	149,210	149,210	128,150
Total Housing Assistance Funds	51,303,690	55,890,510	50,309,940
Federal Grants Fund			
City Attorney	357,950	196,480	383,980
Community Services	1,651,400	1,651,400	1,366,810
Fire	300,000	389,580	-0-
Library	-0-	58,380	-0-
Parks and Recreation	664,240	597,690	619,560
Police	6,330,030	5,651,390	6,250,450

**SCHEDULE E TO RESOLUTION NO. 19568
CITY OF TUCSON**

SUMMARY BY DEPARTMENT OF EXPENDITURES WITHIN EACH FUND

FISCAL YEAR 2004

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES 2003	ACTUAL EXPENDITURES 2003	BUDGETED EXPENDITURES 2004
SPECIAL REVENUE FUNDS (Continued)			
Comprehensive Planning Task Force	\$ 80,000	\$ 20,000	\$ 80,000
Environmental Management	200,000	200,000	-0-
Historic Preservation Office	20,000	-0-	-0-
Economic Development	500,000	499,880	542,050
Operations	1,500,000	1,500,000	1,500,000
Total Federal Grants Fund	11,603,620	10,764,800	10,742,850
Other Grants Fund			
City Attorney	155,010	110,260	133,390
City Court	362,000	143,770	359,060
Community Services	500,000	500,000	650,000
Fire	350,000	-0-	350,000
Library	650,000	650,000	500,000
Parks and Recreation	1,075,430	1,071,720	1,269,340
Police	1,098,390	932,070	1,053,200
Comprehensive Planning Task Force	210,000	210,000	210,000
Solid Waste Management	410,000	410,000	410,000
Transportation	1,078,000	350,000	1,078,000
Economic Development	34,560	34,560	-0-
Operations	1,500,000	1,398,260	1,500,000
General Expense	285,620	135,620	-0-
Total Other Grants Fund	7,709,010	5,946,260	7,512,990
TOTAL SPECIAL REVENUE FUNDS	\$ 320,469,580	\$ 311,360,060	\$ 336,352,600
DEBT SERVICE FUNDS			
General Obligation Debt Service Fund			
Debt Service	\$ 20,756,360	\$ 19,321,870	\$ 23,055,320
Street and Highway Debt Service Fund			
Debt Service	16,035,270	14,987,200	16,294,550
TOTAL DEBT SERVICE FUNDS	\$ 36,791,630	\$ 34,309,070	\$ 39,349,870
CAPITAL PROJECTS FUNDS			
Fire	\$ 6,315,100	\$ 7,903,570	\$ 7,645,700
Library	1,500,000	2,827,860	2,464,000
Parks and Recreation	18,012,600	8,223,400	19,928,900

**SCHEDULE E TO RESOLUTION NO. 19568
CITY OF TUCSON**

SUMMARY BY DEPARTMENT OF EXPENDITURES WITHIN EACH FUND

FISCAL YEAR 2004

<u>FUND/DEPARTMENT</u>	<u>ADOPTED BUDGETED EXPENDITURES 2003</u>	<u>ACTUAL EXPENDITURES 2003</u>	<u>BUDGETED EXPENDITURES 2004</u>
CAPITAL PROJECTS FUNDS (Continued)			
Police	\$ 1,345,000	\$ 732,900	\$ 3,738,700
Solid Waste Management	1,952,400	1,757,080	4,624,600
Transportation	33,695,000	44,435,260	27,546,200
Environmental Management	4,239,800	7,150,680	4,697,900
Operations	-0-	476,020	-0-
General Expense	714,300	987,340	-0-
TOTAL CAPITAL PROJECTS FUNDS	\$ 67,774,200	\$ 74,494,110	\$ 70,646,000
ENTERPRISE FUNDS			
Tucson Water	\$ 161,544,000	\$ 157,959,860	\$ 163,372,320
Tucson City Golf	10,712,220	9,820,800	12,109,530
TOTAL ENTERPRISE FUNDS	\$ 172,256,220	\$ 167,780,660	\$ 175,481,850
TOTAL CITY FUNDS	\$ 935,539,870	\$ 891,649,420	\$ 957,793,020

EXHIBIT I TO RESOLUTION NO. 19568

<u>Purpose of Expenditure</u>	<u>Final 2004 Budget</u>	<u>Final 2004 Budget Subject to State Budget Law</u>
Elected and Official		
Mayor and Council	\$ 2,745,000	\$ 2,745,000
City Manager	2,040,770	2,040,770
City Clerk	4,694,190	4,694,190
City Attorney	7,082,050	6,698,070
Elected and Official Sub-Total	<u>16,562,010</u>	<u>16,178,030</u>
Neighborhood Services		
City Court	10,003,570	10,003,570
Community Services	68,944,080	8,463,130
Fire	57,132,640	49,486,940
Library	22,247,980	19,783,980
Neighborhood Resources	13,181,930	9,991,930
Parks and Recreation	69,895,450	49,346,990
Tucson City Golf	12,109,530	12,109,530
Police	122,659,940	112,670,790
Independent Police Auditor	155,350	155,350
Public Defender	2,333,440	2,333,440
Neighborhood Services Sub-Total	<u>378,663,910</u>	<u>274,345,650</u>
Environment and Development		
Development Services	8,246,110	8,246,110
Comprehensive Planning Task Force	3,972,240	3,892,240
Solid Waste Management	36,548,080	31,923,480
Transportation	193,561,860	96,637,050
Tucson Water	163,372,320	132,166,320
Environmental Management	11,062,210	6,364,310
Zoning Examiner	167,500	167,500
Environment and Development Sub-Total	<u>416,930,320</u>	<u>279,397,010</u>
Strategic Initiatives		
Tucson Convention Center	10,880,110	10,880,110
Economic Development	1,748,100	1,081,050
Intergovernmental Relations	538,190	538,190
Tucson-Mexico Trade Office	485,630	485,630
Strategic Initiatives Sub-total	<u>13,652,030</u>	<u>12,984,980</u>
Support Services		
Budget and Research	2,023,890	2,023,890
Finance	7,937,630	7,937,630
Human Resources	2,523,140	2,523,140
Information Technology	11,066,070	11,066,070
Operations	23,865,540	22,365,540
Procurement	3,190,160	3,190,160
Equal Opportunity Office	583,420	583,420
Support Services Sub-Total	<u>51,189,850</u>	<u>49,689,850</u>
Non-Departmental		
Outside Agencies	7,553,340	7,553,340
General Expense	20,443,120	20,443,120
Debt Service	52,751,470	51,785,360
Contingency Fund	46,970	46,970
Non-Departmental	<u>80,794,900</u>	<u>79,828,790</u>
TOTAL	<u>\$ 957,793,020</u>	<u>\$ 712,424,310</u>

ADOPTED BY THE
MAYOR AND COUNCIL

MAY 05 2003

ORDINANCE NO. 9836

RELATING TO TAXATION; FIXING, LEVYING, AND ASSESSING PRIMARY AND SECONDARY PROPERTY TAXES FOR THE CITY OF TUCSON UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF TUCSON SUBJECT TO TAXATION, EACH IN A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS OF VALUATION, SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNTS ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE AND UNENCUMBERED BALANCES FROM THE PREVIOUS FISCAL YEAR; PROVIDING FUNDS FOR VARIOUS PURPOSES, ALL FOR THE FISCAL YEAR ENDING JUNE 30, 2004; AND DECLARING AN EMERGENCY.

WHEREAS, the truth in property taxation public hearing was held on April 28, 2003; and

WHEREAS, the public hearing for the purpose of hearing taxpayers was held on April 28, 2003, after which a Special Meeting of the Mayor and Council was duly convened during which a Budget of Proposed Expenditures was adopted in final form for the Fiscal Year 2004; and

WHEREAS, pursuant to the provisions of the laws of the State of Arizona and the Charter of the City of Tucson, the Mayor and Council of the City of Tucson are required to fix, levy, and assess a primary and a secondary rate of taxation upon each One Hundred Dollars (\$100.00) of the assessed valuation of all real and personal property subject to taxation within the City sufficient to raise the amount estimated to be required in the annual budget to pay municipal expenses during the fiscal year ending June 30, 2004, less the amounts estimated to be received from all other sources of revenue and unencumbered balances from the previous fiscal year; and

WHEREAS, the County of Pima is per State law the assessing and collecting authority for the City of Tucson.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. There is hereby levied on each One Hundred Dollars (\$100.00) of the assessed valuation of all property, both real and personal, within the corporate limits of the City of Tucson, except such property as may by law be exempt from taxation, a primary property tax rate sufficient to raise the sum of FOUR MILLION NINE HUNDRED FOUR THOUSAND ONE HUNDRED NINETY DOLLARS (\$4,904,190) or the sum equal to the maximum aggregate amount of primary property taxes allowed by law, whichever is the less, for the purpose of providing a General Fund for the City of Tucson for the fiscal year ending the June 30, 2004.

SECTION 2. In addition to the rate set in Section 1 hereof, there is hereby levied on each One Hundred Dollars (\$100.00) of assessed valuation of all property both real and personal, within the corporate limits of the City of Tucson, except such property as may be by law exempt from taxation, a secondary property tax rate sufficient to raise the sum of TWENTY THREE MILLION FIFTY-FIVE THOUSAND THREE HUNDRED TWENTY DOLLARS (\$23,055,320), but not more than the actual general obligation bond debt service due during the year for the purpose of providing a bond interest and redemption fund for the City of Tucson for the fiscal year ending June 30, 2004.

SECTION 3. That the taxes assessed and levied in Sections 1 and 2 of this Ordinance are, and shall become, due and payable to the County Treasurer and Ex-officio Tax Collector of Pima County at his office in the Pima County Courthouse in the City of Tucson in the same manner and at the same time as provided by law for the collection and payment of State and County property taxes.

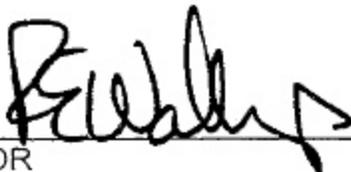
SECTION 4. That the City Clerk is authorized and directed to cause certified copies of this ordinance to be forthwith personally delivered to the Pima County

Treasurer and to the Chairman of the Board of Supervisors of Pima County, Arizona, and to cause this Ordinance to be published for three consecutive issues in the official newspaper of the City of Tucson published and circulated in the City of Tucson.

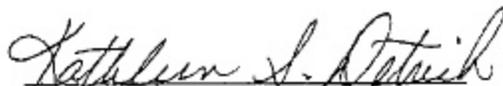
SECTION. 5. The various City officers and employees are authorized and directed to perform all acts necessary or desirable to give effect to this Ordinance.

SECTION 6. WHEREAS, it is necessary for the preservation of the peace, health and safety of the City of Tucson that this Ordinance become immediately effective, an emergency is hereby declared to exist, and this Ordinance shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Tucson, Arizona, May 5, 2003.


MAYOR

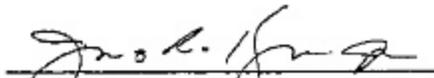
ATTEST:

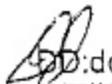

CITY CLERK

APPROVED AS TO FORM:


CITY ATTORNEY

REVIEWED BY:


CITY MANAGER


DD:dc
04/23/2003 10:49 AM

Section D

Community Statistical Profile

TRANSPORTATION



DOWNTOWN



GROWTH

GOOD GOVERNMENT

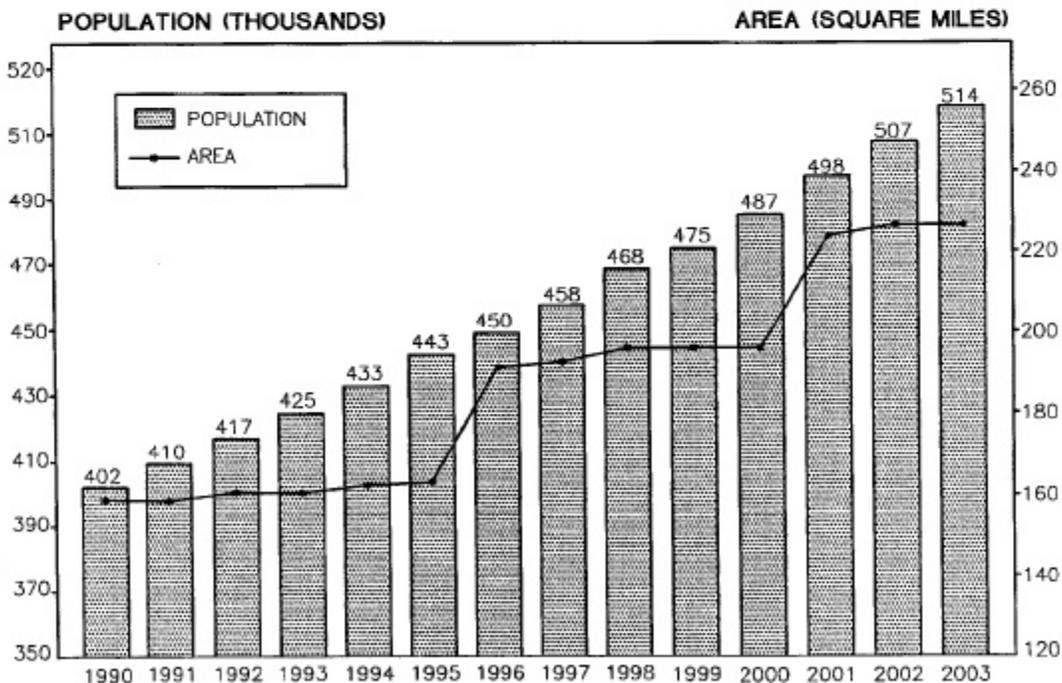
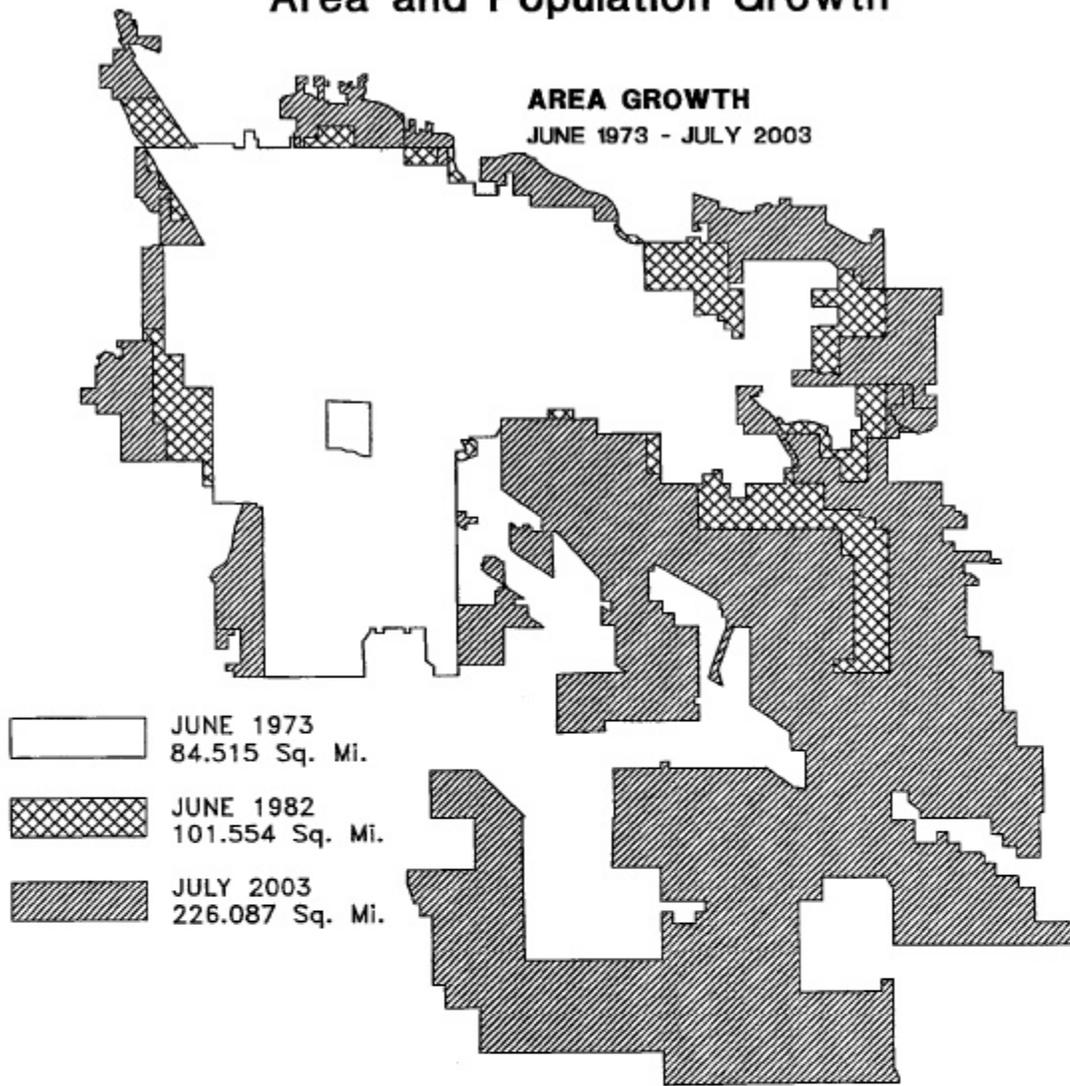
ECONOMIC DEVELOPMENT



NEIGHBORHOODS



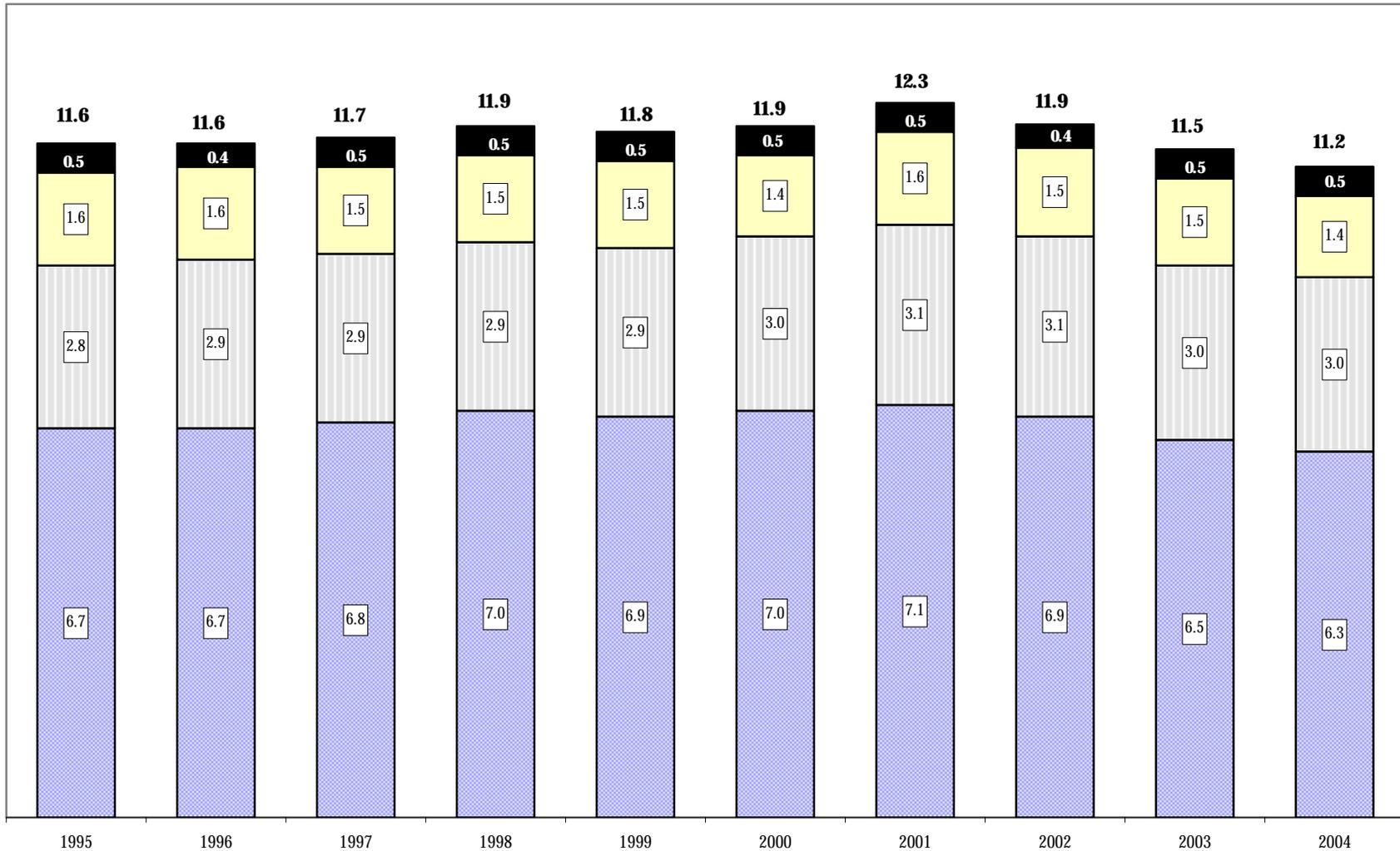
City of Tucson Area and Population Growth



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

NUMBER OF CITY EMPLOYEES PER 1,000 POPULATION

- Recurring Revenues
- Utilities (Golf and Water)
- Commissioned Public Safety Personnel
- Grant-Funded Positions



SELECTED ECONOMIC INDICATORS

Tucson Metro Area

Description	Calendar Year			
	2002	2003	2004	2005
Personal Income (Billions of Dollars)	\$ 21.812	\$ 22.738	\$ 24.081	\$ 25.465
Percentage Change Over Prior Year	3.8	4.2	5.9	5.7
Retail Sales Without Food (Billions of Dollars)*	\$ 7.044	\$ 7.202	\$ 7.614	\$ 7.957
Percentage Change Over Prior Year	1.1	2.2	5.7	4.5
Residential Building Permits (Units)	7,999	6,999	7,619	7,660
Percentage Change Over Prior Year	(1.9)	(12.5)	8.9	.5
Population (000)**	890.5	908.9	931.4	952.4
Percentage Change Over Prior Year	2.3	2.1	2.5	2.3
Wage and Salary Employment (000)	349.7	353.6	367.1	378.3
Percentage Change Over Prior Year	(.2)	1.1	3.8	3.1
Employment/Population Ratio	.393	.389	.394	.397
Real Per Capita Disposable Income (2002) Dollars	\$ 21,546	\$ 21,794	\$ 22,417	\$ 22,722
Percentage Change Over Prior Year	1.6	1.2	2.9	1.4
Annual Earnings Per Worker	\$ 31,071	\$ 32,103	\$ 32,958	\$ 33,818
Percentage Change Over Prior Year	3.0	3.3	2.7	2.6
Consumer Price Index (CPI) Western Region (Percentage Change)	1.9	2.3	1.6	1.9
Personal Consumption Deflator (Percentage Change)	1.4	1.9	1.5	1.9
Gross Domestic Product (GDP) Implicit Price Deflator (Percentage Change)	1.1	1.6	1.8	1.8
Gasoline Sales (Millions of Gallons)	406.5	423.5	448.0	463.6
Percentage Change Over Prior Year	3.7	4.2	5.8	3.5

Source: Economic Outlook, May 2003, Economics and Business Research Program, Eller College of Business and Public Administration, The University of Arizona.

*Calculated by combining expenditures for retail sales less food with restaurant and bar sales.

**Population projections were made prior to Census 2000 using different base data than population data on page D-6.

COMMUNITY PROFILE

TUCSON - Combining a Rich History with a Bright Future

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 was recently 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 and were runners up in the championship in 2001. 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, a 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 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. Included are 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, the 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*).

We Mean Business

Tucson's business environment is as agreeable as its natural climate. Tourism, which accounted for over \$1.8 billion in the past year, will continue to be a major contributor to the region's economic base. 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.

Balancing Growth and Preservation

The City of Tucson, incorporated in 1877, is the second largest city in the State of Arizona. Tucson is forecast to have a population of over 510,000 in 2003. As with many communities in the West, growth has occurred at the edges of the urban area.

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

To ensure that areas in the central city remain attractive places to live and work, the City of Tucson works with neighborhoods through the Department of Neighborhood Resources and has initiated 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.

COMMUNITY PROFILE

Key Statistics

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
1990	405,390	666,880
2000	486,699	847,600
2001	498,305	870,610
2002	507,085	890,545
2003	514,350	911,200
2004*	530,361	933,600

Land Area

1990	158.30 square miles
1996	191.88 square miles
1997	193.99 square miles
1998	194.15 square miles
1999	194.36 square miles
2000	196.32 square miles
2001	223.36 square miles
2002	225.99 square miles
2003*	226.09 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%
Other	1.9%

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 Comprehensive Planning Task Force 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, 2002*

(Based on number of full-time equivalent positions)

U.S. Army Fort Huachuca	11,580
University of Arizona	11,335
Raytheon Systems Company	10,100
Davis-Monthan Air Force Base	9,947
State of Arizona	9,732
Tucson Unified School District	8,234
Pima County	7,135
City of Tucson	6,168**
Wal-Mart	4,000
Tohono O'Odham Nation	3,375
Phelps Dodge Mining Company	3,348
Carondelet Health Network	2,905
University Medical Center	2,566
Tucson Medical Center (TMC) HealthCare	2,436
Pima Community College	2,274
Basha's, Inc.	2,250
Sunnyside Unified School District	2,070

Total Employment

(Pima County)

1990	321,900
1999	429,332
2000	447,106
2001	450,137
2002	433,550
2003	445,570

Unemployment Rates

(Pima County)

1990	4.6%
1999	2.9%
2000	2.8%
2001	3.2%
2002	4.6%
2003	4.2%

Annual Rate of Earnings

(Per worker in current dollars)

1990	\$20,015
1998	\$26,311
1999	\$27,453
2000	\$29,439
2001	\$30,570
2002	\$31,628

Building Permits Issued

	Residential	Commercial	Industrial
1998	2,359	238	34
1999	2,740	302	7
2000	2,689	236	17
2001	2,712	140	8
2002	2,719	191	17

*Source: "Star/Two/Hundred," The Arizona Daily Star, March 9, 2003.

**The City of Tucson's Fiscal Year 2004 Adopted Budget includes 5,757.96 full-time equivalent positions.

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, School, Regional, and Open Space)	127
Recreation Centers	7
Neighborhood/Senior Centers	8
Regional Centers	2
After-School Program Sites	34
Senior Citizen Program Sites	13
Municipal Swimming Pools	26
Municipal Golf Courses	5
Tennis Court Sites	18
Playfields	195
Libraries	23
Bookmobiles	2

Solid Waste Management

Tons of Waste Collected	366,000
Tons of Material Recycled	35,000
Number of Christmas Trees Mulched or Composted	30,600

Transportation

Number of Street Miles Maintained	1,812
Miles of Bikeways	350
Miles of Drainageway	1,141
Number of Street Lights	17,592
Annual Miles of Fixed-Route Bus Service	7,972,000
Annual Miles of Paratransit Service	2,727,240
Traffic Signals	455

Tucson Water

Miles of Water Lines	4,300
Number of Water Connections	205,377
Million of gallons of potable water storage capacity	287
Billion of gallons of potable water delivered annually	36

Public Safety

Number of Authorized Commissioned Law Enforcement Personnel	995.5
Average Police Emergency Response Time (in minutes)	4.08
Average Police Response Time for All Emergency, Critical, Urgent, and General Response Calls (in minutes)	32.05
Number of Commissioned Fire Personnel	526
Annual Number of Structural Fire Runs	541
Annual Number of Other Fire Runs	34,935
Number of Paramedics	108
Annual Number of Paramedic Runs	31,576

BENCHMARKING PROJECT

In recent years, the City of Tucson has used performance goals and project management to increase its accountability and assess effectiveness. Another way to measure municipal performance is to benchmark with other cities. This is commonly done in the private sector, particularly in health care and education, to compare effectiveness of organizations in the same business. For example, universities are often ranked on the quality of their freshman classes and how well students do over their four years. As undergraduates, measures such as Scholastic Aptitude Test/American College Test scores, faculty to student ratios, educational expenses per student, graduation rates, and alumni giving rates are widely used. Municipalities are just beginning to use the benchmarking technique. Included in this section are benchmarks comparing the City of Tucson's metropolitan area with ten other metropolitan areas (see map on page D-10).

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 similar enough to allow the comparison of some urban elements, yet sufficiently disparate to allow the contrast of others. The other metropolitan areas used are Albuquerque, Austin, Colorado Springs, Denver, El Paso, Las Vegas, Phoenix-Mesa, Salt Lake City, San Antonio, and San Diego. The Tucson metro area was compared with these other areas to determine how it compares economically and demographically. The benchmarks included in this section, comprised of ten economic benchmarks and six demographic benchmarks, are listed below and displayed in a series of graphs on the pages that follow.

Economic Benchmarks

- Metro Area 2000 Average Annual Wage, page D-11
- Metro Area 1999 Wage and Salary Employment, Number of Jobs Per 1,000 Population, page D-11
- Metro Area 2000 Population Below Poverty Level, page D-12
- Metro Area 2001 Cost of Living Index (adjusted for Tucson's cost of living), page D-12
- Metro Area 2001 Cost of Groceries Index (adjusted for Tucson's cost of groceries), page D-13
- Metro Area 2001 Cost of Housing Index (adjusted for Tucson's cost of housing), page D-13
- Metro Area 2001 Cost of Transportation Index (adjusted for Tucson's cost of transportation), page D-14
- Metro Area 2001 Cost of Health Care Index (adjusted for Tucson's cost of health care), page D-14
- Percentage of Households That Use a Personal Computer, page D-15
- Metro Area 1990 Mean Travel Time to Work, In Minutes, page D-15

Demographic Benchmarks

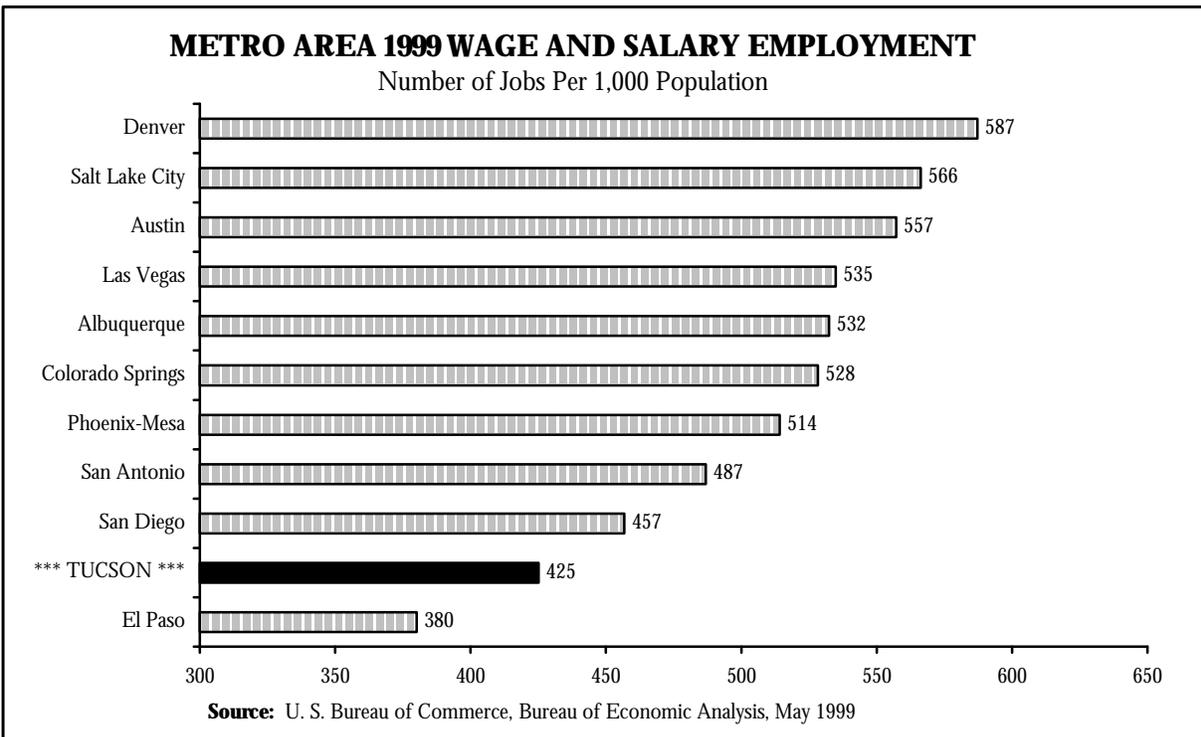
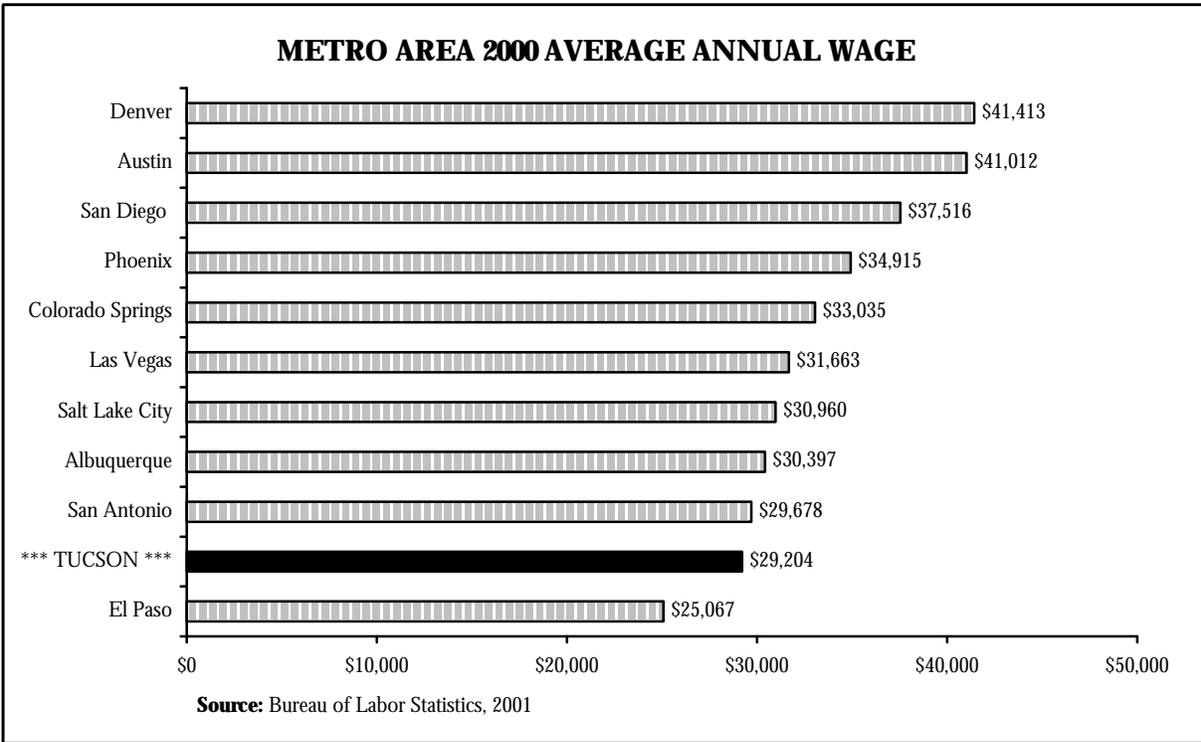
- Percent of 2000 Metro Population Less Than 18 Years Old, page D-16
- Percent of 2000 Metro Population Greater Than 64 Years Old, page D-16
- Number of Persons Per Household, page D-17
- 2000 Infant Death Rate Per 1,000 Population, page D-17
- High School Diploma, Percent of Population 25 Years Old and Older, page D-18
- Bachelor Degree, Percent of Population 25 Years Old and Older, page D-18

Benchmark Metropolitan Cities and 2000 Populations



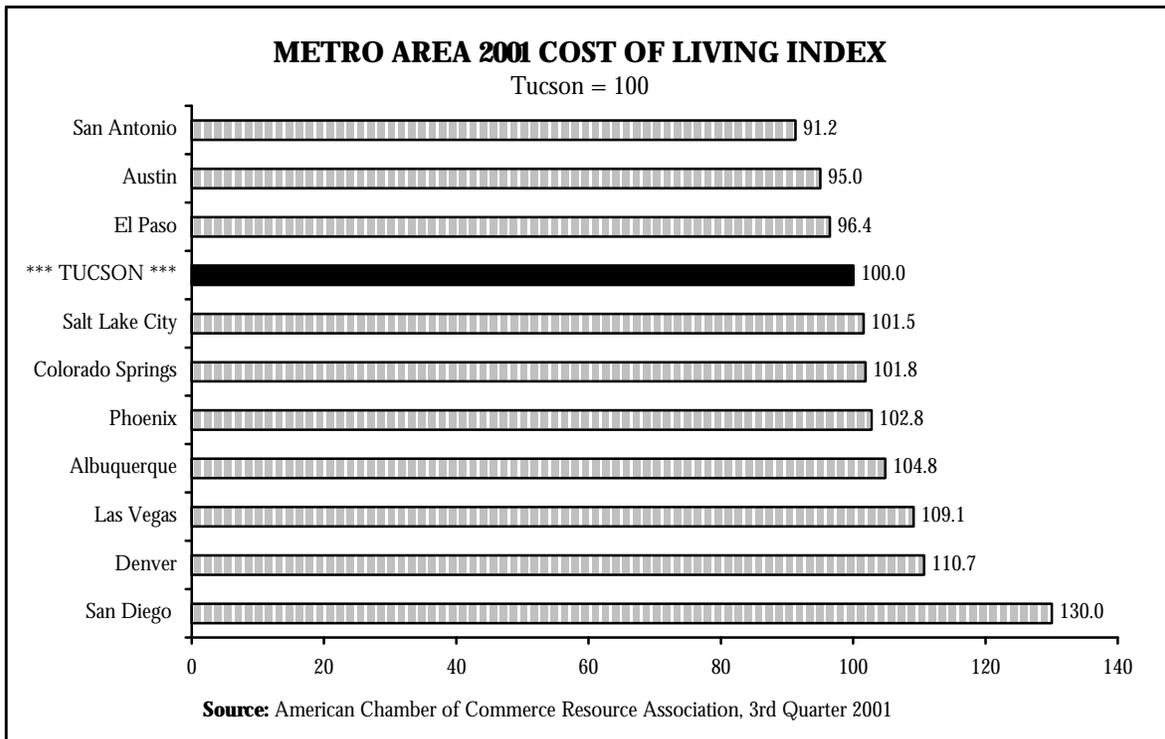
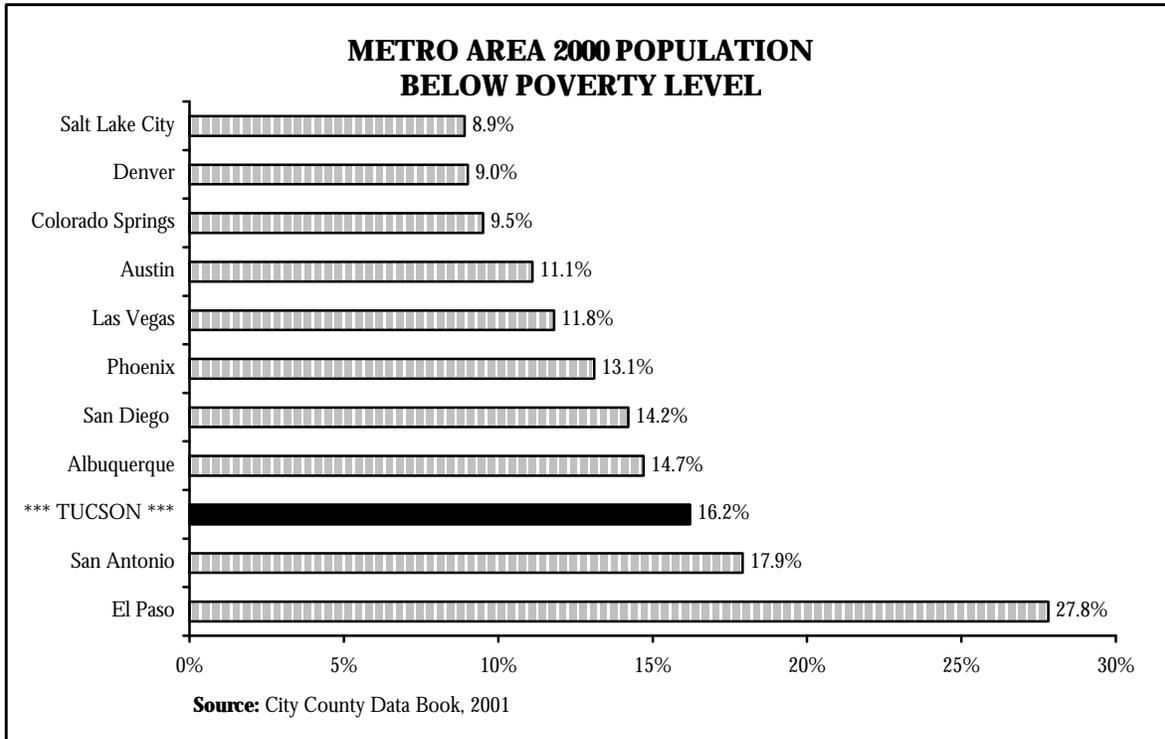
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



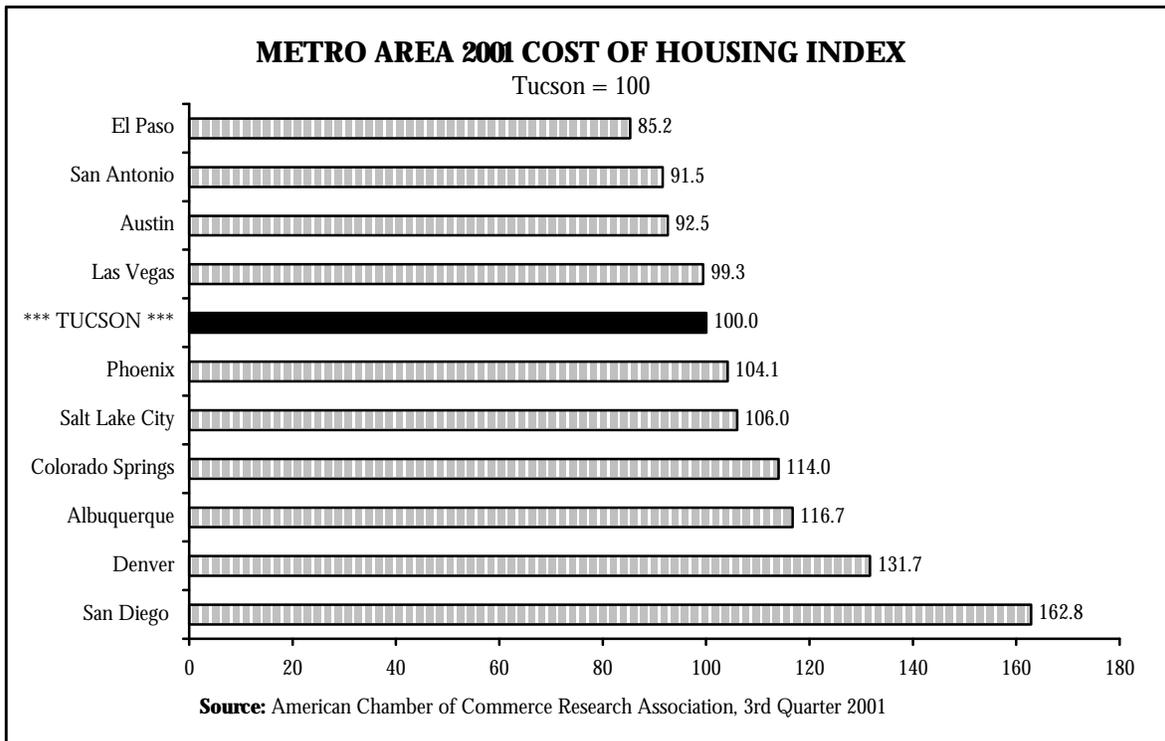
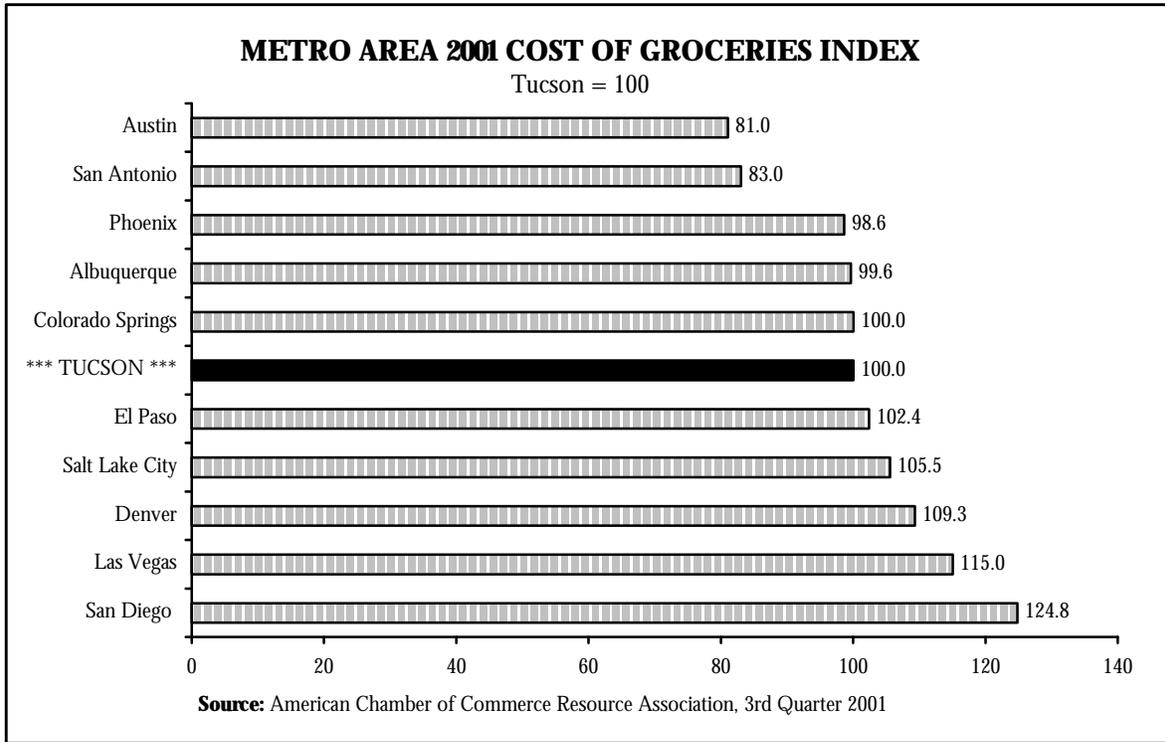
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



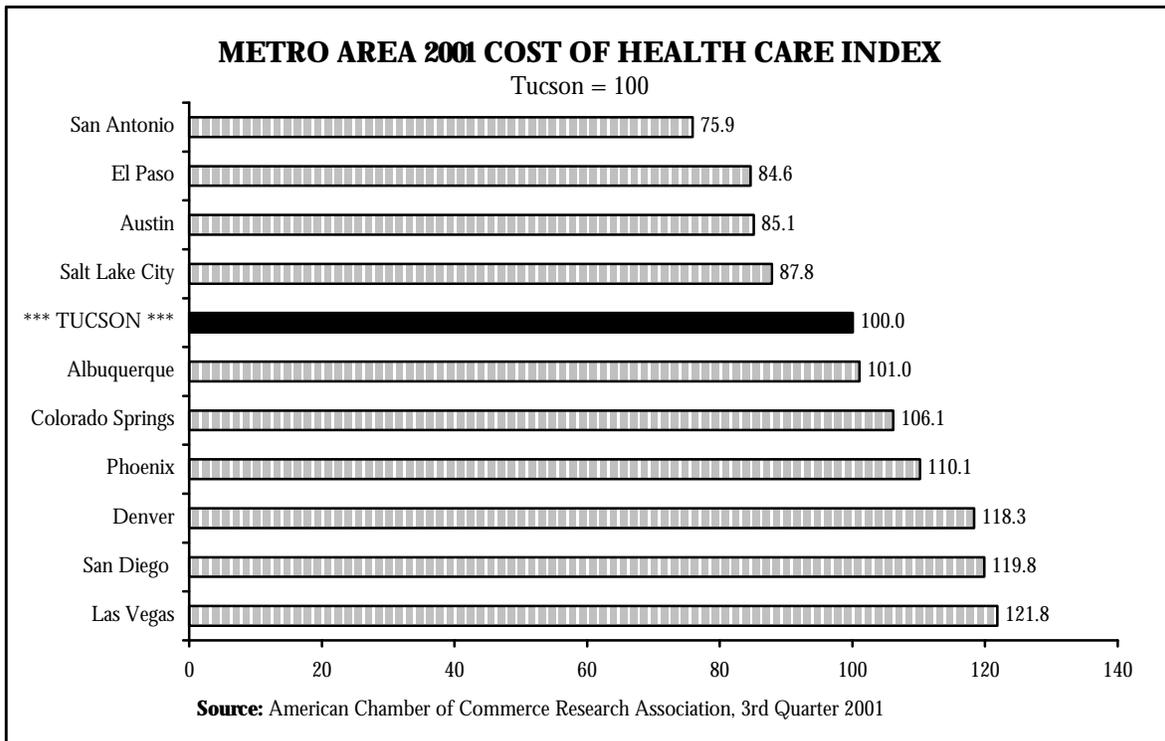
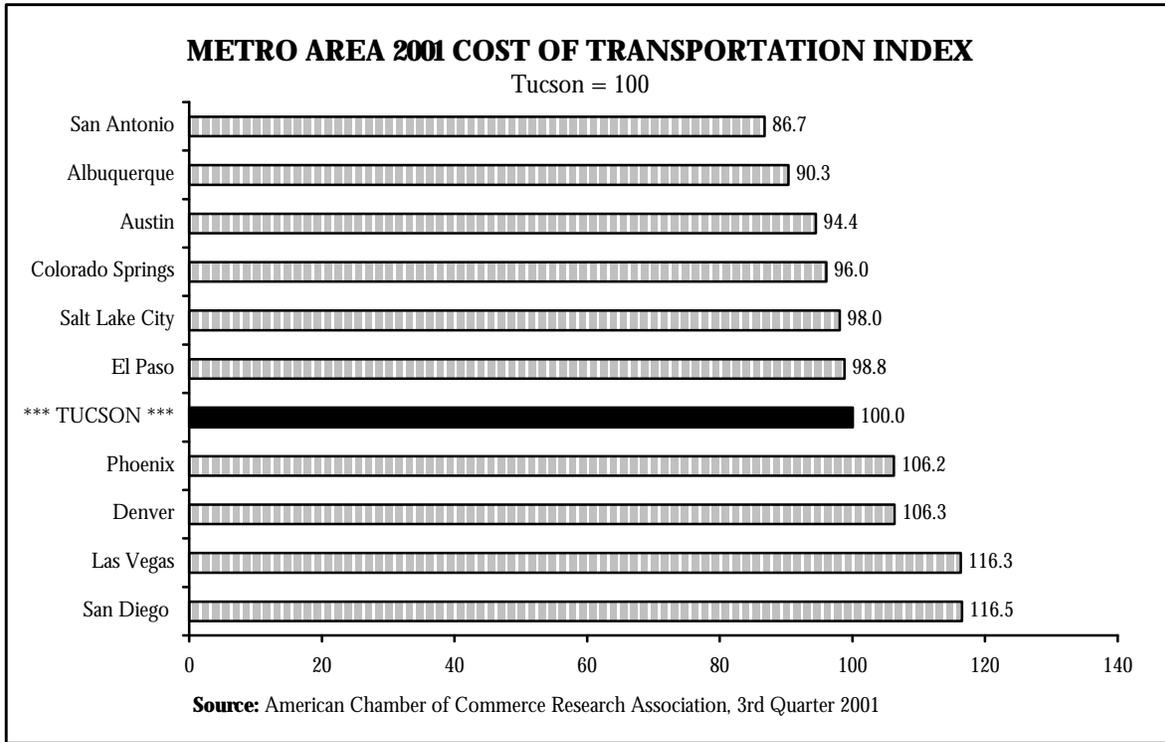
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



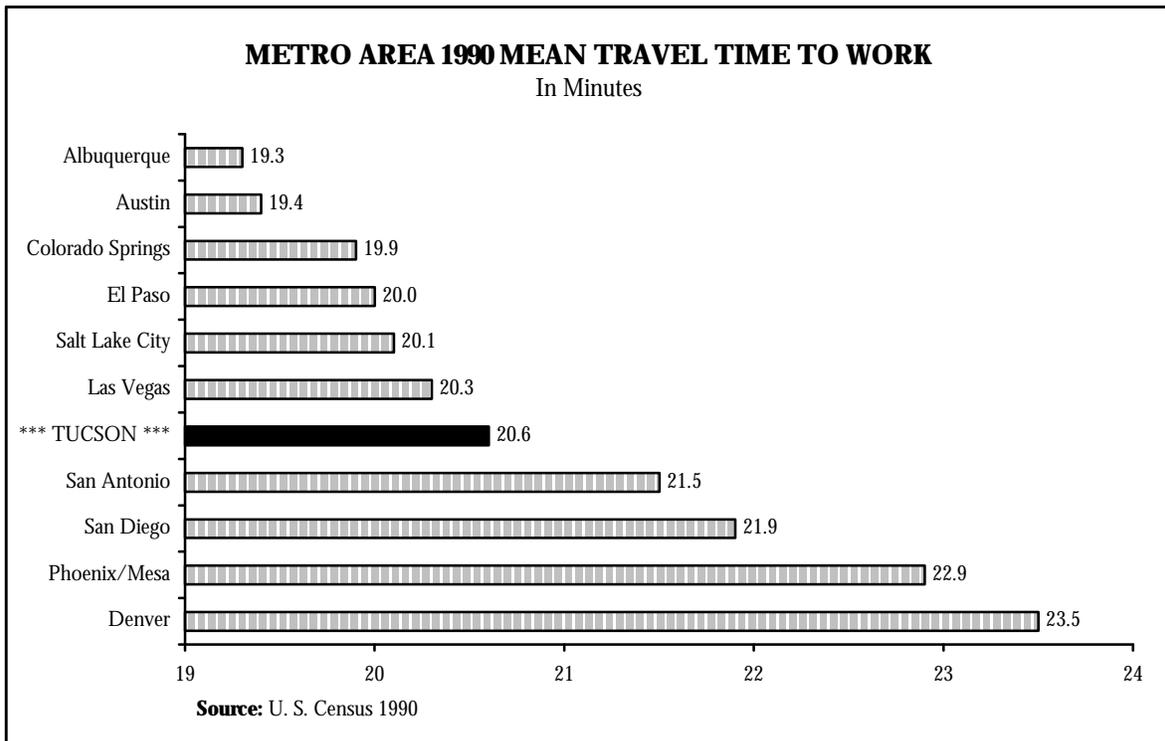
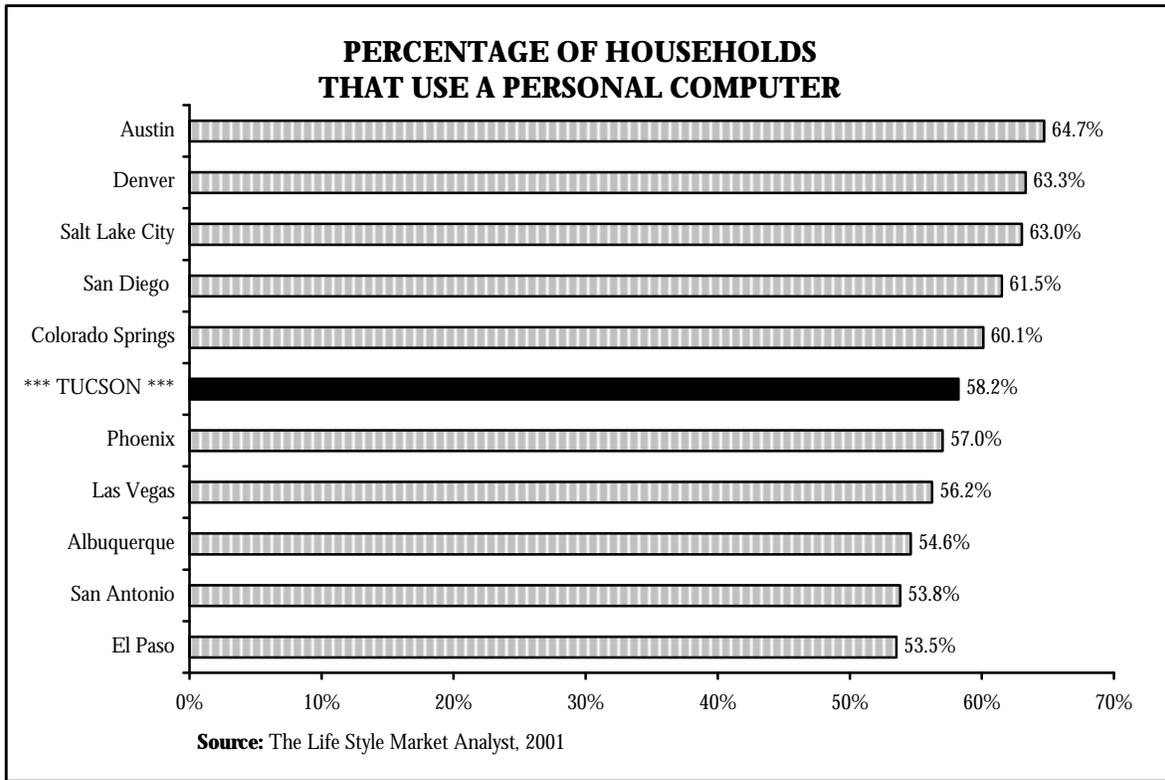
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



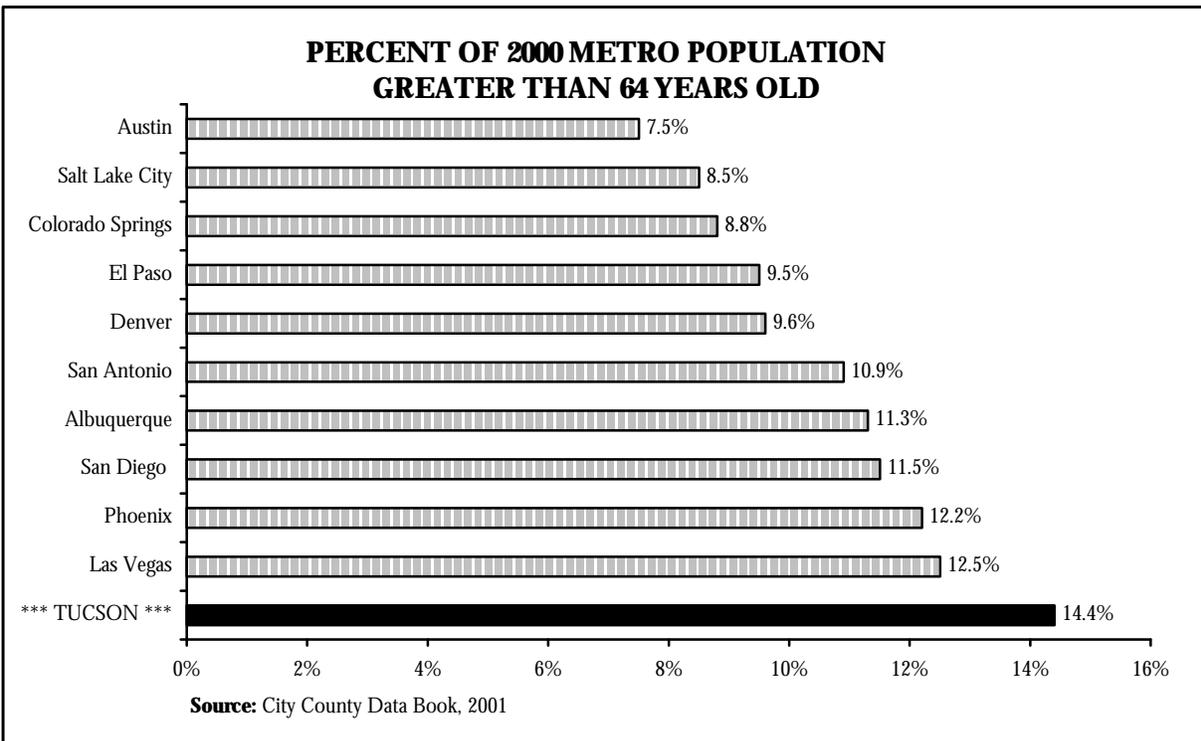
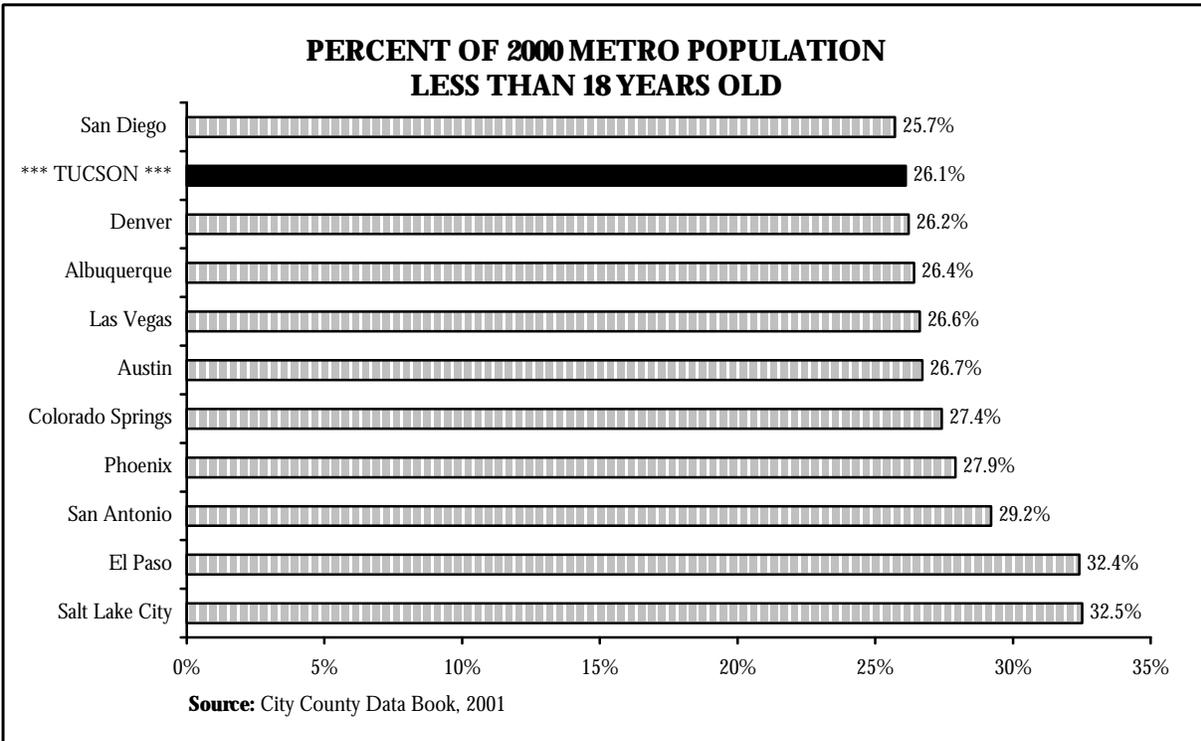
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



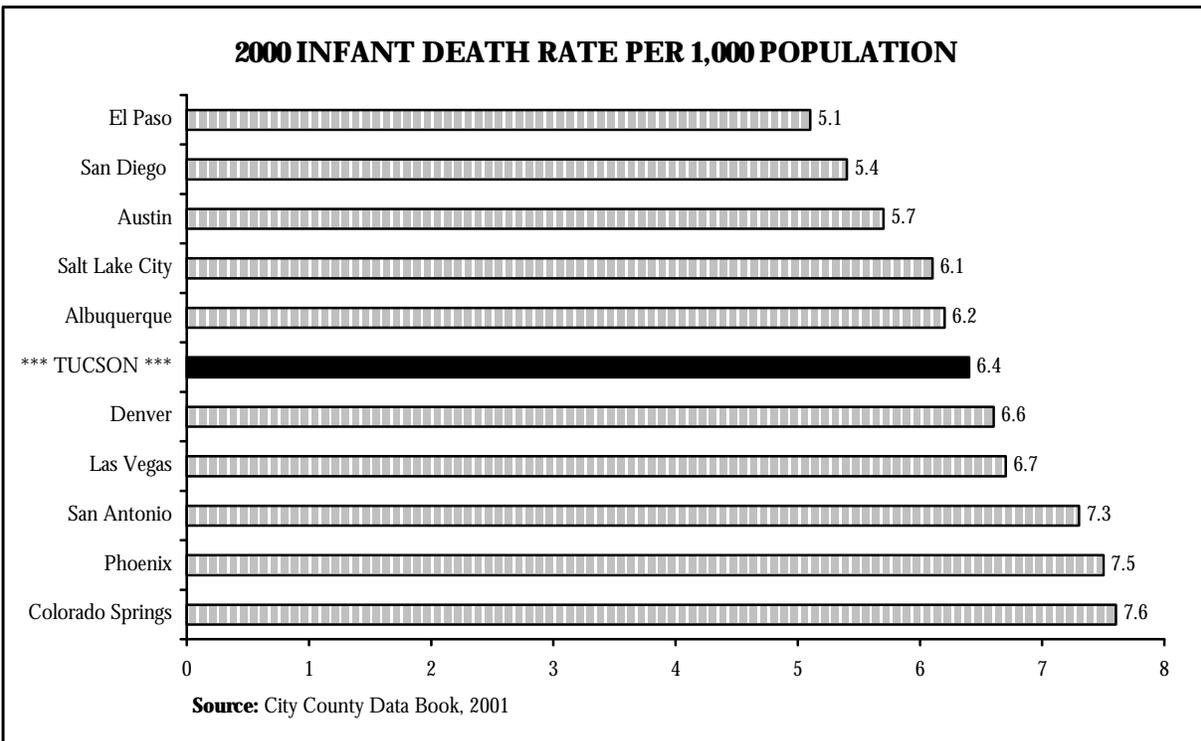
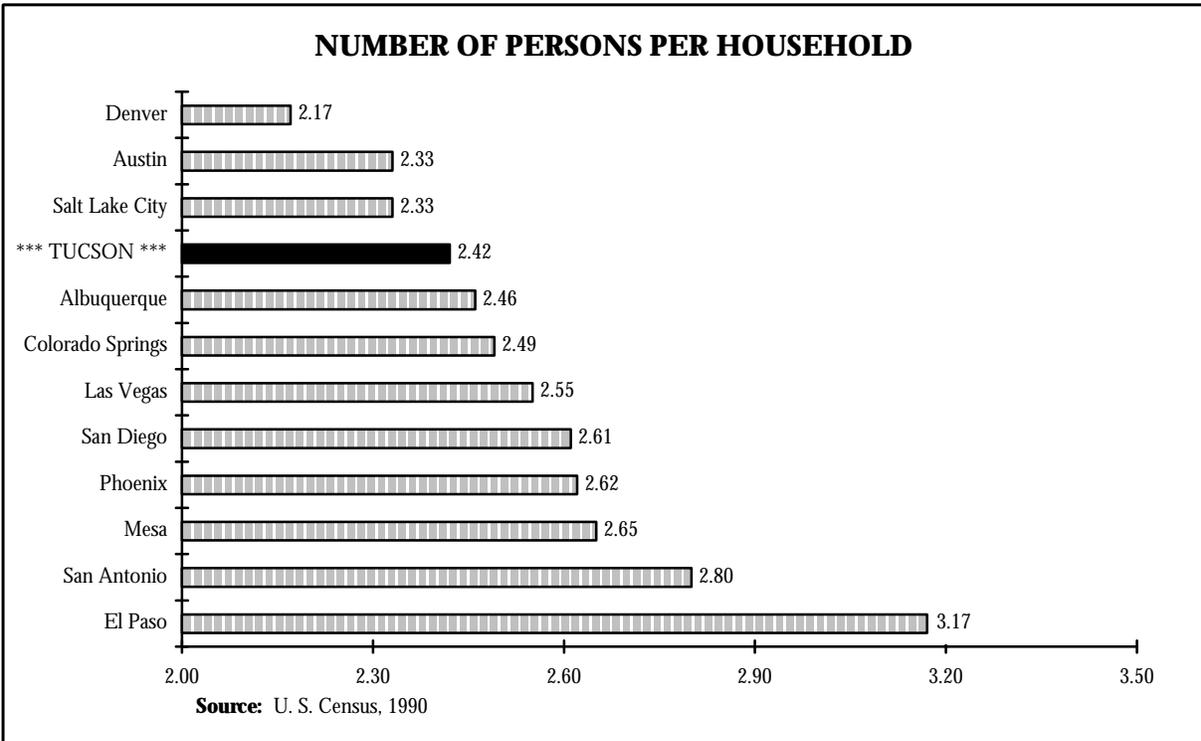
DEMOGRAPHIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



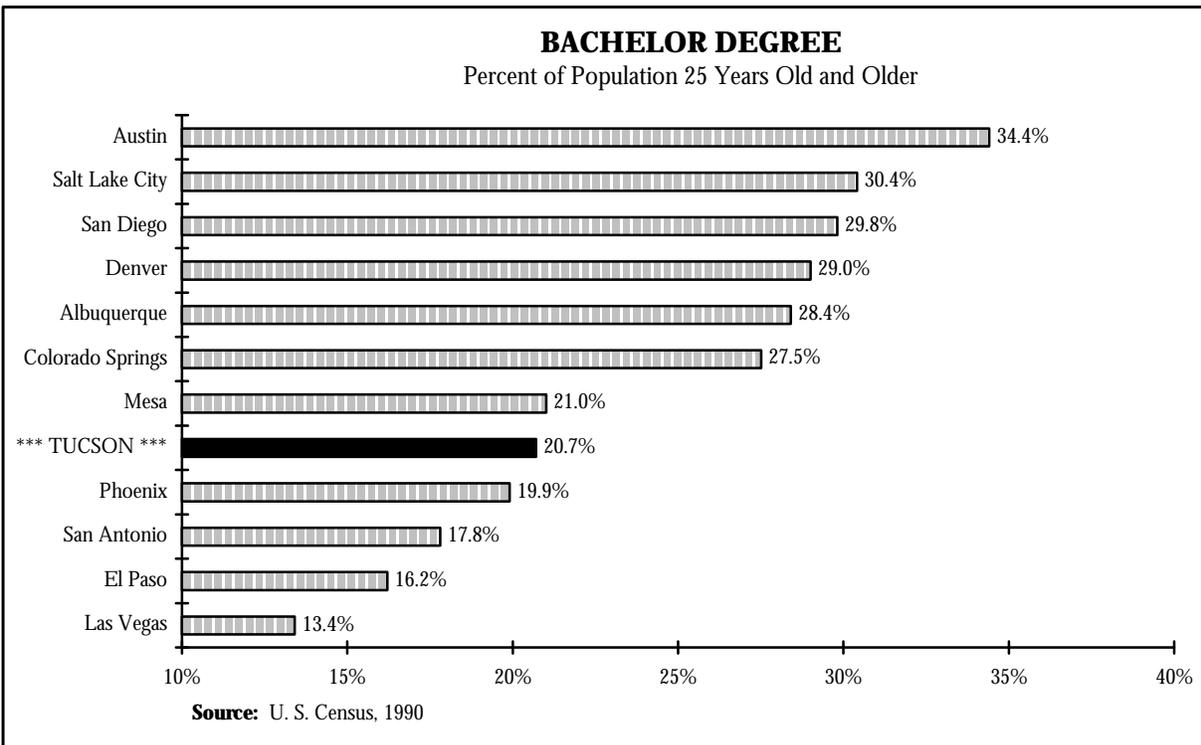
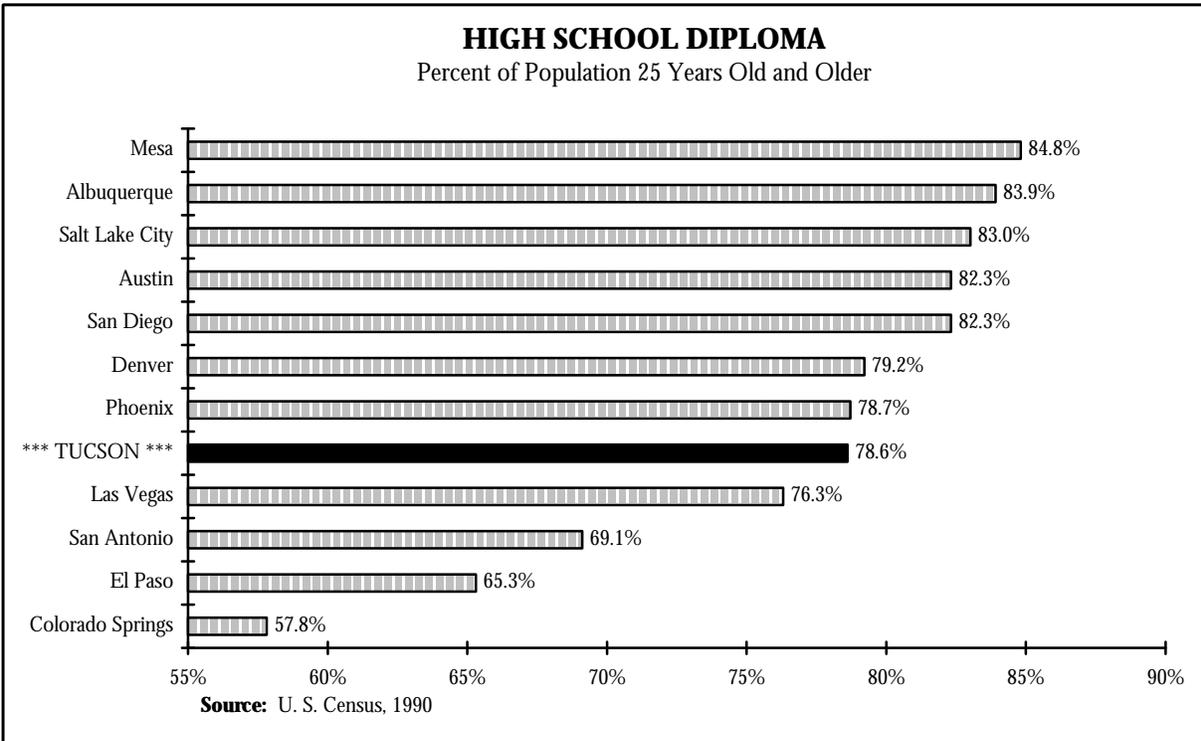
DEMOGRAPHIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



DEMOGRAPHIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



Section E

Summary Information

TRANSPORTATION



DOWNTOWN



GROWTH



GOOD GOVERNMENT

ECONOMIC DEVELOPMENT

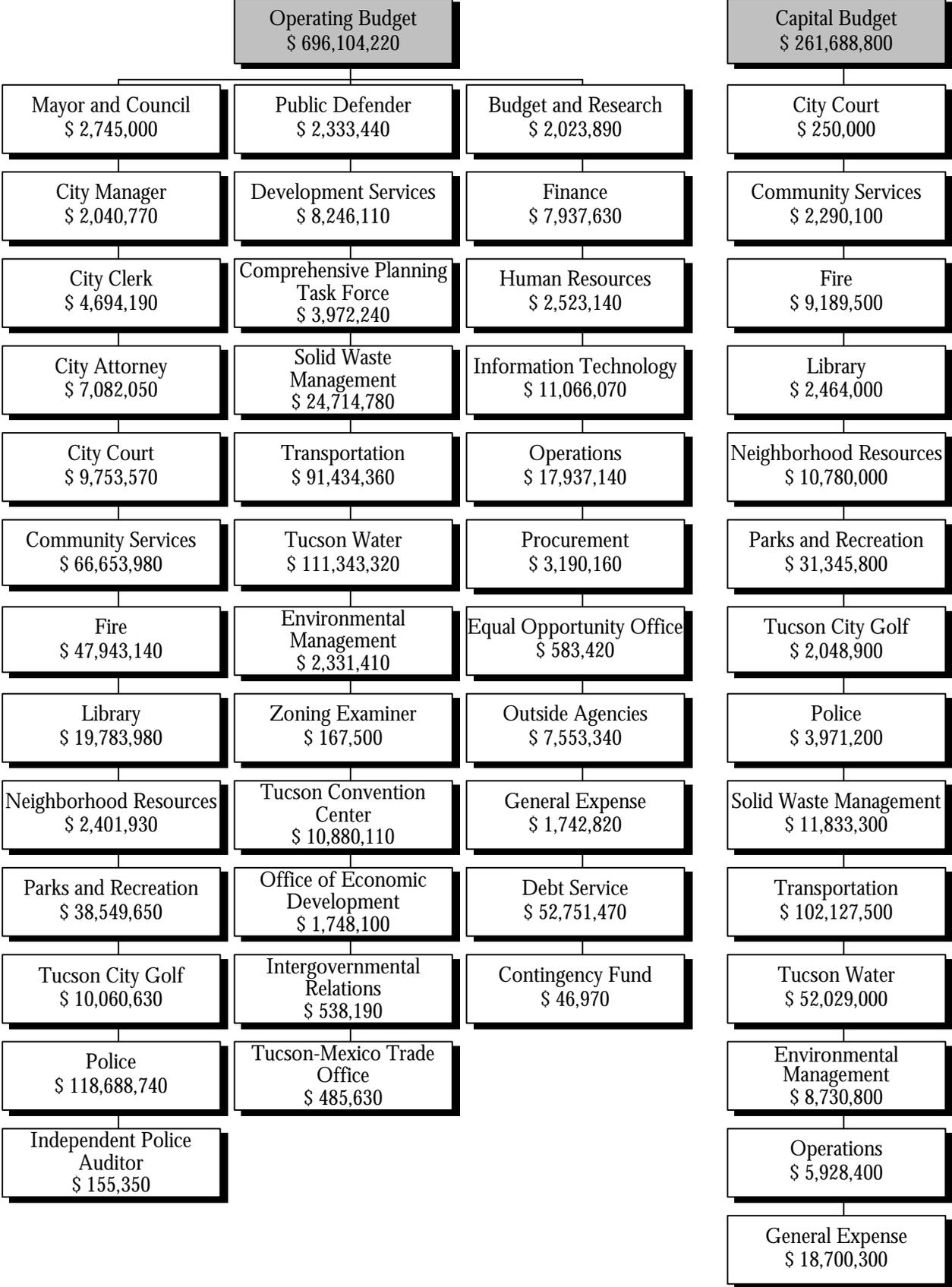


NEIGHBORHOODS



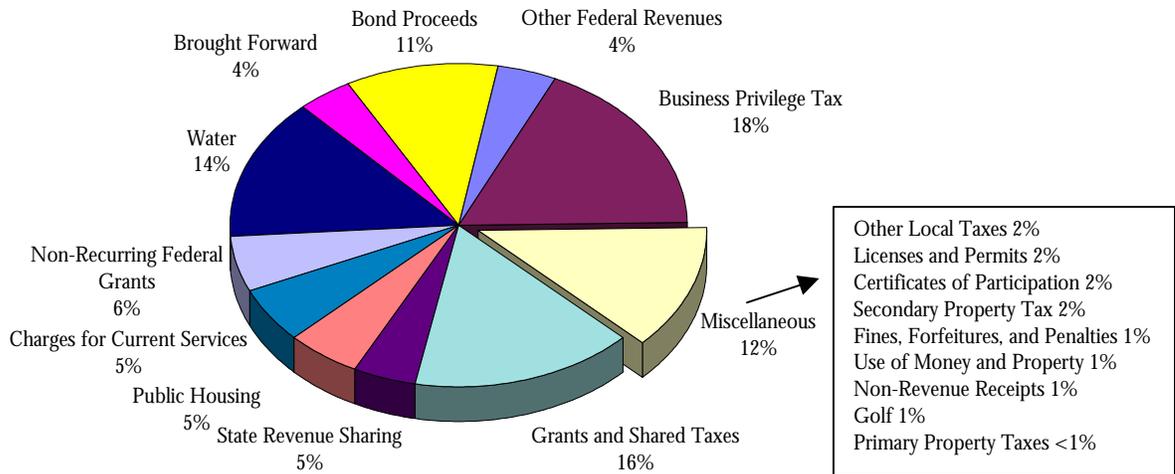
CITY OF TUCSON
Components of the Total Financial Plan
Fiscal Year 2004

Total Budget
\$ 957,793,020



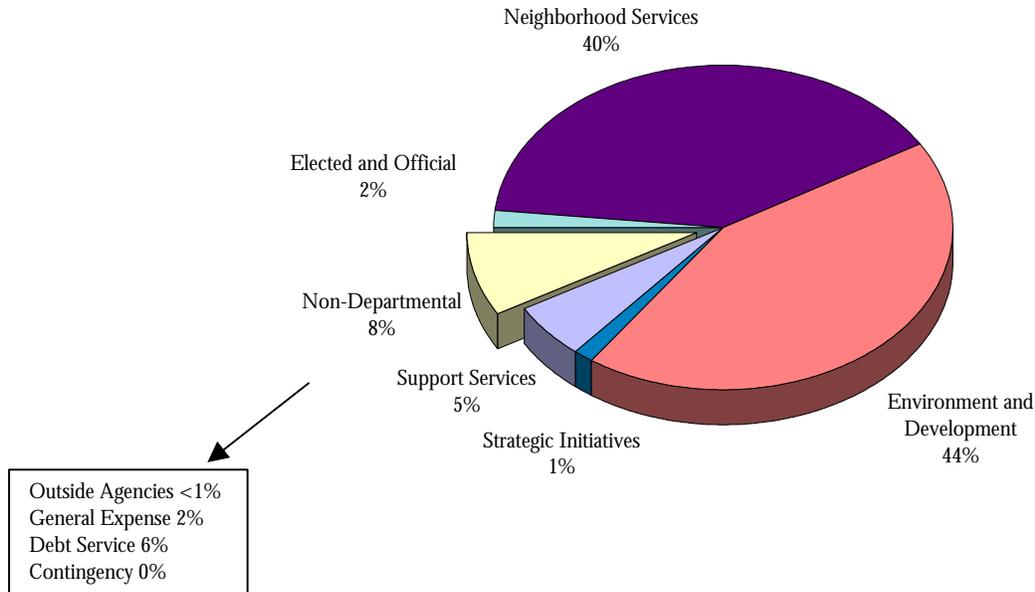
REVENUES

ADOPTED FISCAL YEAR 2004



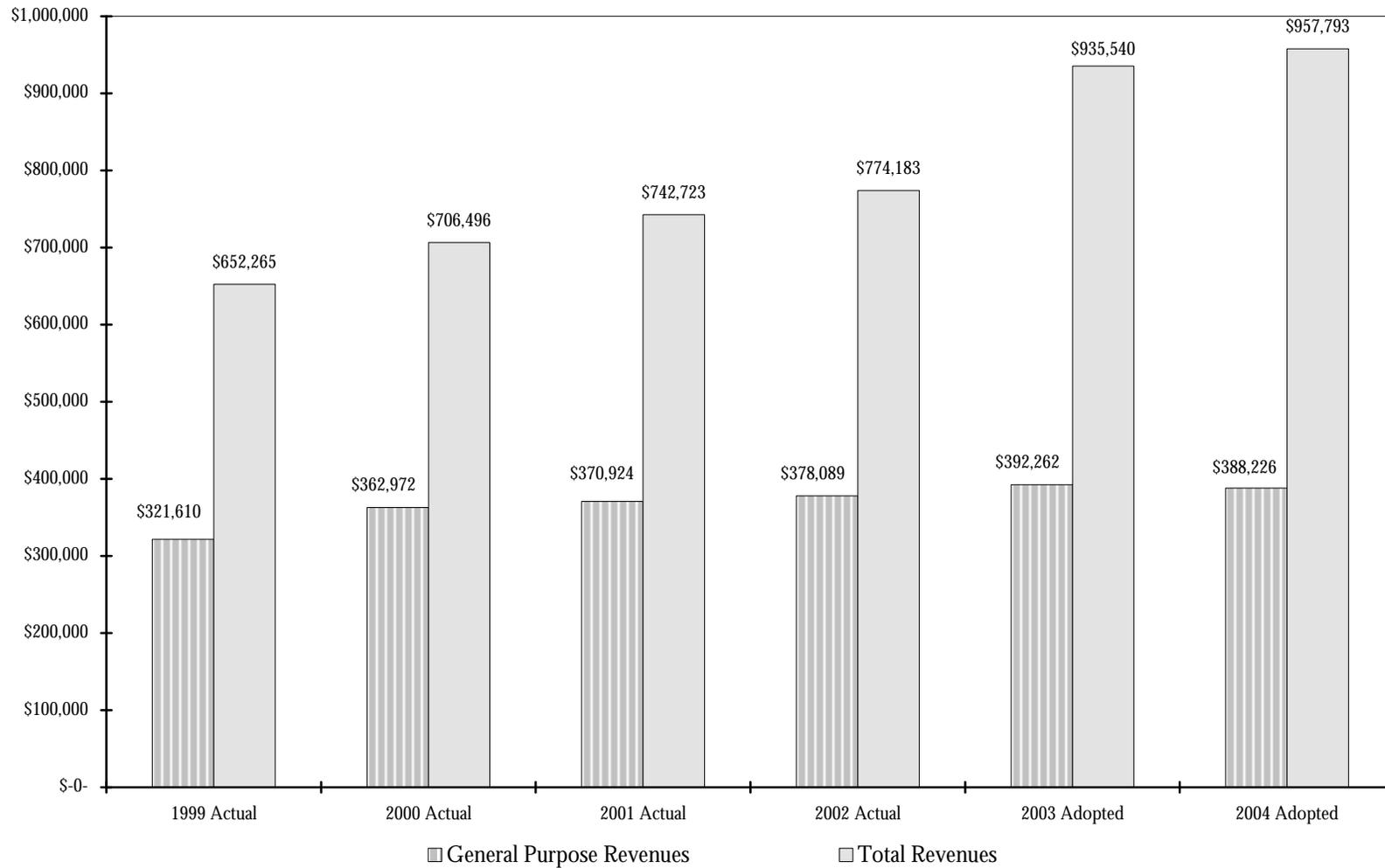
Funds Available	Annual Budget Total	Percent of Total	Estimated Revenues	
			Operating Budget	Capital Budget
Primary Property Tax	\$ 4,904,190	<1%	\$ 4,904,190	\$ -0-
Secondary Property Tax	23,055,320	2%	23,055,320	-0-
Business Privilege Tax	168,200,000	18%	163,805,000	4,395,000
Other Local Taxes	23,776,380	2%	23,776,380	-0-
Licenses and Permits	16,161,260	2%	16,161,260	-0-
Fines, Forfeitures, and Penalties	10,458,200	1%	10,458,200	-0-
Use of Money and Property	5,505,200	1%	5,505,200	-0-
Grants and Shared Taxes	148,516,360	16%	129,088,260	19,428,100
State Revenue Sharing	43,388,700	5%	43,388,700	-0-
Charges for Current Services	50,792,960	5%	50,792,960	-0-
Non-Revenue Receipts	8,731,980	1%	7,731,980	1,000,000
Public Housing	50,309,940	5%	48,043,040	2,266,900
Other Federal Revenues	40,685,030	4%	37,841,830	2,843,200
Total Recurring Revenues (Without Utilities)	\$ 594,485,520	62%	\$ 564,552,320	\$ 29,933,200
Golf	12,109,530	1%	10,060,630	2,048,900
Water	132,166,320	14%	111,343,320	20,823,000
Total Recurring Revenues	\$ 738,761,370	77%	\$ 685,956,270	\$ 52,805,100
Non-Recurring Federal Grants	54,549,400	6%	-0-	54,549,400
Bond Proceeds	101,852,000	11%	-0-	101,852,000
Certificates of Participation	23,723,800	2%	100,000	23,623,800
Brought Forward	38,906,450	4%	10,047,950	28,858,500
Total Funds Available	\$ 957,793,020	100%	\$ 696,104,220	\$ 261,688,800

APPROPRIATIONS ADOPTED FISCAL YEAR 2004



Purpose	Annual Budget Total	Percent of Total	Budgeted Expenditures	
			Operating Budget	Capital Budget
Elected and Official	\$ 16,562,010	2%	\$ 16,562,010	\$ -0-
Neighborhood Services	378,663,910	40%	316,324,410	62,339,500
Environment and Development	416,930,320	44%	242,209,720	174,720,600
Strategic Initiatives	13,652,030	1%	13,652,030	-0-
Support Services	51,189,850	5%	45,261,450	5,928,400
Non-Departmental				
Outside Agencies	7,553,340	<1%	7,553,340	-0-
General Expense	20,443,120	2%	1,742,820	18,700,300
Debt Service	52,751,470	6%	52,751,470	-0-
Contingency	46,970	0%	46,970	-0-
Total All Organizations	\$ 957,793,020	100%	\$ 696,104,220	\$ 261,688,800

COMPARISON OF GENERAL PURPOSE REVENUES AND TOTAL REVENUES (\$000s)



**REVENUES AND APPROPRIATIONS SUMMARY
FISCAL YEAR 2004 ADOPTED**

CLASSIFICATION	GENERAL PURPOSE FUNDS				RESTRICTED FUNDS		
	TOTAL BUDGET	TOTAL RECURRING	OPERATING BUDGET	CAPITAL BUDGET	TOTAL RESTRICTED	OPERATING BUDGET	CAPITAL BUDGET
FUNDS AVAILABLE							
Recurring Revenues							
Primary Property Tax	\$ 4,904,190	\$ 4,904,190	\$ 4,904,190	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Secondary Property Tax	23,055,320	-0-	-0-	-0-	23,055,320	23,055,320	-0-
Business Privilege Tax	168,200,000	168,200,000	163,805,000	4,395,000	-0-	-0-	-0-
Other Local Taxes	23,776,380	23,776,380	23,776,380	-0-	-0-	-0-	-0-
Licenses and Permits	16,161,260	15,118,760	15,118,760	-0-	1,042,500	1,042,500	-0-
Fines, Forfeitures, and Penalties	10,458,200	9,795,200	9,795,200	-0-	663,000	663,000	-0-
Use of Money and Property	5,505,200	1,928,060	1,928,060	-0-	3,577,140	3,577,140	-0-
Grants and Shared Taxes	148,516,360	61,793,000	61,793,000	-0-	86,723,360	67,295,260	19,428,100
State Revenue Sharing	43,388,700	43,388,700	43,388,700	-0-	-0-	-0-	-0-
Charges for Current Services	50,792,960	49,188,680	49,188,680	-0-	1,604,280	1,604,280	-0-
Non-Revenue Receipts	8,731,980	1,161,980	1,161,980	-0-	7,570,000	6,570,000	1,000,000
Public Housing	50,309,940	-0-	-0-	-0-	50,309,940	48,043,040	2,266,900
Other Federal Revenues	40,685,030	-0-	-0-	-0-	40,685,030	37,841,830	2,843,200
Total Recurring Revenues (Without Utilities)	\$ 594,485,520	\$ 379,254,950	\$ 374,859,950	\$ 4,395,000	\$ 215,230,570	\$ 189,692,370	\$ 25,538,200
Golf	12,109,530	-0-	-0-	-0-	12,109,530	10,060,630	2,048,900
Water	132,166,320	-0-	-0-	-0-	132,166,320	111,343,320	20,823,000
Total Recurring Revenues	\$ 738,761,370	\$ 379,254,950	\$ 374,859,950	\$ 4,395,000	\$ 359,506,420	\$ 311,096,320	\$ 48,410,100
Non-Recurring Federal Grants	54,549,400	-0-	-0-	-0-	54,549,400	-0-	54,549,400
Bond Proceeds	101,852,000	-0-	-0-	-0-	101,852,000	-0-	101,852,000
Certificates of Participation	23,723,800	-0-	-0-	-0-	23,723,800	100,000	23,623,800
Brought Forward	38,906,450	8,971,470	5,635,270	3,336,200	29,934,980	4,412,680	25,522,300
TOTAL FUNDS AVAILABLE	\$ 957,793,020	\$ 388,226,420	\$ 380,495,220	\$ 7,731,200	\$ 569,566,600	\$ 315,609,000	\$ 253,957,600
APPROPRIATIONS							
Elected and Official	\$ 16,562,010	\$ 15,827,130	\$ 15,827,130	\$ -0-	\$ 734,880	\$ 734,880	\$ -0-
Neighborhood Services	378,663,910	220,000,580	216,300,580	3,700,000	158,663,330	100,023,830	58,639,500
Environment and Development	416,930,320	84,512,850	82,262,850	2,250,000	332,417,470	159,946,870	172,470,600
Strategic Initiatives	13,652,030	12,234,980	12,234,980	-0-	1,417,050	1,417,050	-0-
Support Services	51,189,850	42,479,190	41,547,990	931,200	8,710,660	3,713,460	4,997,200
Non-Departmental	80,794,900	13,171,690	12,321,690	850,000	67,623,210	49,772,910	17,850,300
TOTAL ALL ORGANIZATIONS	\$ 957,793,020	\$ 388,226,420	\$ 380,495,220	\$ 7,731,200	\$ 569,566,600	\$ 315,609,000	\$ 253,957,600

REVENUES AND EXPENDITURES COMPARISONS

CLASSIFICATION	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Funds Available					
Primary Property Tax	\$ 3,494,674	\$ 4,612,960	\$ 4,601,930	\$ 3,864,260	\$ 4,904,190
Secondary Property Tax	20,817,632	20,756,360	20,674,970	22,907,710	23,055,320
Business Privilege Tax	158,139,465	166,328,100	161,776,400	174,644,500	168,200,000
Other Local Taxes	16,879,672	17,839,710	16,992,400	18,526,990	23,776,380
Licenses and Permits	16,099,202	15,963,740	15,963,740	16,461,710	16,161,260
Fines, Forfeitures, and Penalties	7,950,845	7,963,120	8,363,120	8,347,600	10,458,200
Use of Money and Property	4,697,171	7,618,830	4,974,140	7,764,710	5,505,200
Grants and Shared Taxes	133,727,216	141,988,760	131,745,300	149,668,500	148,516,360
State Revenue Sharing	50,933,526	52,388,880	51,808,070	54,601,440	43,388,700
Charges for Current Services	41,060,374	46,956,860	43,599,510	49,638,520	50,792,960
Non-Revenue Receipts	4,131,256	10,581,690	10,581,690	10,992,480	8,731,980
Public Housing	40,320,542	51,303,690	55,890,510	51,488,040	50,309,940
Other Federal Revenues	20,325,159	27,479,700	28,065,340	25,939,630	40,685,030
Golf	9,851,778	10,712,220	9,820,800	10,710,220	12,109,530
Water	111,111,638	117,279,000	113,387,860	125,666,000	132,166,320
Non-Recurring*	83,689,146	185,368,600	200,345,670	131,706,000	180,125,200
Brought Forward	50,953,251	50,397,650	52,938,760	6,953,830	38,906,450
Total Funds Available	\$ 774,182,547	\$ 935,539,870	\$ 931,530,210	\$ 869,882,140	\$ 957,793,020
Expenditures					
Elected and Official	\$ 16,381,278	\$ 14,908,900	\$ 13,910,880	\$ 17,522,110	\$ 16,562,010
Neighborhood Services	286,708,986	360,752,590	344,961,200	361,138,680	378,663,910
Environment and Development	303,416,441	407,623,890	416,910,320	355,269,140	416,930,320
Strategic Initiatives	8,567,135	14,890,120	13,981,540	14,784,880	13,652,030
Support Services	44,125,652	55,325,650	48,824,650	56,565,910	51,189,850
Non-Departmental	59,739,300	82,038,720	53,060,830	74,660,390	80,794,900
Total All Organizations	\$ 718,938,792	\$ 935,539,870	\$ 891,649,420	\$ 879,941,110	\$ 957,793,020

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

SUMMARY OF EXPENDITURES BY DEPARTMENT

	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Elected and Official					
Mayor and Council	\$ 2,418,358	\$ 2,731,960	\$ 2,731,960	\$ 2,862,120	\$ 2,745,000
City Manager	3,862,775	2,194,810	2,122,060	2,279,200	2,040,770
City Clerk	3,585,540	2,681,980	2,400,750	4,767,010	4,694,190
City Attorney	6,514,605	7,300,150	6,656,110	7,613,780	7,082,050
Sub-Total	16,381,278	14,908,900	13,910,880	17,522,110	16,562,010
Neighborhood Services					
City Court	9,669,255	9,971,740	9,314,360	10,275,780	10,003,570
Community Services	54,279,074	70,954,330	76,273,920	70,354,020	68,944,080
Fire	44,027,475	55,674,410	55,382,830	56,441,740	57,132,640
Library	19,592,017	22,004,030	21,533,050	22,133,100	22,247,980
Neighborhood Resources	3,704,755	7,974,770	8,018,600	8,242,710	13,181,930
Parks and Recreation	40,423,054	65,806,940	47,602,800	55,503,150	69,895,450
Tucson City Golf	9,851,778	10,712,220	9,820,800	10,710,220	12,109,530
Police	102,983,213	115,244,090	114,696,550	124,962,200	122,659,940
Independent Police Auditor	143,053	147,440	146,060	154,440	155,350
Office of the Public Defender	2,035,312	2,262,620	2,172,230	2,361,320	2,333,440
Sub-Total	286,708,986	360,752,590	344,961,200	361,138,680	378,663,910
Environment and Development					
Development Services	6,338,472	7,950,940	7,557,510	8,277,560	8,246,110
Comprehensive Planning Task Force	3,162,743	2,993,180	3,596,150	2,970,680	3,972,240
Solid Waste Management	29,674,746	32,586,020	31,953,290	30,206,630	36,548,080
Transportation	126,474,991	191,331,190	202,826,580	149,084,420	193,561,860
Tucson Water	132,500,269	161,544,000	157,959,860	157,658,000	163,372,320
Environmental Management	4,914,111	10,700,060	12,861,810	6,562,370	11,062,210
Historic Preservation Office	202,320	360,770	-0-	344,410	-0-
Zoning Examiner	148,789	157,730	155,120	165,070	167,500
Sub-Total	303,416,441	407,623,890	416,910,320	355,269,140	416,930,320
Strategic Initiatives					
Tucson Convention Center	5,967,587	11,595,290	10,957,410	11,528,230	10,880,110
Office of Economic Development	1,593,101	2,179,910	1,954,680	2,115,620	1,748,100
Intergovernmental Relations	523,343	534,090	507,800	541,910	538,190
Tucson-Mexico Trade Office	483,104	580,830	561,650	599,120	485,630
Sub-Total	8,567,135	14,890,120	13,981,540	14,784,880	13,652,030

Summary of Expenditures by Department (Continued)

	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Support Services					
Budget and Research	\$ 2,262,545	\$ 2,137,100	\$ 2,071,940	\$ 2,039,810	2,023,890
Finance	6,956,452	7,321,740	7,126,680	7,596,200	7,937,630
Human Resources	2,811,607	2,977,290	2,959,500	3,028,400	2,523,140
Information Technology	9,409,078	11,830,050	11,149,520	11,491,580	11,066,070
Operations	17,207,882	26,836,700	21,316,090	28,210,410	23,865,540
Procurement	3,237,690	3,520,360	3,499,090	3,486,340	3,190,160
Community Relations	1,395,539	-0-	-0-	-0-	-0-
Equal Opportunity Office	689,843	702,410	701,830	713,170	583,420
Grants Office	155,016	-0-	-0-	-0-	-0-
Sub-Total	44,125,652	55,325,650	48,824,650	56,565,910	51,189,850
Non-Departmental					
Outside Agencies	7,063,845	6,751,970	6,747,580	7,005,690	7,553,340
General Expense	5,720,554	23,789,050	3,687,540	11,123,200	20,443,120
Debt Service	46,954,901	51,296,790	42,532,540	56,356,500	52,751,470
Contingency Fund	-0-	200,910	93,170	175,000	46,970
Sub-Total	59,739,300	82,038,720	53,060,830	74,660,390	80,794,900
Total All Departments	\$ 718,938,792	\$ 935,539,870	\$ 891,649,420	\$ 879,941,110	\$ 957,793,020

SUMMARY BY CHARACTER OF EXPENDITURES

	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Personal Services	\$ 298,656,811	\$ 324,236,770	\$ 317,950,340	\$ 341,519,970	\$ 329,272,780
Services	174,184,665	194,953,780	191,810,840	195,922,110	192,636,720
Commodities	51,174,912	53,575,410	57,124,350	52,846,570	58,105,310
Equipment	16,426,913	17,194,150	17,965,060	16,690,910	23,333,630
Debt Service	74,601,368	80,023,330	71,543,950	87,163,560	83,693,560
Other	46,539,491	46,136,220	27,608,680	48,331,850	33,766,490
Inter-Activity Transfers	(62,518,845)	(39,207,190)	(27,050,340)	(40,752,860)	(24,704,270)
Operating Total	599,065,315	676,912,470	656,952,880	701,722,110	696,104,220
Capital Improvements	119,873,477	258,627,400	234,696,540	178,219,000	261,688,800
Total All Expenditures	\$ 718,938,792	\$ 935,539,870	\$ 891,649,420	\$ 879,941,110	\$ 957,793,020

REVENUE DETAIL All Funds Summary

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
GENERAL FUND	\$ 312,184,231	\$ 338,248,240	\$ 328,486,910	\$ 330,730,350	\$ 335,962,700
SPECIAL REVENUE FUNDS	252,574,174	320,469,580	325,106,360	290,115,310	336,352,600
ENTERPRISE FUNDS	120,963,416	127,991,220	123,208,660	136,376,220	144,275,850
DEBT SERVICE FUNDS	36,365,913	36,791,630	35,662,170	39,202,260	39,349,870
CAPITAL PROJECTS FUNDS	52,094,813	112,039,200	119,066,110	73,458,000	101,852,000
TOTAL ALL FUNDS	\$ 774,182,547	\$ 935,539,870	\$ 931,530,210	\$ 869,882,140	\$ 957,793,020
General Fund					
Primary Property Tax	\$ 3,494,674	\$ 4,612,960	\$ 4,601,930	\$ 3,864,260	\$ 4,904,190
Business Privilege Tax	101,410,652	104,096,980	99,953,840	111,708,430	110,207,030
Other Local Taxes	16,879,672	17,839,710	16,992,400	18,526,990	23,776,380
Licenses and Permits	16,087,702	15,953,740	15,953,740	16,451,710	15,803,260
Fines, Forfeitures, and Penalties	7,950,845	7,963,120	8,363,120	8,347,600	9,795,200
Use of Money and Property	3,217,779	6,065,670	3,420,980	6,161,850	2,732,280
Grants and Shared Taxes	56,728,152	60,542,620	59,435,880	62,963,620	61,663,830
State Revenue Sharing	50,933,526	52,388,880	51,808,070	54,601,440	43,388,700
Charges for Current Services	16,828,705	20,220,760	18,783,150	22,014,150	20,915,920
Non-Revenue Receipts	3,599,660	10,581,690	10,581,690	10,992,480	8,731,980
Certificates of Participation	10,565,590	15,802,900	15,802,900	12,222,000	23,723,800
Brought Forward	10,231,394	6,061,710	6,061,710	517,700	4,899,690
Use of Fund Balance	14,255,880	16,117,500	16,727,500	2,358,120	5,420,440
Total General Fund	\$ 312,184,231	\$ 338,248,240	\$ 328,486,910	\$ 330,730,350	\$ 335,962,700
Special Revenue Funds					
Business Privilege Tax	\$ 56,728,813	\$ 62,231,120	\$ 61,822,560	\$ 62,936,070	\$ 57,992,970
Licenses and Permits	11,500	10,000	10,000	10,000	358,000
Fines and Forfeitures	-0-	-0-	-0-	-0-	663,000
Use of Money and Property	1,479,392	1,553,160	1,553,160	1,602,860	2,772,920
Grants and Shared Taxes	61,450,783	65,410,870	57,322,220	70,410,330	70,557,980
Charges for Current Services	24,231,669	26,736,100	24,816,360	27,624,370	29,877,040
Public Housing Local Revenue	2,027,660	2,027,660	2,027,660	2,027,660	2,027,660
Federal Grants	79,325,284	134,282,230	147,404,850	121,426,010	143,516,710
Non-Revenue Receipts	531,596	-0-	-0-	-0-	-0-
Certificates of Participation	321,500	-0-	-0-	-0-	-0-
Brought Forward	14,817,897	17,132,400	17,062,400	3,752,310	18,421,400
Use of Fund Balance	11,648,080	11,086,040	13,087,150	325,700	10,164,920
Total Special Revenue Funds	\$ 252,574,174	\$ 320,469,580	\$ 325,106,360	\$ 290,115,310	\$ 336,352,600

All Funds Summary (Continued)

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Enterprise Funds					
Golf Course	\$ 9,851,778	\$ 10,712,220	\$ 9,820,800	\$ 10,710,220	\$ 12,109,530
Water Utility	111,111,638	117,279,000	113,387,860	125,666,000	132,166,320
Total Enterprise Funds	<u>\$ 120,963,416</u>	<u>\$ 127,991,220</u>	<u>\$ 123,208,660</u>	<u>\$ 136,376,220</u>	<u>\$ 144,275,850</u>
Debt Service Funds					
Secondary Property Tax	\$ 20,817,632	\$ 20,756,360	\$ 20,674,970	\$ 22,907,710	\$ 23,055,320
State Shared Taxes	15,548,281	16,035,270	14,987,200	16,294,550	16,294,550
Total Debt Service Funds	<u>\$ 36,365,913</u>	<u>\$ 36,791,630</u>	<u>\$ 35,662,170</u>	<u>\$ 39,202,260</u>	<u>\$ 39,349,870</u>
Capital Projects Funds					
Bond Funds Proceeds	\$ 52,094,813	\$ 112,039,200	\$ 119,066,110	\$ 73,458,000	\$ 101,852,000
Total Capital Projects Funds	<u>\$ 52,094,813</u>	<u>\$ 112,039,200</u>	<u>\$ 119,066,110</u>	<u>\$ 73,458,000</u>	<u>\$ 101,852,000</u>

GENERAL FUND

The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in other funds. These services include Elected and Official, Neighborhood Services, Environment and Development, Strategic Initiatives, Support Services, and Non-Departmental program categories.

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Primary Property Tax	\$ 3,494,674	\$ 4,612,960	\$ 4,601,930	\$ 3,864,260	\$ 4,904,190
Business Privilege Tax	\$ 101,410,652	\$ 104,096,980	\$ 99,953,840	\$ 111,708,430	\$ 110,207,030
Other Local Taxes					
Public Utility Tax	\$ 7,853,433	\$ 7,499,440	\$ 7,795,600	\$ 7,799,420	\$ 7,951,500
Transient Occupancy Tax	4,562,251	5,486,000	4,643,500	5,707,440	7,104,600
Room Tax	1,777,182	2,022,800	1,812,700	2,103,710	1,849,000
Occupational Taxes	1,941,135	2,100,170	1,980,000	2,163,180	2,019,600
Liquor Taxes	745,671	731,300	760,600	753,240	851,680
Use Tax	-0-	-0-	-0-	-0-	4,000,000
Total	\$ 16,879,672	\$ 17,839,710	\$ 16,992,400	\$ 18,526,990	\$ 23,776,380
Licenses and Permits					
Sign Permits	\$ 326,742	\$ 263,680	\$ 263,680	\$ 271,590	\$ 280,000
Parking Meter Collections	701,835	563,410	563,410	580,320	304,720
Hooded Meter Fees	29,112	32,960	32,960	33,950	24,260
Vehicle Permits	50,973	50,985	50,985	52,520	50,700
Developer In Lieu Fees	221,376	-0-	-0-	-0-	-0-
Cable Television Licenses	2,956,561	3,568,535	3,568,535	3,675,580	4,370,580
MCI Settlement	-0-	231,750	231,750	238,700	-0-
Telecommunications	7,500	7,730	7,730	7,970	5,000
Applications Fee					
Telecommunications Licenses and Franchise Fees	591,604	1,106,220	1,106,220	1,139,410	437,000
Utility Franchise Fees	11,201,999	10,128,470	10,128,470	10,451,670	10,331,000
Total	\$ 16,087,702	\$ 15,953,740	\$ 15,953,740	\$ 16,451,710	\$ 15,803,260
Fines, Forfeitures, and Penalties					
Civil Traffic Diversion Program	\$ 1,816,337	\$ 1,600,000	\$ 1,800,000	\$ 1,650,000	\$ 2,324,000
Prosecutor's Diversion Program	127,020	147,200	147,200	154,570	149,400
Civil Traffic Violations	465,080	350,000	350,000	375,000	472,100
Criminal Traffic Violations	4,033,966	3,750,000	3,950,000	3,800,000	4,910,600
Non-Moving Traffic Violations	-0-	2,100	2,100	2,210	-0-
Criminal Misdemeanor	-0-	100	100	100	-0-
Driving Under the Influence	63,041	57,740	57,740	60,640	58,300
Filing Fees-Domestic Violence	42,668	45,000	45,000	49,610	43,100
Probation Fees	263,146	315,000	315,000	330,750	321,000
City Court Miscellaneous	244,298	150,000	150,000	301,060	948,900
Time Payment Fees	184,310	150,000	150,000	165,270	187,800
Sub-Total	7,239,866	6,567,140	6,967,140	6,889,210	9,415,200

General Fund (Continued)

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Other Fines/Forfeitures					
Parking Violations	\$ 541,115	\$ 1,269,600	\$ 1,269,600	\$ 1,325,680	\$ 332,400
Zoning Code Violations	27,913	21,000	21,000	22,050	21,200
Fire Code Violations	400	2,100	2,100	2,210	500
Building Code Violations	11,651	3,000	3,000	3,150	2,500
Other Fines/Forfeitures	106,558	2,100	2,100	2,210	2,400
False Alarm Violations	8,510	21,000	21,000	22,050	5,000
Offroad Vehicle Violations	3,954	6,300	6,300	6,620	5,000
Dishonored Check	10,878	70,880	70,880	74,420	11,000
Sub-Total	710,979	1,395,980	1,395,980	1,458,390	380,000
Total	\$ 7,950,845	\$ 7,963,120	\$ 8,363,120	\$ 8,347,600	\$ 9,795,200
Use of Money and Property					
City Parking Facilities	\$ 804,273	\$ 1,373,830	\$ 874,140	\$ 1,389,100	\$ 41,460
Rentals	339,290	495,360	454,360	511,210	708,540
Tenant Rent	597,096	748,750	748,750	804,280	804,280
El Presidio Garage	168,762	175,440	175,440	181,050	-0-
Telephone Pay Booths	17,720	25,800	25,800	26,630	18,000
Residential Parking Permit	12,936	20,020	20,020	20,660	-0-
Non-Residential Parking Permit	126,747	76,470	76,470	78,920	-0-
Interest Earnings	1,150,955	3,150,000	1,046,000	3,150,000	1,160,000
Total	\$ 3,217,779	\$ 6,065,670	\$ 3,420,980	\$ 6,161,850	\$ 2,732,280
Grants and Shared Taxes					
Shared State Taxes					
Auto Lieu Taxes	\$ 19,057,762	\$ 18,530,060	\$ 18,855,000	\$ 18,957,640	\$ 20,193,000
State Sales Tax	37,533,053	39,483,000	38,203,960	41,457,200	38,833,000
Sub-Total	56,590,815	58,013,060	57,058,960	60,414,840	59,026,000
State and Local Grants					
City Manager's Office	3,412	-0-	-0-	-0-	-0-
City Attorney Grants	67,808	207,810	87,840	210,010	210,010
City Court Grants	11,083	175,000	141,570	175,000	250,000
Police Grants	14,796	1,756,430	1,756,430	1,769,230	1,769,230
Parks and Recreation Grants	40,238	390,320	391,080	394,540	408,590
Sub-Total	137,337	2,529,560	2,376,920	2,548,780	2,637,830
Total	\$ 56,728,152	\$ 60,542,620	\$ 59,435,880	\$ 62,963,620	\$ 61,663,830
State Revenue Sharing	\$ 50,933,526	\$ 52,388,880	\$ 51,808,070	\$ 54,601,440	\$ 43,388,700

General Fund (Continued)

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Charges for Current Services					
General Government					
Zoning Adjustments	\$ 231,476	\$ 491,200	\$ 491,200	\$ 502,850	\$ 803,000
Mutual Aid Communication System	26,000	27,040	27,040	28,120	26,000
Dispatch IGA	392,830	380,120	380,120	395,330	419,580
Sale of Codes, Regulations, and Maps	23,913	29,700	29,700	30,890	25,000
Other	15,634	5,200	5,200	5,410	92,150
Sub-Total	689,853	933,260	933,260	962,600	1,365,730
Public Safety					
University of Arizona Fire Services	100,000	104,000	104,000	108,160	108,160
Emergency Medical Transport	4,001,433	5,800,000	4,901,000	6,032,080	5,000,000
Police Charges	64,139	54,500	54,500	56,680	65,200
Police Protection	1,044	6,450	6,450	6,710	1,010
Sub-Total	4,166,616	5,964,950	5,065,950	6,203,630	5,174,370
Development Services Charges					
Permit Inspection Fee	7,436,933	7,328,450	7,328,450	7,475,020	7,743,020
Review Fees	1,221,496	1,248,770	1,248,770	1,273,750	1,476,750
Other	33,490	20,800	288,800	21,630	294,630
Sub-Total	8,691,919	8,598,020	8,866,020	8,770,400	9,514,400
Recreation					
Fee Classes	1,066,038	1,351,190	904,000	1,740,900	997,600
Facility Reservations	224,397	257,920	233,160	330,970	388,960
Permits	73,280	94,140	85,100	120,570	109,100
Civic Events Equipment	50,871	124,590	112,630	160,210	90,000
General Recreation Programs	32,841	140,430	126,950	180,640	533,000
Sports Programs	155,194	238,900	215,970	307,200	240,000
Udall Center Programs	160,529	199,080	179,970	256,510	242,500
Randolph Center Programs	25,473	38,530	34,830	49,550	31,710
Tennis Centers	42,683	69,360	62,700	89,190	57,080
Swimming Pool Admissions	143,625	249,550	225,590	320,900	304,000
El Pueblo Center Programs	128,844	141,280	127,720	181,680	170,800
Zoo Concessions	797,599	1,434,670	1,219,370	1,843,570	1,271,070
Baseball Revenues	310,870	329,190	297,590	424,130	190,000
El Rio Center Programs	2,654	7,710	6,970	9,870	11,100
Quincie Douglas Center	14,804	3,210	2,900	4,100	20,000

General Fund (Continued)

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Charges for Current Services - Recreation (Continued)					
Clements Center	\$ 15,365	\$ 19,260	\$ 17,400	\$ 24,650	\$ 19,500
Rodeo Grounds	35,250	25,520	23,070	32,880	20,000
Miscellaneous	-0-	-0-	42,000	-0-	165,000
Sub-Total	<u>3,280,317</u>	<u>4,724,530</u>	<u>3,917,920</u>	<u>6,077,520</u>	<u>4,861,420</u>
Total	<u>\$ 16,828,705</u>	<u>\$ 20,220,760</u>	<u>\$ 18,783,150</u>	<u>\$ 22,014,150</u>	<u>\$ 20,915,920</u>
Non-Revenue Receipts					
Sale of Property					
Real Property	\$ -0-	\$ 408,000	\$ 408,000	\$ 416,160	\$ 416,160
Vehicles	54,973	71,400	71,400	72,830	72,830
Scrap Material	175,199	17,140	17,140	17,480	17,480
Unclaimed Property	8,869	28,560	28,560	29,130	29,130
Other	59,798	32,640	32,640	33,290	33,290
Sub-Total	<u>298,839</u>	<u>557,740</u>	<u>557,740</u>	<u>568,890</u>	<u>568,890</u>
Recovered Expenditures					
Uninsured Damages	234,793	71,400	71,400	72,830	72,830
Industrial Insurance	134,373	112,200	112,200	114,440	114,440
Payroll Deductions Charges	2,273	2,040	2,040	2,080	2,080
Other	446,083	1,047,360	1,047,360	1,861,890	597,390
Sub-Total	<u>817,522</u>	<u>1,233,000</u>	<u>1,233,000</u>	<u>2,051,240</u>	<u>786,740</u>
Sundry Income					
Reimbursement Court Attorney Fees	66,797	71,400	71,400	72,830	72,830
Employee Fees	8,776	5,100	5,100	5,200	5,200
Other	238,877	43,450	43,450	44,320	44,320
Sub-Total	<u>314,450</u>	<u>119,950</u>	<u>119,950</u>	<u>122,350</u>	<u>122,350</u>
Other General Revenues	<u>-0-</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,000,000</u>
Off Duty Police Program	<u>1,962,872</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Other Funding Sources	<u>205,977</u>	<u>1,671,000</u>	<u>1,671,000</u>	<u>1,250,000</u>	<u>2,254,000</u>
Total	<u>\$ 3,599,660</u>	<u>\$ 10,581,690</u>	<u>\$ 10,581,690</u>	<u>\$ 10,992,480</u>	<u>\$ 8,731,980</u>
Certificates of Participation	<u>\$ 10,565,590</u>	<u>\$ 15,802,900</u>	<u>\$ 15,802,900</u>	<u>\$ 12,222,000</u>	<u>\$ 23,723,800</u>
Brought Forward	<u>\$ 10,231,394</u>	<u>\$ 6,061,710</u>	<u>\$ 6,061,710</u>	<u>\$ 517,700</u>	<u>\$ 4,899,690</u>
Use of Fund Balance	<u>\$ 14,255,880</u>	<u>\$ 16,117,500</u>	<u>\$ 16,727,500</u>	<u>\$ 2,358,120</u>	<u>\$ 5,420,440</u>
Total General Fund	<u>\$ 312,184,231</u>	<u>\$ 338,248,240</u>	<u>\$ 328,486,910</u>	<u>\$ 330,730,350</u>	<u>\$ 335,962,700</u>

General Fund (Continued)

HIGHLIGHTS

Primary Property Tax

The city's Fiscal Year 2004 adopted revenue is \$291,230 higher than the Fiscal Year 2003 Adopted Budget. Although the primary rate was not increased from \$0.2089 per \$100 assessed valuation, the property assessments for new development, annexations, and inflation are anticipated to increase. The increase from the Fiscal Year 2004 approved estimate is \$1,039,930 based on the original planned reduction of \$748,700 to offset an increase in the secondary property tax rate used for debt service on the voter approved 2000 Bond Authorization.

Business Privilege Tax

Revenue from the business privilege tax is a funding source for the general fund and various special revenue funds. For Fiscal Year 2004 the total projected sales tax collections are \$168,200,000, a 1.1% increase over the Fiscal Year 2003 adopted amount. This increase is the result of a 2.7% decrease in Fiscal Year 2003 estimated revenues and a 4% projected increase for Fiscal Year 2004 over the Fiscal Year 2003 estimate. Of the Fiscal Year 2004 total, \$110,207,030 is allocated to the general fund and \$57,992,970 to special revenue funds. The Fiscal Year 2004 adopted is \$6,444,500 less than originally projected.

Other Local Taxes

Other local taxes revenues for Fiscal Year 2004 are projected to increase \$5,936,670 over the adopted Fiscal Year 2003, primarily due to a new Use Tax expected to generate \$4,000,000, and an increase in the transient occupancy tax rate from 4% to 6%. No rate increases are assumed for other taxes.

Licenses and Permits

This revenue source decreased by \$150,480 from adopted Fiscal Year 2003 revenues. The continued growth of cable television licenses of \$802,045 were offset by decreases in various telecommunication sources. In addition the share of parking meter collections allocated to Transportation Enterprise Area Management (TEAM) are now shown in Special Revenues.

Fines, Forfeitures, and Penalties

Total revenues from all fines, forfeitures, and penalties are forecast to increase \$1,832,080 from Fiscal Year 2003 adopted revenues. This was mostly due to increased collection rates of court fines and institution of an administration fee in city court. Fiscal Year 2004 revenues were originally projected to increase only \$384,480.

Use of Money and Property

A decrease of \$3,333,390 for Fiscal Year 2004 from Fiscal Year 2003 adopted revenues is projected for these revenue sources primarily due to a \$1,990,000 decrease in interest earnings and the transfer of parking garage revenues to TEAM in Special Revenues.

Grants and Shared Taxes

State shared taxes and other state and local grant funds increased \$1,121,210 for Fiscal Year 2004 over Fiscal Year 2003 adopted revenues. State sales tax collections are projected to be \$650,000 lower than Fiscal Year 2003 adopted and \$2,624,200 less than Fiscal Year 2004 approved estimates. This decrease is offset by increases in the auto lieu tax and other grants.

State Revenue Sharing

A decrease in state income taxes of \$9,000,180 is forecast for Fiscal Year 2004 compared to the Fiscal Year 2003 Adopted Budget primarily due to reduced corporate income and investment tax receipts. This is an \$11,212,740 decrease from the original Fiscal Year 2004 estimates. Because of the lag in distribution of income taxes to local governments, the impact of the Fiscal Year 2002 recession is reflected in Fiscal Year 2004.

General Fund (Continued)

Charges for Current Services

Total charges for current services for Fiscal Year 2004 are projected to increase \$695,160 over Fiscal Year 2003 adopted revenues. The following major increases are included:

- ◆ Zoning adjustments increased \$311,800, primarily due to rate increases of \$300,000.
- ◆ Emergency medical transport is decreased \$800,000 due to lower medicare payments.
- ◆ Development Services charges increased \$916,380 due to a combination of increased rates and development activity.
- ◆ Parks and Recreation increased \$136,890. Although a \$1,253,900 rate increase is adopted in Fiscal Year 2004, actual revenues have been lower than approved in prior years, resulting in a much smaller revenue increase for Fiscal Year 2004. Budget reductions will result in a loss of \$275,000. Parks and Recreation fees will take longer than the planned five years to reach a 30% cost recovery rate.

Fiscal Year 2004 revenues are \$1,098,230 lower than projected in the approved Fiscal Year 2004 budget.

Non-Revenue Receipts

These sources are projected to decrease \$1,849,710 for Fiscal Year 2004 primarily due to a reduction in recovered expenditures and other funding sources.

The proposed allotment of other general revenues reflects capacity for additional revenues that will be utilized to meet unexpected service demands or opportunities contingent upon the availability of funds. In no event will revenues be expended from this source without Mayor and Council review and approval.

Certificates of Participation

Certificates of participation increased \$7,920,900 based on financing requirements. This increase is primarily due to construction of the Emergency Communication System and Facility.

Brought Forward

Brought forward funding will decrease \$1,162,020 from the Fiscal Year 2003 adopted amount based on carryforward requirements.

Use of Fund Balance

Use of fund balance is budgeted \$10,697,060 lower than Fiscal Year 2003 based on the reduced availability of funding from prior years.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, charter provision, local ordinance, or federal grant regulation to record particular operating or capital functions of the city.

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Business Privilege Tax					
Solid Waste Management Fund	\$ 15,461,330	\$ 14,627,120	\$ 15,816,080	\$ 13,161,740	\$ 10,632,120
Library Fund	8,539,560	9,047,850	8,191,530	9,502,230	8,278,300
Public Safety Academy Fund	2,258,425	3,821,750	3,128,330	3,975,850	3,850,820
Tucson Convention Center Fund	6,524,550	7,557,770	7,786,270	7,477,530	7,127,040
Mass Transit Fund	23,944,948	27,176,630	26,900,350	28,818,720	28,104,690
Total	\$ 56,728,813	\$ 62,231,120	\$ 61,822,560	\$ 62,936,070	\$ 57,992,970
Licenses and Permits					
Solid Waste Management Fund					
Refuse Hauling Fees	\$ 11,500	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Transportation Enterprise Area Management (TEAM) Parking Meter Collections	-0-	-0-	-0-	-0-	348,000
Total	\$ 11,500	\$ 10,000	\$ 10,000	\$ 10,000	\$ 358,000
Fines, Forfeitures, and Penalties					
TEAM Parking Violations	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 663,000
Total	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 663,000
Use of Money and Property					
Interest Earnings					
Solid Waste Management Fund	\$ 13,625	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Public Safety Fund	8,497	-0-	-0-	-0-	-0-
Convention Center Fund	36,289	-0-	-0-	-0-	-0-
TEAM	-0-	-0-	-0-	-0-	1,170,060
Highway User Revenue Fund	1,420,981	1,553,160	1,553,160	1,602,860	1,602,860
Total	\$ 1,479,392	\$ 1,553,160	\$ 1,553,160	\$ 1,602,860	\$ 2,772,920
Grants and Shared Taxes					
Shared State Taxes					
Highway User Revenue Fund	\$ 26,969,767	\$ 30,385,530	\$ 29,000,530	\$ 30,908,580	\$ 30,908,580
Local Transit Assistance Fund	2,762,686	2,707,000	2,767,000	2,707,000	2,767,000
Sub-Total	29,732,453	33,092,530	31,767,530	33,615,580	33,675,580

Special Revenue Funds (Continued)

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Grants and Shared Taxes (Continued)					
State and Local Grants					
City Attorney Grants	\$ 80,295	\$ 155,010	\$ 110,260	\$ 160,340	\$ 133,390
City Court Grants	135,520	362,000	143,770	365,080	359,060
Community Services Grants	57,190	500,000	500,000	650,000	650,000
Fire Grants	6,720	350,000	-0-	350,000	350,000
Pima County Library Support	9,040,000	10,176,980	9,676,080	10,656,500	10,339,310
State/Local Library Grants	2,474,375	1,150,000	650,000	500,000	500,000
Parks and Recreation Grants	4,647,723	3,530,830	3,527,120	5,896,420	5,495,540
Police Grants	821,871	1,098,390	932,070	1,095,790	1,053,200
Solid Waste Management Grants	18,248	410,000	410,000	410,000	410,000
Transportation Grants	9,079,987	7,754,950	7,026,950	6,915,000	10,117,000
Environmental Management	4,100,000	-0-	-0-	-0-	1,364,900
Comprehensive Planning	56,429	210,000	210,000	210,000	210,000
Operations Grants	239,501	1,500,000	1,398,260	1,500,000	1,500,000
Economic Development	20,887	34,560	34,560	-0-	-0-
General Expense	139,584	285,620	135,620	285,620	-0-
Debt Service	800,000	4,800,000	800,000	7,800,000	4,400,000
Sub-Total	31,718,330	32,318,340	25,554,690	36,794,750	36,882,400
Total	\$ 61,450,783	\$ 65,410,870	\$ 57,322,220	\$ 70,410,330	\$ 70,557,980
Charges for Current Services					
Public Safety					
Public Safety Academy	\$ 1,153,032	\$ 836,020	\$ 836,020	\$ 854,280	\$ 854,280
Sanitation					
Commercial Refuse Services	5,153,587	5,782,880	5,025,520	6,002,200	5,780,000
Landfill Services Charges	3,754,615	4,345,120	4,095,120	4,518,930	4,022,780
Tucson Clean Program	-0-	-0-	-0-	-0-	2,916,000
Self Haul Fee	642,543	580,320	580,320	603,530	651,020
Refuse Penalties	104,087	135,200	135,200	140,610	128,380
Recycling	70,807	297,840	240,840	549,750	501,920
Sub-Total	9,725,639	11,141,360	10,077,000	11,815,020	14,000,100
Library Charges	548,150	629,200	629,200	654,370	654,370
Public Transportation					
Adult Fares	5,336,360	5,459,630	5,459,630	5,509,630	5,599,000
Special Reduced Rates	1,346,112	1,508,720	1,508,720	1,508,720	1,532,860
Shuttle Service	36,791	215,620	215,620	215,620	219,070
Advertising Revenue	53,992	70,000	70,000	70,000	271,120
County/Other Local Operating Assistance	2,734,488	2,578,770	2,578,770	2,578,770	2,620,030
Special Needs	281,832	262,260	262,260	262,260	266,460
Other	234,343	105,000	116,000	105,000	106,680
Sub-Total	10,023,918	10,200,000	10,211,000	10,250,000	10,615,220

Special Revenue Funds (Continued)

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Charges for Current Services (Continued)					
Tucson Convention Center					
Room and Space Rental	\$ 938,617	\$ 1,560,000	\$ 1,210,000	\$ 1,622,400	\$ 1,409,930
Box Office Fees	173,279	200,000	200,000	200,000	169,000
Parking	738,572	728,000	575,000	757,120	822,500
Recovered Expenditures	46,364	46,800	46,800	48,670	41,130
Catering and Concessions	423,499	572,000	500,000	594,880	502,670
Program Sales	40,572	72,800	72,800	75,710	63,970
Commission Revenues	88,356	49,920	49,920	51,920	43,870
Facility User Fees	333,102	700,000	408,620	700,000	700,000
Miscellaneous	(1,431)	-0-	-0-	-0-	-0-
Sub-Total	2,780,930	3,929,520	3,063,140	4,050,700	3,753,070
Total	\$ 24,231,669	\$ 26,736,100	\$ 24,816,360	\$ 27,624,370	\$ 29,877,040
Public Housing Local Revenue	\$ 2,027,660	\$ 2,027,660	\$ 2,027,660	\$ 2,027,660	\$ 2,027,660
Federal Grants					
Public Housing Federal Revenue					
Conventional/Development Fund	\$ 3,736,290	\$ 4,013,700	\$ 4,013,700	\$ 3,990,200	\$ 3,990,200
HOME Fund	5,036,965	7,435,000	7,435,000	7,535,000	7,535,000
Section 8 Fund	23,181,835	23,965,200	23,965,200	23,861,110	23,861,110
Comprehensive Housing Fund	2,450,183	3,516,100	3,516,100	3,319,050	3,340,450
Miscellaneous Federal Housing Funds	2,148,469	4,995,170	4,995,170	5,981,020	5,841,020
HOPE VI Fund	3,535,783	5,350,860	9,937,680	4,774,000	3,714,500
Sub-Total	40,089,525	49,276,030	53,862,850	49,460,380	48,282,280
Other Federal Revenue					
Community Development Block Grant Entitlement	7,733,884	13,093,870	14,061,690	12,744,770	14,312,970
City Attorney Grants	268,303	357,950	196,480	380,220	383,980
Community Services Grants	802,228	1,651,400	1,651,400	1,366,810	1,366,810
Fire Grants	305,495	300,000	389,580	-0-	-0-
Parks and Recreation Grants	367,429	664,240	597,690	671,550	619,560
Library Grants	95,361	-0-	58,380	-0-	-0-
Police Grants	6,286,264	6,330,030	5,651,390	5,904,580	6,250,450
Planning Grants	5,346	100,000	20,000	80,000	80,000
Solid Waste Management Grants	2,503	-0-	-0-	-0-	-0-
Mass Transit Grants	15,441,065	23,948,500	26,059,090	24,494,000	45,724,150
Transportation Grants	7,612,863	36,360,210	42,656,420	24,323,700	23,654,460
Environmental Management	38,466	200,000	200,000	-0-	-0-
Economic Development	169,651	500,000	499,880	500,000	542,050
Operations Grant	99,698	1,500,000	1,500,000	1,500,000	1,500,000

Special Revenue Funds (Continued)

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Federal Grants - Other Federal Revenue (Continued)					
General Expense	\$ 7,203	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Debt Service	-0-	-0-	-0-	-0-	800,000
Sub-Total	39,235,759	85,006,200	93,542,000	71,965,630	95,234,430
Total	<u>\$ 79,325,284</u>	<u>\$ 134,282,230</u>	<u>\$ 147,404,850</u>	<u>\$ 121,426,010</u>	<u>\$ 143,516,710</u>
Non-Revenue Receipts					
Sale of Property					
Highway User Revenue Fund	\$ 313,019	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Mass Transit Fund	69,757	-0-	-0-	-0-	-0-
Sub-Total	382,776	-0-	-0-	-0-	-0-
Recovered Expenditures					
Solid Waste Fund	4,671	-0-	-0-	-0-	-0-
Library Fund	1,398	-0-	-0-	-0-	-0-
Highway User Revenue Fund	42,751	-0-	-0-	-0-	-0-
Mass Transit Fund	100,000	-0-	-0-	-0-	-0-
Sub-Total	148,820	-0-	-0-	-0-	-0-
Total	<u>\$ 531,596</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Certificates of Participation					
Public Safety Academy Fund	\$ 321,500	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total	<u>\$ 321,500</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Brought Forward					
Solid Waste Management Fund	\$ 1,744,726	\$ -0-	\$ -0-	\$ 3,231,000	\$ -0-
Library Fund	-0-	-0-	-0-	-0-	12,000
TEAM	-0-	-0-	-0-	-0-	270,000
Tucson Convention Center Fund	-0-	108,000	38,000	-0-	-0-
Capital Contribution Agreements	7,331,700	11,986,900	11,986,900	-0-	9,381,600
Highway User Revenue Fund	3,577,000	3,890,300	3,890,300	521,310	6,514,000
Mass Transit Fund	2,164,471	1,147,200	1,147,200	-0-	2,243,800
Total	<u>\$ 14,817,897</u>	<u>\$ 17,132,400</u>	<u>\$ 17,062,400</u>	<u>\$ 3,752,310</u>	<u>\$ 18,421,400</u>
Use of Fund Balance					
Solid Waste Management Fund	\$ 1,654,800	\$ 4,748,700	\$ 4,748,700	\$ -0-	\$ 7,208,700
Highway User Revenue Fund	9,993,280	6,337,340	8,268,450	325,700	2,674,440
Tucson Convention Center Fund	-0-	-0-	70,000	-0-	-0-
TEAM	-0-	-0-	-0-	-0-	281,780
Total	<u>\$ 11,648,080</u>	<u>\$ 11,086,040</u>	<u>\$ 3,087,150</u>	<u>\$ 325,700</u>	<u>\$ 10,164,920</u>
Total Special Revenue Funds	<u>\$ 252,574,174</u>	<u>\$ 320,469,580</u>	<u>\$ 325,106,360</u>	<u>\$ 290,115,310</u>	<u>\$ 336,352,600</u>

Special Revenue Funds (Continued)

HIGHLIGHTS

Business Privilege Tax

Changes from Fiscal Year 2003 reflect increases and decreases necessary to offset the expenditures for these funds based on their projected budgets and revenues. Because funding from other sources increased in Solid Waste Management, Library, and Tucson Convention Center, and reductions were made in expenditure budgets, the need to use business privilege taxes decreased \$4,238,150.

Licenses and Permits

Parking meter revenues allocated to TEAM are transferred from General Fund.

Use of Money and Property

Revenues from parking garages allocated to TEAM are transferred from General Fund. In addition interest earnings are projected to increase \$49,700 in Fiscal Year 2004.

Grants and Shared Taxes

For Fiscal Year 2004 state shared taxes and other state and local grants increased \$5,147,110 from Fiscal Year 2003 adopted budgets based on implementation of funded programs and projects. Major changes include the following:

- ◆ Grant capacity for parks and recreation programs increased \$1,964,710.
- ◆ Grant funding for transportation purposes increased \$2,362,050 for street projects.
- ◆ Environmental Management grants increased \$1,364,900 for landfill projects.

Charges for Current Services

Charges for current services are forecast to increase \$3,140,940 for Fiscal Year 2004 primarily in sanitation due to a new Tucson Clean Program fee (\$2,916,000).

Public Housing Local Revenue

Local revenues restricted to public housing are anticipated to be at the same level for both Fiscal Years 2003 and 2004.

Federal Grants

Federal funding is anticipated to be \$9,234,480 higher for Fiscal Year 2004. Major changes are as follows:

- ◆ Public Housing funds decreased \$993,750 based on completion of federally funded projects.
- ◆ Community Development Block Grant (CDBG) funding increased \$1,219,100.
- ◆ Mass Transit and other transportation grants increased \$9,069,900 for capital projects.

Brought Forward

Brought forward funding increased \$1,289,000 from Fiscal Year 2003 based on carryforward requirements.

Use of Fund Balance

Use of fund balances decreased \$921,120 for Fiscal Year 2004 based on requirements for the use of reserves.

ENTERPRISE FUNDS

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises and where periodic determination of net income is desired. Expenses, including depreciation, of goods or services to the general public are recovered primarily through user charges.

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
Golf Course Fund					
Green Fees	\$ 5,236,000	\$ 5,307,770	\$ 4,554,360	\$ 5,408,000	\$ 5,208,000
Cart Rentals	1,692,000	1,850,000	1,850,000	2,200,000	2,000,000
Pro Shop Operations	543,000	570,000	570,000	580,000	580,000
Driving Range	525,000	535,000	535,000	545,000	545,000
Club House Operations	1,285,000	1,290,000	1,290,000	1,380,000	1,130,410
Other	444,182	702,650	702,650	597,220	2,307,220
Certificates of Participation	126,596	456,800	318,790	-0-	338,900
Total	\$ 9,851,778	\$ 10,712,220	\$ 9,820,800	\$ 10,710,220	\$ 12,109,530
Water Utility					
Operating Water Revenue					
Potable Water Sales	\$ 91,916,000	\$ 94,256,000	\$ 95,842,000	\$ 100,517,000	\$ 100,107,000
Central Arizona Project Reserve Fund	953,000	956,000	1,255,000	977,000	1,498,000
Connection Fees	3,151,000	3,123,000	3,168,000	3,123,000	3,168,000
Miscellaneous Revenue	2,213,000	2,586,000	2,840,000	2,599,000	2,589,000
Pima County - Sewer Billing Services	1,419,000	1,448,000	1,446,000	1,477,000	1,475,000
Reclaimed Water Sales	5,567,000	5,044,000	5,323,000	5,504,000	5,397,000
Sales Tax	-0-	7,123,000	7,904,000	7,595,000	8,252,000
Sub-Total	105,219,000	114,536,000	117,778,000	121,792,000	122,486,000
Non-Operating Water Revenue					
Interest Earnings-Operating Fund	1,498,000	1,008,000	810,000	993,000	795,000
Tucson Airport Remediation Project Reimbursement	667,000	777,000	777,000	783,000	783,000
Metropolitan Water Company Reserve Account	2,239,638	370,000	370,000	494,000	494,000
Area Development Fees	1,488,000	1,004,000	860,000	1,004,000	8,587,000
Use of Working Capital	-0-	(781,000)	(7,572,140)	450,000	(1,128,680)
Miscellaneous Grants	-0-	365,000	365,000	150,000	150,000
Sub-Total	5,892,638	2,743,000	(4,390,140)	3,874,000	9,680,320
Total	\$ 111,111,638	\$ 117,279,000	\$ 113,387,860	\$ 125,666,000	\$ 132,166,320
Total Enterprise Funds	\$ 120,963,416	\$ 127,991,220	\$ 123,208,660	\$ 136,376,220	\$ 144,275,850

Enterprise Funds (Continued)

HIGHLIGHTS

Golf Course Fund

Golf revenues projected for Fiscal Year 2004 reflect an increase of \$1,397,310 from Fiscal Year 2003 adopted revenues.

Water Utility

The adopted revenue for Fiscal Year 2004 reflects an increase of \$14,887,320 over the Fiscal Year 2003 adopted amount. This includes a new area development connection fee as well as growth in service demand.

DEBT SERVICE FUNDS

Debt Service Funds are created to account for the payment of principal and interest on long-term bonded debt other than that issued for and serviced primarily by an enterprise fund.

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
General Obligation Debt Service					
Secondary Property Tax	\$ 20,817,632	\$ 20,756,360	\$ 20,674,970	\$ 22,907,710	\$ 23,055,320
Total	<u>\$ 20,817,632</u>	<u>\$ 20,756,360</u>	<u>\$ 20,674,970</u>	<u>\$ 22,907,710</u>	<u>\$ 23,055,320</u>
Street and Highway Debt Service					
State Shared Taxes	\$ 15,548,281	\$ 16,035,270	\$ 14,987,200	\$ 16,294,550	\$ 16,294,550
Total	<u>\$ 15,548,281</u>	<u>\$ 16,035,270</u>	<u>\$ 14,987,200</u>	<u>\$ 16,294,550</u>	<u>\$ 16,294,550</u>
Total Debt Service Funds	<u>\$ 36,365,913</u>	<u>\$ 36,791,630</u>	<u>\$ 35,662,170</u>	<u>\$ 39,202,260</u>	<u>\$ 39,349,870</u>

HIGHLIGHTS

General Obligation Debt Service

General obligation debt service is primarily funded from the secondary property tax, which increased \$2,298,960 for Fiscal Year 2004 based on anticipated bond sales.

Street and Highway Debt Service

Street and highway debt service is financed entirely from the state-shared gasoline taxes and highway user fees and charges. The debt service increased \$259,280 for Fiscal Year 2004.

CAPITAL PROJECTS FUNDS

Funds for capital projects are created to account for the purchase or construction of major capital facilities which are not financed by General, Special Revenue, or Enterprise Funds.

FINANCIAL SUMMARY	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Approved FY 2004	Adopted FY 2004
General Obligation Bond Funds Proceeds	\$ 19,750,117	\$ 54,349,400	\$ 54,669,470	\$ 35,749,000	\$ 59,456,800
Street and Highway Revenue Bond Funds Proceeds	10,956,065	13,424,800	19,824,640	5,717,000	11,189,200
Water Revenue Bond Funds Proceeds	21,388,631	44,265,000	44,572,000	31,992,000	31,206,000
Total Capital Projects Funds	\$ 52,094,813	\$ 112,039,200	\$ 119,066,110	\$ 73,458,000	\$ 101,852,000

HIGHLIGHTS

General Obligation Bonds

General obligation bonds are used to finance capital projects other than street and water projects. Fiscal Year 2004 increased \$5,107,400 based on project implementation.

Street and Highway Revenue Bonds

Street and highway revenue bonds are used to finance Transportation street and right of way capital projects. Fiscal Year 2004 decreased \$2,235,600 based on project implementation.

Water Revenue Bonds

Water revenue bonds used to finance water capital projects decreased \$13,059,000 in Fiscal Year 2004 due to completion of major capital improvements.

REVENUE DESCRIPTIONS

PRIMARY PROPERTY TAX

The city imposes a primary property tax on real and personal property located within the city limits. Revenues from the primary property tax can be used to pay any expense legally chargeable to the General Fund.

The Arizona State Constitution limits the amount of ad valorem taxes levied by the city to an amount not to exceed two percent greater than the maximum permissible levy in the preceding year. This levy limitation permits additional taxes to be levied on new or annexed property. New or annexed property may be taxed at the allowable rate computed for property taxed in the preceding year. Property annexed by November 1 will be taxable in the following year. The city is required, under the Truth in Taxation law, to notify taxpayers of its intention to increase primary property taxes over the previous year's levy, unless the amount increased is solely attributable to new construction and annexations.

The estimated primary property tax for Fiscal Year 2004 is \$4,904,190 or \$302,260 more than last year's estimated levy of \$4,601,930. The tax rate was not changed from \$0.2089 per \$100 of assessed valuation. Fiscal Year 2004 revenues are also impacted by a 6.6% increase in assessed valuation. The adopted budget for Fiscal Year 2003 was \$4,612,960. The following table shows the primary assessed valuations, levies, and rates since Fiscal Year 1999.

PRIMARY PROPERTY TAX (\$000s)

<u>Fiscal Year</u>	<u>Primary Assessed Valuation</u>	<u>Percent Change</u>	<u>Primary Tax Levy*</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>	<u>Rate per \$100 Assessed Valuation</u>
1999	\$ 1,809,220	4.7%	\$ 2,584	\$118	4.8%	\$ 0.1428
2000	1,817,930	0.5%	2,596	12	0.5%	0.1428
2001	1,999,070	10.0%	2,810	214	8.2%	0.1406
2002	2,089,090	4.5%	2,931	121	4.3%	0.1403
2003 (Estimate)	2,202,934	5.5%	4,602	1,671	57.0%	0.2089
2004 (Estimate)	2,347,641	6.6%	4,904	302	6.6%	0.2089

Maximum Allowable Tax Levy:

1999	\$ 6,805
2000	7,117
2001	7,436
2002	7,775
2003 (Estimate)	8,146
2004 (Estimate)	8,477

*Primary property tax levy set by Mayor and Council.

SECONDARY PROPERTY TAX

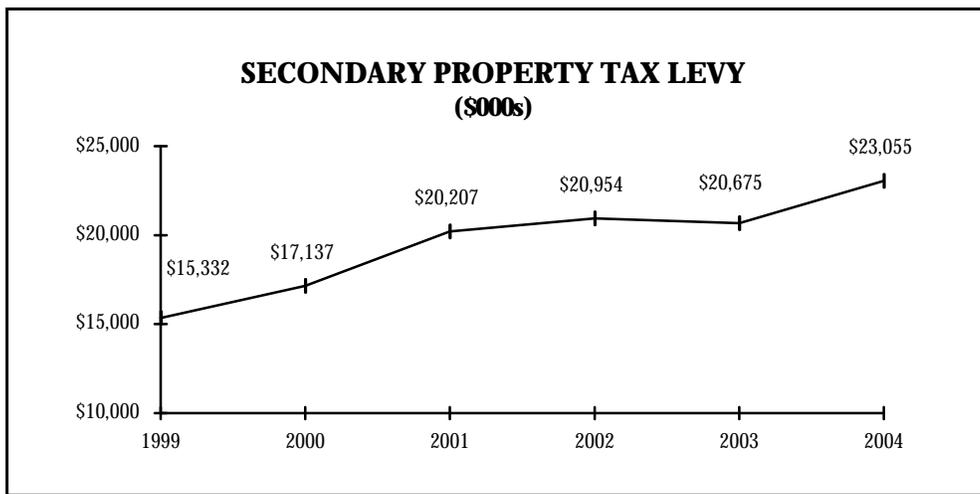
The city imposes a secondary property tax on real property located within the city limits. The secondary property tax is used solely to pay the principal and interest on general obligation bonds approved by the voters.

The secondary assessed valuation is based on the full cash value of real property. Full cash value is synonymous with the market value as determined by standard appraisal methods. There is no limitation on the annual increase to the full cash value as it applies to the computation of the secondary property tax. The Fiscal Year 2004 secondary assessed valuation is estimated to be \$2,431,984,410, a 7.2% increase over last year's valuation.

The city's total estimated debt service requirement on general obligation bonds for Fiscal Year 2004 is \$23,055,320. The secondary property tax rate for Fiscal Year 2004 is estimated at \$0.9480 per \$100 of assessed valuation, an increase of \$0.0367. The adopted budget for Fiscal Year 2003 was \$20,756,360. The following table and graph show secondary assessed valuations, levies, and rates since Fiscal Year 1999.

**SECONDARY PROPERTY TAX
(\$000s)**

<u>Fiscal Year</u>	<u>Secondary Assessed Valuation</u>	<u>Percent Change</u>	<u>Secondary Tax Levy*</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>	<u>Rate per \$100 Assessed Valuation</u>
1999	\$ 1,875,875	3.1%	\$ 15,332	\$ (107)	(0.7%)	\$ 0.8173
2000	1,945,160	3.7%	17,137	1,805	11.8%	0.8810
2001	2,048,620	5.3%	20,207	3,070	17.9%	0.9864
2002	2,138,461	4.4%	20,954	747	3.7%	0.9799
2003 (Estimate)	2,268,733	6.1%	20,675	(279)	(1.3%)	0.9113
2004 (Estimate)	2,431,984	7.2%	23,055	2,380	11.5%	0.9480



*Secondary property tax levy set by Mayor and Council.

CITY BUSINESS PRIVILEGE (SALES) TAX

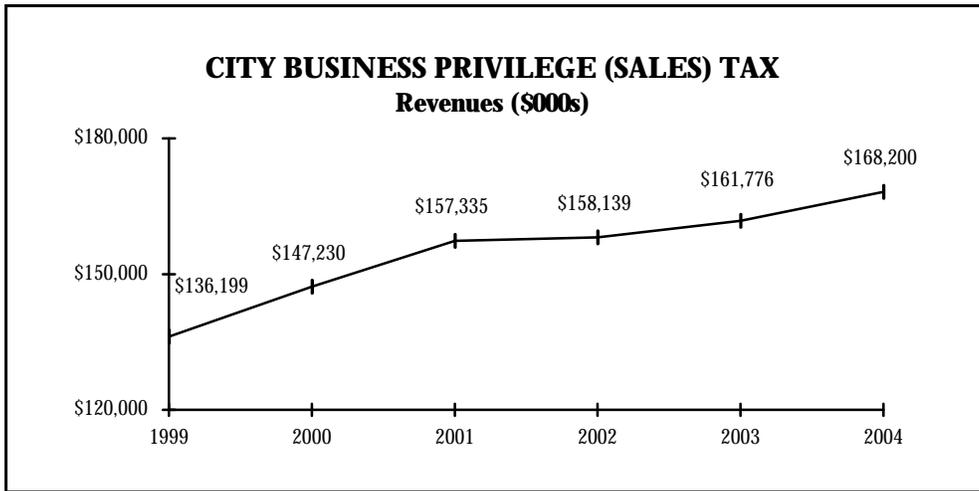
The Tucson City Charter authorizes a 2% tax on taxable business activity transacted within the city. The tax is imposed on 15 separate business activities. The charter exempts food purchased for home consumption, but allows the taxation of food consumed in restaurants or carried out. The charter further provides that as long as the city sales tax is imposed, no ad valorem tax shall be imposed on real or personal property within the city in excess of \$1.75 per \$100 of assessed valuation. The city sales tax can be used to pay any expense legally chargeable to the General Fund. Mayor and Council policy allocates a portion of the city sales tax collected to finance part of mass transit, solid waste management, public library, convention center, and public housing operations.

The city sales tax estimate of \$168,200,000 for Fiscal Year 2004 is an increase of \$6,423,600, a 4% increase over the prior year revised estimate of \$161,776,400. The adopted budget for Fiscal Year 2003 was \$166,328,100.

Although the growth in Tucson's economy slowed significantly in Fiscal Years 2002 and 2003, the rate of growth is expected to increase for Fiscal Year 2004. This will affect tax receipts on retail sales, restaurants, and bars which represent approximately 70% of the city sales tax revenues. The following table and graph show city business privilege tax collections since Fiscal Year 1999.

**CITY BUSINESS PRIVILEGE (SALES) TAX
(\$000s)**

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
1999	\$ 136,199	\$ 7,759	6.0%
2000	147,230	11,031	8.1%
2001	157,335	10,105	6.9%
2002	158,139	804	0.5%
2003 (Estimate)	161,776	3,637	2.3%
2004 (Estimate)	168,200	6,424	4.0%



PUBLIC UTILITY TAX AND UTILITY FRANCHISE FEES

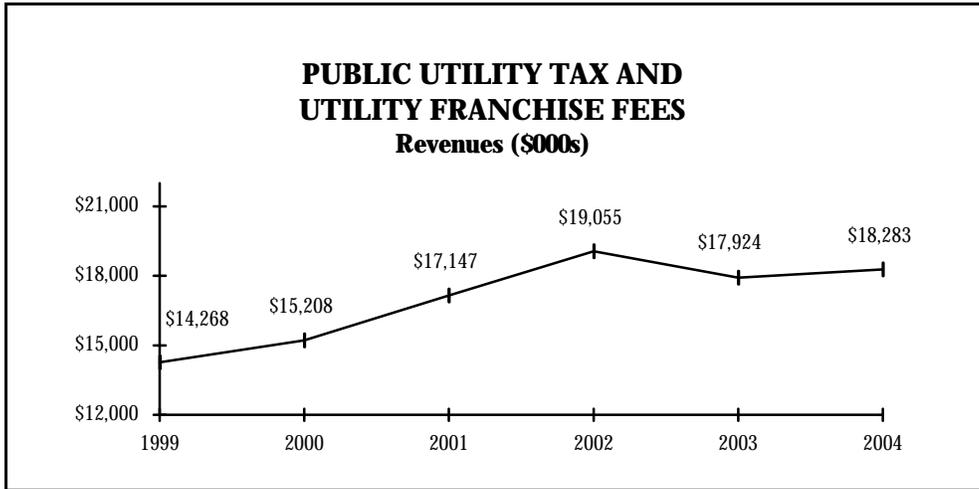
The Tucson City Charter authorizes a tax on the gross sales by public utilities to consumers within the city limits. By ordinance, the tax rate is set at 2% and is imposed in addition to the 2% city sales tax.

Under the terms of voter-approved franchises granted to Tucson Electric Power and Southwest Gas for use of public rights-of-way, the city collects 2.25% on gross sales of electricity and 2.5% on natural gas consumed within the city. However, franchise fee payments received from Tucson Electric Power and Southwest Gas reduce the public utility tax due from these two utilities. Monies received from public utility taxes and utility franchise fees can be used to pay any expense legally chargeable to the General Fund.

Estimated revenues from public utility taxes and utility franchise fees for Fiscal Year 2004 total \$18,282,500, a 2% increase over last year's revised estimate of \$17,924,070. The adopted budget for Fiscal Year 2003 was \$17,627,910. The following table and graph show revenues from public utility tax and utility franchise fees since Fiscal Year 1999.

**PUBLIC UTILITY TAX AND UTILITY FRANCHISE FEES
(\$000s)**

<u>Fiscal Year</u>	<u>Public Utility Tax</u>	<u>Utility Franchise Fees</u>	<u>Combined Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
1999	\$ 5,768	\$ 8,500	\$ 14,268	\$ 1,194	9.1%
2000	6,768	8,440	15,208	940	6.6%
2001	6,539	10,608	17,147	1,939	12.7%
2002	7,853	11,202	19,055	1,908	11.1%
2003 (Estimate)	7,796	10,128	17,924	(1,131)	(5.9%)
2004 (Estimate)	7,952	10,331	18,283	359	2.0%



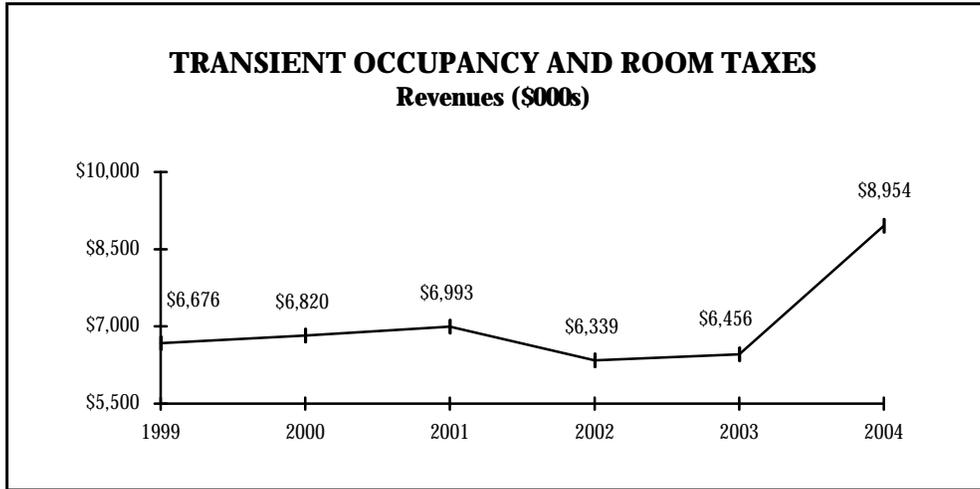
TRANSIENT OCCUPANCY AND ROOM TAXES

The Tucson City Code authorizes a 6% transient occupancy tax on rooms rented for 30 days or less. This rate is increased from 4% prior to Fiscal Year 2004, generating an additional \$2,368,200 which by statute must be dedicated to tourism. In Fiscal Year 1989, an additional daily hotel/motel surtax of \$1.00 per rented room was authorized.

Estimated transient occupancy taxes for Fiscal Year 2004 total \$8,953,600, a 38.7% increase over the estimate for the prior year of \$6,456,200, primarily due to the tax increase. The Fiscal Year 2004 estimate is comprised of \$7,104,600 in revenues from the 6% tax and \$1,849,000 from the \$1.00 surtax. The adopted budget for Fiscal Year 2003 was \$7,508,800. The following table and graph show Transient Occupancy and Room Tax collections since Fiscal Year 1999.

**TRANSIENT OCCUPANCY AND ROOM TAXES
((\$000s))**

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
1999	\$ 6,676	\$ 267	4.2%
2000	6,820	144	2.2%
2001	6,993	173	2.5%
2002	6,339	(654)	(9.4%)
2003 (Estimate)	6,456	117	1.8%
2004 (Estimate)	8,954	2,498	38.7%



LICENSES AND PERMITS

Revenues from licenses and permits include sign and street work permits, parking meter collections, utility franchises, cable television, refuse hauling permits, and telecommunications licenses and franchise fees.

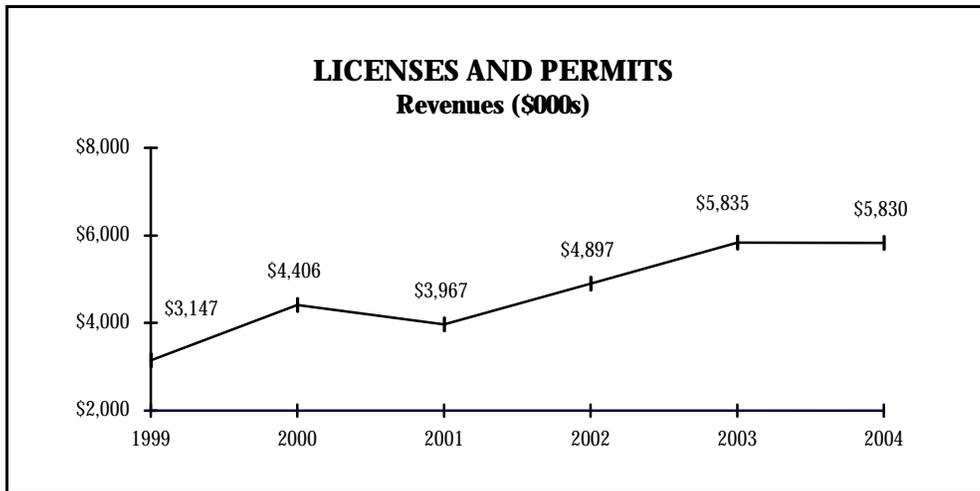
Although utility franchises are accounted for and reported within this revenue category in the city’s Comprehensive Annual Financial Report, the discussion on estimated revenues from utility franchises granted to Tucson Electric Power and Southwest Gas is presented separately in the Public Utility Tax and Utility Franchise Fees section of the Revenue Descriptions in this document (see page E-29).

Licenses and Permits (Continued)

Revenues from licenses and permits in Fiscal Year 2004, excluding utility franchise fees, is estimated to total \$5,830,260, which is less than 0.1% lower than the prior year's estimate of \$5,835,270. The adopted budget for Fiscal Year 2003 was also \$5,835,270. The following table and graph show revenues from licenses and permits since Fiscal Year 1999.

**LICENSES AND PERMITS
(\$000s)**

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
1999	\$ 3,147	\$ 556	21.5%
2000	4,406	1,259	40.0%
2001	3,967	(439)	(10.0%)
2002	4,897	930	23.4%
2003 (Estimate)	5,835	938	19.2%
2004 (Estimate)	5,830	(5)	(<0.1%)



FINES, FORFEITURES, AND PENALTIES

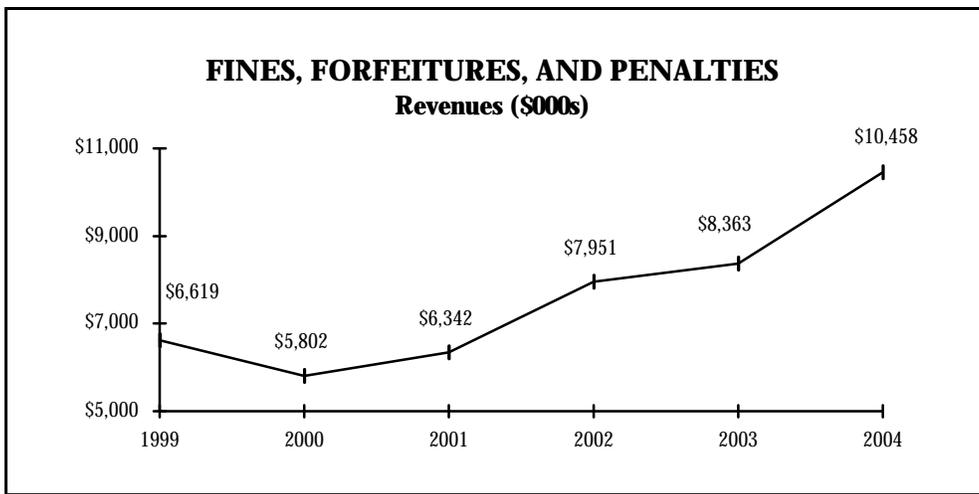
The source of this revenue is derived from fines for violations of state statutes and the Tucson City Code, including driving under the influence, criminal misdemeanors, civil traffic violations, and parking violations. Fine revenues can be used by the city to pay any expense legally chargeable to the General Fund.

The Fiscal Year 2004 estimate of \$10,458,200 is 25.1% more than the \$8,363,120 revised estimate for Fiscal Year 2003. This increase includes \$700,000 from a new City Court administrative fee. The adopted budget for Fiscal Year 2003 was \$7,963,120. The following table and graph show revenues from fines, forfeitures, and penalties since Fiscal Year 1999.

Fines, Forfeitures, and Penalties (Continued)

**FINES, FORFEITURES, AND PENALTIES
(\$000s)**

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
1999	\$ 6,619	\$ (195)	(2.9%)
2000	5,802	(817)	(12.3%)
2001	6,342	540	9.3%
2002	7,951	1,609	25.4%
2003 (Estimate)	8,363	412	5.2%
2004 (Estimate)	10,458	2,095	25.1%



VEHICLE LICENSE (AUTO LIEU) TAX

This tax is imposed by the Arizona Constitution as an “in-lieu” tax for all ad valorem property taxes assessed on motor vehicles. The Arizona Constitution requires that vehicle license tax (VLT) revenues be distributed to the state, counties, and cities. Additionally, the Arizona Constitution requires that a portion of the state’s distribution go to fund education. The vehicle license tax is based on each \$100 of a vehicle’s value. The valuation base for the first year is 60% of the manufacturer’s base retail price and the annual depreciation rate for each succeeding year is 16.25%. The statute sets specific rates for each vehicle license to be charged for each distribution recipient. The rate for incorporated cities and towns is sixty-nine cents (\$0.69) for a new vehicle and seventy-one cents (\$0.71) for a vehicle older than one year.

Current law provides that 41.37% of vehicle license taxes collected be retained by the state in the Highway User Revenue Fund (HURF). The statute establishes distributions that include 22.62% to the county treasurer to be distributed to the incorporated cities and towns of the county apportioned in proportion to the population of each as shown in the most recent United States census.

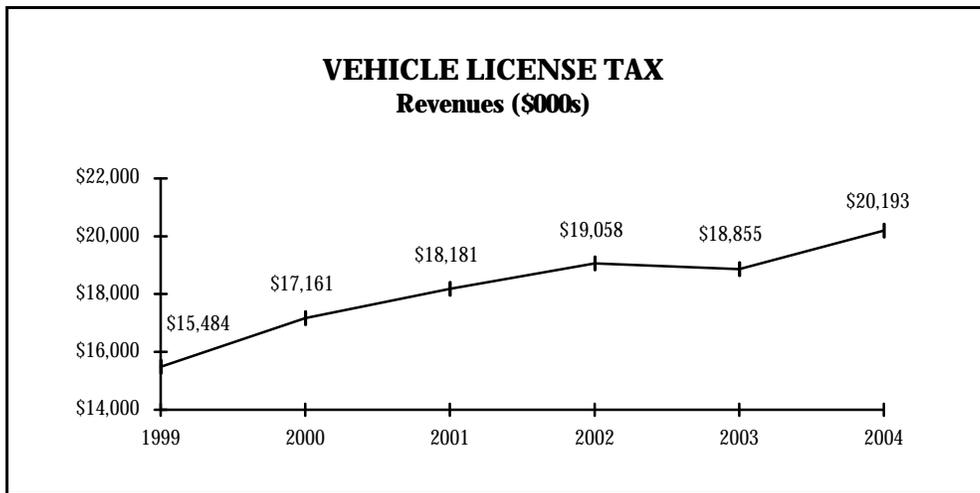
The City of Tucson’s vehicle license tax distributions for Fiscal Year 2004 is estimated to be \$20,193,000, which is an increase of 7.1% from the revised estimate of \$18,855,000 for Fiscal Year 2003. The adopted budget for Fiscal Year 2003 was \$18,530,060. Vehicle license tax revenues received by the city can be used to pay any expense legally chargeable to the General Fund.

Vehicle License (Auto Lieu) Tax (Continued)

The following table and graph show total annual distributions to cities and towns within Pima County, the City of Tucson's share since Fiscal Year 1999, and estimates for Fiscal Years 2003 and 2004.

**VEHICLE LICENSE TAX
(\$000s)**

<u>Fiscal Year</u>	<u>All Incorporated Cities' Share of Pima County Distribution</u>	<u>City of Tucson's Distribution Percent</u>	<u>Amount</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
1999	\$ 16,627	93.1%	\$ 15,484	\$ 3,093	25.0%
2000	18,428	93.1%	17,161	1,677	10.8%
2001	19,524	93.1%	18,181	1,020	5.9%
2002	20,470	93.1%	19,058	877	4.8%
2003 (Estimate)	20,252	93.1%	18,855	(203)	(1.1%)
2004 (Estimate)	21,690	93.1%	20,193	1,338	7.1%



STATE SALES TAX

The state sales tax is assessed on the taxable income of business activities within the State of Arizona. The state taxes approximately 20 separate business activities using various rates ranging from 3.1% to 5.6%. Shared sales taxes can be used to pay any expense legally chargeable to the General Fund.

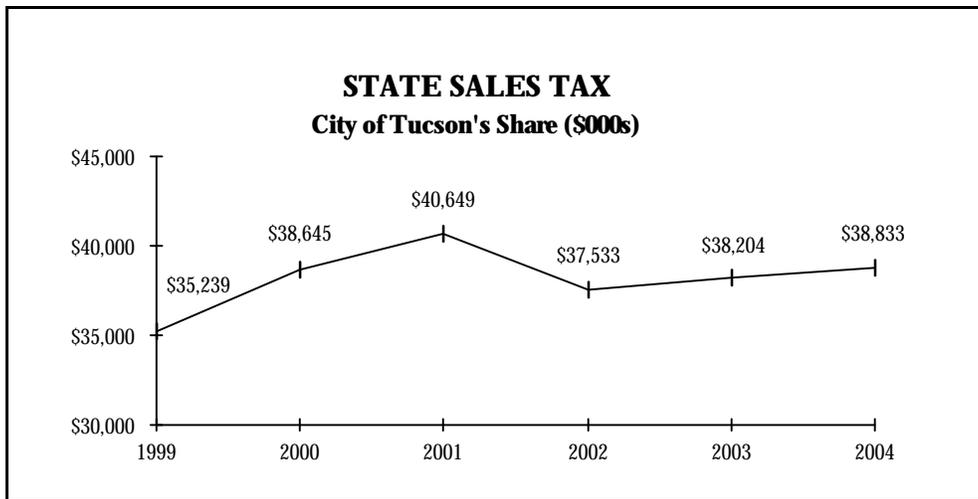
Approximately 78% of the state sales tax is retained by the state's general fund with 14% set aside for distribution to counties, and 8% to incorporated cities and towns. Each city's share is allocated in proportion to its population compared to the total population of the state.

The City of Tucson's share of state sales tax for Fiscal Year 2004 is estimated to be \$38,833,000, a 1.6% increase from the revised estimate of \$38,203,960 for Fiscal Year 2003. The adopted budget for Fiscal Year 2003 was \$39,483,000. The following table and graph show the state sales tax allocations to the City of Tucson since Fiscal Year 1999.

State Sales Tax (Continued)

**STATE SALES TAX
(\$000s)**

<u>Fiscal Year</u>	<u>Total Distribution To Cities</u>	<u>Percent Change</u>	<u>City of Tucson's Share</u>		<u>Increase (Decrease)</u>	<u>Percent Change</u>
			<u>Percent</u>	<u>Amount</u>		
1999	\$ 272,402	5.3%	12.9%	\$ 35,239	\$ 2,348	7.1%
2000	299,387	9.9%	12.9%	38,645	3,406	9.7%
2001	312,676	4.4%	13.0%	40,649	2,004	5.2%
2002	310,190	(0.8%)	12.1%	37,533	(3,116)	(7.7%)
2003 (Estimate)	317,500	2.4%	12.0%	38,204	671	1.8%
2004 (Estimate)	323,610	1.9%	12.0%	38,833	629	1.6%



HIGHWAY USER REVENUE FUND (HURF) ALLOCATION

State of Arizona gasoline tax and highway user fees and charges are deposited in the state's Highway User Revenue Fund (HURF). Current statutes provide for distributions from HURF for Fiscal Year 2000, and annually thereafter, of \$10,000,000* to the Arizona Department of Public Safety to fund highway patrol costs and \$1,000,000* to the Arizona Economic Strength Fund. HURF monies remaining after these distributions are then shared with counties and cities. The current distribution formula provides that 50.5% be retained in the state highway fund, 19% be distributed to counties, 27.5% be distributed to all incorporated cities and towns, and a final 3% be distributed to cities with a population greater than 300,000.

The 27.5% share earmarked for distribution to all incorporated cities and towns is often referred to as "regular HURF", and the Arizona Constitution requires that these funds be used solely for highway and street purposes which includes payment of principal and interest on street and highway bonds. These funds are allocated to individual cities and towns using a two-tier distribution formula. One-half of the "regular HURF" is apportioned to each city or town based on the population each bears to the population of all cities and towns in the state. The remaining half is then apportioned to counties based on each county's proportion of motor vehicle fuel sales within the state and is then distributed to each city or town within each county on the basis the population each bears to the population of all cities and towns within the county.

*There was an exemption to this amount for Fiscal Years 2002 and 2003.

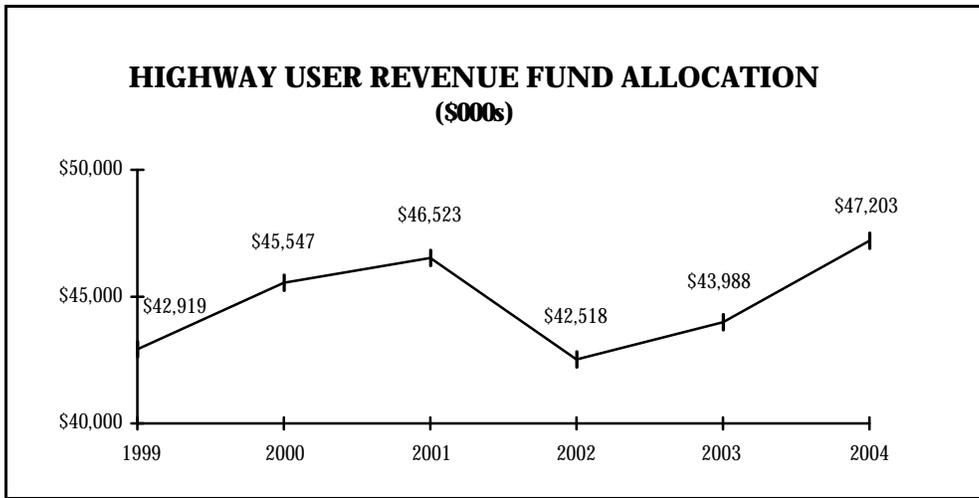
Highway User Revenue Fund (HURF) Allocation (Continued)

The 3% allocation distributable to cities and towns with a population greater than 300,000, sometimes referred to as “restricted HURF”, is also required to be used solely for highway and street purposes. However, these funds are further restricted to the acquisition of right-of-way or construction of streets or highways other than controlled-access highways. Phoenix, Tucson, and Mesa are the only cities currently sharing in this distribution, and the funds are distributed based on the 2000 decennial census.

The city’s share of HURF distributions from the state is estimated to be \$47,203,130 for Fiscal Year 2004, which is a 7.3% increase from the revised estimate of \$43,987,730 for Fiscal Year 2003. The adopted budget for Fiscal Year 2003 was \$46,420,800. The following table and graph show the HURF allocations to the City of Tucson since Fiscal Year 1999.

**HIGHWAY USER REVENUE FUND ALLOCATION
(\$000s)**

<u>Fiscal Year</u>	<u>27.5% Share</u>	<u>3% Share</u>	<u>Total</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
1999	\$ 36,314	\$ 6,605	\$ 42,919	\$ 2,430	6.0%
2000	38,614	6,933	45,547	2,628	6.1%
2001	39,503	7,020	46,523	976	2.1%
2002	36,102	6,416	42,518	(4,005)	(8.6%)
2003 (Estimate)	37,350	6,638	43,988	1,470	3.5%
2004 (Estimate)	40,080	7,123	47,203	3,215	7.3%



LOCAL TRANSPORTATION ASSISTANCE FUND (LTAF)

In November 1980, an initiative established a state lottery in Arizona. In July 1981, the state legislature established the Local Transportation Assistance Fund (LTAF) consisting of monies deposited initially from the state lottery fund to be distributed to Arizona cities and towns. Current law provides that the Arizona Legislature must appropriate whatever amount is necessary to ensure that a minimum of \$20,500,000 annually is deposited in the LTAF. Revenues from the state lottery have historically exceeded the minimum, and the state has not been required to subsidize the fund. Current law places an annual ceiling of \$23,000,000 on funds deposited from the state lottery fund into the LTAF for distribution to cities and towns. The maximum is expected to be available for distribution to cities and towns for Fiscal Years 2003 and 2004, and the city is expected to receive \$2,767,000. The adopted budget for Fiscal Year 2003 was \$2,707,000.

Tucson, having a population of more than 300,000, is required to use these LTAF monies for public transportation operating expenses and related capital purposes. Statutes provide that cities may adopt resolutions authorizing the use of up to 10% annually of the LTAF monies for cultural, educational, historical, recreational, or scientific facilities or programs, or for certain non-residential outpatient local programs or services. However, the monies used in this manner must be matched equally with non-public monies spent for the same purposes.

In recent years, the LTAF has also been used as the depository for Arizona's share of revenues from the multi-state lottery (Powerball). The statutes place a ceiling of \$18,000,000 on multi-state lottery proceeds available for distribution to the cities and towns. State lottery ticket sales started declining after the introduction of Powerball; to compensate for the loss of state general fund revenues from the state lottery, the state appropriated monies received from the multi-state lottery to the state's general fund. Statutory annual minimum appropriations to the state's general fund were enacted by the Arizona Legislature before receipts from multi-state lottery sales were available for distribution to cities and towns.

The following table shows the LTAF distribution to the City of Tucson since Fiscal Year 1999.

**LOCAL TRANSPORTATION ASSISTANCE FUND
(\$000s)**

<u>Fiscal Year</u>	<u>Tucson's Share</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
1999	\$ 3,028	\$ (35)	(1.1%)
2000	2,511	(517)	(17.1%)
2001	2,811	300	11.9%
2002	2,763	(48)	(1.7%)
2003 (Estimate)	2,767	4	0.1%
2004 (Estimate)	2,767	-0-	0.0%

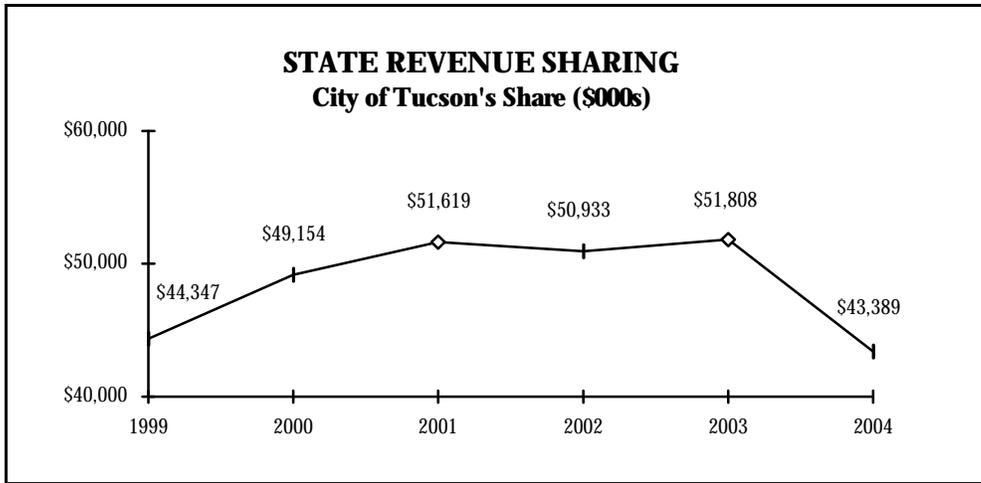
STATE REVENUE SHARING

Incorporated cities and towns are prohibited from imposing local income taxes, but they do receive a share of net individual and corporate income taxes collected by the state which can be used to pay any expense legally chargeable to the General Fund. Distributions are actually made to cities and towns two fiscal years following the fiscal year in which the state collects the income taxes. The portion (of net income taxes collected two years earlier) currently distributable to incorporated cities and towns was set by statute at 15%.

The city's portion of State Revenue Sharing distributions is estimated to be \$43,388,700 for Fiscal Year 2004, which is a 16.3% decrease from the revised estimate of \$51,808,070 for Fiscal Year 2003. The adopted budget for Fiscal Year 2003 was \$52,388,880. The following table and graph show the state income tax distributions to the City of Tucson since Fiscal Year 1999.

**STATE REVENUE SHARING
(S000s)**

<u>Fiscal Year</u>	<u>Total Distribution To Cities</u>	<u>Percent Change</u>	<u>Tucson's Share</u>		<u>Increase (Decrease)</u>	<u>Percent Change</u>
			<u>Percent</u>	<u>Amount</u>		
1999	\$ 340,311	16.8%	13.0%	\$ 44,347	\$ 6,443	17.0%
2000	377,711	11.0%	13.0%	49,154	4,807	10.8%
2001	396,453	5.0%	13.0%	51,619	2,465	5.0%
2002	420,934	6.2%	12.1%	50,933	(686)	(1.3%)
2003 (Estimate)	430,559	2.3%	12.0%	51,808	875	1.7%
2004 (Estimate)	361,575	(16.0%)	12.0%	43,389	(8,419)	(16.3%)



IMPACT OF CAPITAL PROJECTS ON THE OPERATING BUDGET

The completion of many capital improvements is the beginning of annual operating expenses for staffing, repairs, maintenance, and other routine operations. The cost of future operating and maintenance (O&M) for new capital projects are estimated by departments based on their budgetary experience with existing projects.

The Fiscal Year 2004 Adopted Budget includes a total of \$12.2 million in O&M costs for projects either completed in Fiscal Year 2003 or scheduled for completion during Fiscal Year 2004. The following table summarizes those additions to operating expenses.

OPERATING COST IMPACTS FOR FISCAL YEAR 2004

Service Area/Department/Project	Type of Expense	Amount
Neighborhood Services		
Fire		
Fire Station 6 and other facilities	Staffing (14 FTEs) and building/equipment maintenance	\$ 999,200
Parks and Recreation		
Various parks projects	Building/equipment maintenance	143,000
Environment and Development		
Tucson Water		
Clearwater Renewable Resource Facility	Electricity, Central Arizona Project commodity charges, and supplies	9,979,900
Environmental Management		
Various landfill remediations and investigations	Equipment maintenance	890,000
Non-Departmental		
General Expense		
Midtown Multipurpose Facility	Building maintenance	170,000
TOTAL		\$ 12,182,100

**TEN-YEAR ADOPTED COMPARISON
TOTAL CITY STAFFING**

DEPARTMENTS	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Elected and Official												
Mayor	5.50	7.00	7.00	7.00	7.50	8.00	8.00	8.00	9.50	9.50	9.50	9.50
Council	28.50	29.00	29.00	29.00	32.50	35.50	35.50	36.50	43.50	43.50	43.50	43.50
City Manager(a)	20.50	15.50 ⁽¹⁾	19.80 ⁽⁵⁾	19.20	23.00	22.00	21.00	22.00	23.75	24.25 ⁽²⁴⁾	22.25	19.25
City Clerk	40.50	40.50	39.50 ⁽⁵⁾	40.50	40.50	73.00 ⁽⁹⁾	44.50	69.50 ⁽⁹⁾	43.00	63.50 ⁽⁹⁾	41.00	58.50 ⁽⁹⁾
City Attorney	102.50	98.00	100.00	107.00	108.00	108.00	108.00	112.00	113.00	114.00	112.00	105.00
Sub-Total	197.50	190.00	195.30	202.70	211.50	246.50	217.00	248.00	232.75	254.75	228.25	235.75
Neighborhood Services												
City Court	117.80	127.80 ⁽¹⁾	133.80	138.80	138.80	141.30	145.30	141.80	143.80	143.80	138.30	137.30
Community Services	148.60	153.20	158.90	158.25	159.25	169.00	167.00	160.00	157.00	155.00	157.00	153.00
Fire	470.00	459.50	459.50	516.50	519.50	569.00 ⁽¹⁰⁾	528.00	539.00	570.00	571.00	572.00	572.00
Library	239.25	238.75	241.75	243.75	253.00	253.00	265.50	265.50	299.50	287.25 ⁽²⁵⁾	287.75	286.75 ⁽³³⁾
Neighborhood Resources	5.00	5.00	5.00	5.00	5.00	7.00	7.00	11.00	11.00	11.00	21.00 ^{(29), (30)}	19.00
Parks and Recreation	453.00	508.75 ⁽²⁾	580.00 ⁽⁶⁾	577.00	596.00	631.50	685.75 ⁽¹²⁾	720.25 ^{(14), (15)}	718.75 ⁽²⁰⁾	677.50 ⁽²⁶⁾	665.00	633.75
Tucson City Golf	103.00	102.00	104.00	103.00	103.00	103.00	103.50	96.50	163.25 ⁽²¹⁾	169.00	153.75	153.75
Police	1,029.00	1,043.00 ⁽³⁾	1,048.00	1,102.00	1,146.00 ⁽⁸⁾	1,154.00 ⁽¹¹⁾	1,191.50 ⁽¹³⁾	1,266.50 ⁽¹⁶⁾	1,355.00 ⁽²²⁾	1,362.00 ^{(27), (28)}	1,356.00	1,352.50
Independent Police Auditor	-0-	-0-	-0-	-0-	-0-	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Office of the Public Defender	31.50	32.50	32.50	33.00	31.00	31.00	31.00	32.50	32.50	33.50	33.50	33.50
Sub-Total	2,597.15	2,670.50	2,763.45	2,877.30	2,951.55	3,060.80	3,126.55	3,235.05	3,452.80	3,412.05	3,386.30	3,343.55
Environment and Development												
Development Services	64.00	62.50	64.00 ⁽⁵⁾	64.00	64.00	66.00	66.00	72.00	100.00 ⁽²⁰⁾	101.00	111.00 ^{(30), (31), (32)}	113.00 ⁽³⁴⁾
Comprehensive Planning Task Force	46.50	46.50	46.50	45.50	46.50	46.50	48.50	49.50	45.50 ⁽²⁰⁾	47.50 ⁽²⁴⁾	29.50 ⁽³²⁾	38.50 ⁽³³⁾
Solid Waste Management	-0-	-0-	224.00 ⁽⁷⁾	223.00	225.00	225.00	235.00	240.00	243.00	244.00	236.00	237.00
Transportation	212.00	220.50	366.50 ⁽⁷⁾	376.50	378.50	384.00	386.50	401.50 ^{(15), (17)}	395.50 ⁽²⁰⁾	399.50	399.50	393.50 ⁽³⁴⁾
Tucson Water	579.00	577.00	577.00	584.00	588.00	589.00	588.00	588.00	588.00	590.00	590.00	589.00 ⁽³³⁾
Environmental Management	4.00	8.00	10.00	9.00	9.00	10.75	11.75	13.60	15.85	15.00	15.00	15.00
Historic Preservation Office	-0-	-0-	-0-	-0-	-0-	-0-	1.00	1.00	2.00	2.00	2.00	-0- ⁽³³⁾
Zoning Examiner	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sub-Total	907.50	916.50	1,290.00	1,304.00	1,313.00	1,323.25	1,338.75	1,367.60	1,391.85	1,401.00	1,385.00	1,388.00
Strategic Initiatives												
Tucson Convention Center	53.00	55.00	55.00	58.00	58.00	62.00	61.00	61.00	63.50	63.00	60.00	56.25
Office of Economic Development	9.33	12.00	16.00	18.00	18.10	22.10	23.75	14.00 ⁽¹⁸⁾	15.50	15.50	17.50	14.50
Intergovernmental Relations	2.00	2.25	2.25	2.75	2.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Tucson - Mexico Trade Office	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.00 ⁽¹⁸⁾	5.00	5.00	6.00	6.00
Sub-Total	64.33	69.25	73.25	78.75	78.85	86.10	86.75	82.00	86.00	85.50	85.50	78.75

**TEN-YEAR ADOPTED COMPARISON
TOTAL CITY STAFFING**

DEPARTMENTS	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Support Services												
Budget and Research	28.00	28.00	28.00	28.00	27.00	26.00	26.00	26.00	26.00	24.00 ⁽²⁴⁾	24.00	22.00
Finance	134.00	130.00 ⁽⁴⁾	134.00	133.00	139.00	138.00	143.00	146.00	150.25	151.25	145.00	146.00
Human Resources	24.00	28.00 ⁽⁴⁾	29.00 ⁽⁵⁾	29.00	28.00	32.00 ⁽¹¹⁾	32.00	32.00	34.00	31.00 ^{(24), (27)}	29.00	25.00
Information Technology(a)	74.00	77.50	78.00	79.50	82.42	82.42	92.12	94.12	88.12	91.12	84.66 ⁽³¹⁾	81.16
Operations	685.00	685.00	332.00 ⁽⁷⁾	335.00	337.00	341.00	350.00	365.00 ⁽¹⁹⁾	377.00	377.00	370.00	350.00
Procurement	73.00	72.00	72.00	72.00	75.00	75.00	76.00	77.00	81.00	82.00	77.00	75.00
Equal Opportunity Office	4.00	8.00	8.00	9.00	9.00	9.00	9.00	9.00	10.00	10.50	9.00	8.00
Sub-Total	1,022.00	1,028.50	681.00	685.50	697.42	703.42	728.12	749.12	766.37	766.87	738.66	707.16
Non-Departmental												
General Expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3.00 ⁽²³⁾	5.50 ⁽²⁴⁾	5.75	4.75
Sub-Total	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3.00	5.50	5.75	4.75
Total	4,788.48	4,874.75	5,003.00	5,148.25	5,252.32	5,420.07	5,497.17	5,681.77	5,932.77	5,925.67	5,829.46	5,757.96

TEN-YEAR ADOPTED COMPARISON TOTAL CITY STAFFING WITH FISCAL YEARS 2003 AND 2004

- (a) In Fiscal Year 2002, the offices of the City Manager were reflected in various service teams based on the functions of each office. In Fiscal Year 2003, additional changes were made to the location of the Grants Office, which moved back into City Manager, and Community Relations, which became part of Information Technology. For comparative purposes, staff are shown for all years in the new locations.
- (1) In Fiscal Year 1994, the Hearing Office was transferred from City Manager to City Court (8 positions).
- (2) In Fiscal Year 1994, the conversion of fee class instructors in the Parks and Recreation Department to employee status by agreement with the Internal Revenue Service resulted in a net increase of 25 positions. Five positions were deleted from Hi-Corbett Field operations concessions organization due to the Colorado Rockies assuming responsibility for spring training operations.
- (3) In Fiscal Year 1994, the Tucson Police Department added 10 commissioned officers for the gang unit.
- (4) In Fiscal Year 1994, Employee Benefits was transferred from the Finance Department to the Human Resources Department (3 positions).
- (5) In Fiscal Year 1995, 3 positions were transferred from City Manager to Development Services and 1 position from the City Manager to Human Resources. Additionally, 2 positions were transferred from Human Resources and 1 position from City Clerk to City Manager.
- (6) In Fiscal Year 1995, the Parks and Recreation Department added 38.25 recreation positions for youth-related programs and 33 positions for the new El Pueblo pool and increased hours at other pools.
- (7) In Fiscal Year 1994, at the direction of Mayor and Council, the Department of Solid Waste Management was created with 220 positions. These positions were transferred from the Department of Operations. In addition, the Streets Division was transferred to the Transportation Department from the Department of Operations with 139 positions.
- (8) In Fiscal Year 1997, the Tucson Police Department added 24 community service officers for the new Community Service Officer Program.
- (9) Beginning in Fiscal Year 1998, non-permanent positions for city elections are added every other year to the City Clerk's Office as follows: 29.5 in Fiscal Year 1998, 25 in Fiscal Year 2000, and 20.5 in Fiscal Years 2002 and 2004.
- (10) In Fiscal Year 1998, the Fire Department added 49.5 positions: 34 positions for annexations, 7 positions for a new paramedic unit, and 8.5 positions for a second vehicle maintenance shift and for the public safety academy.
- (11) In Fiscal Year 1998, 3 positions were transferred from the Tucson Police Department to the Human Resources Department.
- (12) In Fiscal Year 1999, the Parks and Recreation Department added 54.25 positions: 32.50 positions for the Clements Center and Pool, 3.50 positions for the Quincie Douglas Center, 14.50 maintenance workers for other new or expanded facilities and parks, and 3.75 positions for expanded programs.
- (13) In Fiscal Year 1999, at the direction of the City Manager, 31 positions were added to the Tucson Police Department to support community policing.
- (14) In Fiscal Year 2000, the Parks and Recreation Department added 27 positions for new grants.
- (15) In Fiscal Year 2000, the Parks and Recreation Department transferred 9 Highway User Revenue Fund (HURF) funded positions to the Transportation Department for median island maintenance, and Transportation transferred 1 position to Parks and Recreation for sports field lighting maintenance.
- (16) In Fiscal Year 2000, the Tucson Police Department added 50 positions for the Universal Cops Hiring Grant.
- (17) In Fiscal Year 2000, Van Tran's Americans with Disabilities Act Compliance organization was transferred to the new Transit Division, with the existing 4 positions being converted to city employees.

TEN-YEAR ADOPTED COMPARISON TOTAL CITY STAFFING WITH FISCAL YEARS 2003 AND 2004

- (18) In Fiscal Year 2000, 4 positions were transferred from Economic Development to the Tucson-México Project and 1 position was added.
- (19) In Fiscal Year 2000, the Department of Operations added 5 positions for maintenance of new facilities and 3 positions for maintenance of the growing vehicle fleet.
- (20) In Fiscal Year 2001, 17 positions were transferred to Development Services for the consolidation of Plans Review: 2 from the Parks and Recreation Department, 6 from the Comprehensive Planning Task Force, and 9 from the Transportation Department.
- (21) In Fiscal Year 2001, Tucson City Golf added 66.75 positions for the Mayor and Council approved Tucson City Golf Business Plan.
- (22) In Fiscal Year 2001, the Tucson Police Department added 56 positions for the Universal Cops Hiring Grant.
- (23) In Fiscal Year 2001, 3 grant-funded positions were added to the General Expense budget for water conservation projects at the A-7 Ranch.
- (24) In Fiscal Year 2002, 3.5 positions were transferred from the City Manager's Office: 2.5 to the Non-Departmental budget to support Rio Nuevo and 1 project manager to the Comprehensive Planning Department. Additionally, 2 positions were transferred from Budget and Research and 1 from the Human Resources Department to the City Manager's Office.
- (25) In Fiscal Year 2002, the Library eliminated 12.25 positions: 10.75 due to the elimination of Sunday library services at Woods, Mission, Miller-Golf Links, and Green Valley branches, 1.5 due to revised implementation of programs.
- (26) In Fiscal Year 2002, the Parks and Recreation Department eliminated 49.25 positions: 11 due to the completion of grants, 9 from the privatization of zoo concessions, and 29.25 from reductions in HICO/MIDCO, KIDCO, fee classes and summer aquatics programs. The department also added 8 positions: 4 for grounds maintenance, 2 for capital project management, and 2 for a new KIDCO site.
- (27) In Fiscal Year 2002, 2 positions were transferred from the Human Resources Department to the Tucson Police Department.
- (28) In Fiscal Year 2002, the Tucson Police Department added 2 grant-funded positions.
- (29) During Fiscal Year 2002 Neighborhood Resources, which was previously Citizen and Neighborhood Services, was established as a department. This reorganization resulted in a net reduction of one position including the transfer of a project manager position (reclassified to an administrator position) from the Comprehensive Planning Task Force.
- (30) The code enforcement and slum abatement and blight enforcement response staff were transferred in to Neighborhood Resources from Development Service Department.
- (31) In Fiscal Year 2002, 3 positions in Information Technology were transferred to Development Services.
- (32) As part of a citywide reorganization, Zoning Administration was formed in Development Services from staff transferred in from the Comprehensive Planning Task Force.
- (33) In Fiscal Year 2003, 9 positions were transferred to the Comprehensive Planning Task Force as part of consolidating comprehensive planning functions: Transportation 4; Historic Preservation 2; Water 1; and Annexation 2.
- (34) Two positions transferred from Transportation to Development Services as part of consolidating development review.

Note: For Fiscal Year 2004, 139.50 positions have been eliminated due to budget reductions. Please see section B, page B-53 for this and other adjustments to Fiscal Year 2004.

**FULL-TIME EQUIVALENT POSITIONS
PERMANENT AND NON-PERMANENT
FISCAL YEARS 2003 AND 2004**

	Fiscal Year 2003			Fiscal Year 2004		
	Permanent	Non-Permanent	Total	Permanent	Non-Permanent	Total
ELECTED AND OFFICIAL						
Mayor and Council	53.00	-0-	53.00	53.00	-0-	53.00
City Manager	22.25	-0-	22.25	19.25	-0-	19.25
City Clerk	38.50	2.50	41.00	35.50	23.00	58.50
City Attorney	112.00	-0-	112.00	105.00	-0-	105.00
Sub-Total	225.75	2.50	228.25	212.75	23.00	235.75
NEIGHBORHOOD SERVICES						
City Court	138.30	-0-	138.30	137.30	-0-	137.30
Community Services	157.00	-0-	157.00	153.00	-0-	153.00
Fire	572.00	-0-	572.00	572.00	-0-	572.00
Library	235.50	52.25	287.75	233.50	53.25	286.75
Neighborhood Resources	21.00	-0-	21.00	19.00	-0-	19.00
Parks and Recreation	400.50	264.50	665.00	384.00	249.75	633.75
Tucson City Golf	43.00	110.75	153.75	43.00	110.75	153.75
Police	1,350.00	6.00	1,356.00	1,346.50	6.00	1,352.50
Independent Police Auditor	2.00	-0-	2.00	2.00	-0-	2.00
Public Defender	33.50	-0-	33.50	33.50	-0-	33.50
Sub-Total	2,952.80	433.50	3,386.30	2,923.80	419.75	3,343.55
ENVIRONMENT AND DEVELOPMENT						
Development Services	110.00	1.00	111.00	112.00	1.00	113.00
Comprehensive Planning Task Force	29.50	-0-	29.50	38.50	-0-	38.50
Solid Waste Management	236.00	-0-	236.00	237.00	-0-	237.00
Transportation	398.00	1.50	399.50	392.00	1.50	393.50
Tucson Water	590.00	-0-	590.00	589.00	-0-	589.00
Environmental Management	15.00	-0-	15.00	15.00	-0-	15.00
Historic Preservation Office	2.00	-0-	2.00	-0-	-0-	-0-
Zoning Examiner	2.00	-0-	2.00	2.00	-0-	2.00
Sub-Total	1,382.50	2.50	1,385.00	1,385.50	2.50	1,388.00

**FULL-TIME EQUIVALENT POSITIONS
PERMANENT AND NON-PERMANENT
FISCAL YEARS 2003 AND 2004**

	Fiscal Year 2003			Fiscal Year 2004		
	Permanent	Non-Permanent	Total	Permanent	Non-Permanent	Total
STRATEGIC INITIATIVES						
Tucson Convention Center	46.00	14.00	60.00	43.00	13.25	56.25
Economic Development	14.00	3.50	17.50	11.00	3.50	14.50
Intergovernmental Relations	2.00	-0-	2.00	2.00	-0-	2.00
Tucson-Mexico Trade Office	6.00	-0-	6.00	6.00	-0-	6.00
Sub-Total	68.00	17.50	85.50	62.00	16.75	78.75
SUPPORT SERVICES						
Budget and Research	24.00	-0-	24.00	22.00	-0-	22.00
Finance	144.00	1.00	145.00	145.00	1.00	146.00
Human Resources	29.00	-0-	29.00	25.00	-0-	25.00
Information Technology	82.50	2.16	84.66	79.50	1.66	81.16
Operations	368.00	2.00	370.00	348.00	2.00	350.00
Procurement	77.00	-0-	77.00	75.00	-0-	75.00
Equal Opportunity Office	9.00	-0-	9.00	8.00	-0-	8.00
Sub-Total	733.50	5.16	738.66	702.50	4.66	707.16
NON-DEPARTMENTAL						
General Expense	5.75	-0-	5.75	4.75	-0-	4.75
Sub-Total	5.75	-0-	5.75	4.75	-0-	4.75
Total	5,368.30	461.16	5,829.46	5,291.30	466.66	5,757.96

**FULL-TIME EQUIVALENT POSITIONS
GENERAL PURPOSE FUNDS AND OTHER FUNDS
FISCAL YEARS 2003 AND 2004**

	Fiscal Year 2003			Fiscal Year 2004		
	General Purpose	Other	Total	General Purpose	Other	Total
ELECTED AND OFFICIAL						
Mayor and Council	53.00	-0-	53.00	53.00	-0-	53.00
City Manager	22.25	-0-	22.25	19.25	-0-	19.25
City Clerk	41.00	-0-	41.00	58.50	-0-	58.50
City Attorney	101.00	11.00	112.00	94.00	11.00	105.00
Sub-Total	217.25	11.00	228.25	224.75	11.00	235.75
NEIGHBORHOOD SERVICES						
City Court	136.80	1.50	138.30	135.80	1.50	137.30
Community Services	9.79	147.21	157.00	8.15	144.85	153.00
Fire	570.00	2.00	572.00	570.00	2.00	572.00
Library	143.88	143.87	287.75	143.38	143.37	286.75
Neighborhood Resources	18.00	3.00	21.00	16.00	3.00	19.00
Parks and Recreation	623.75	41.25	665.00	592.50	41.25	633.75
Tucson City Golf	-0-	153.75	153.75	-0-	153.75	153.75
Police	1,319.50	36.50	1,356.00	1,317.50	35.00	1,352.50
Independent Police Auditor	2.00	-0-	2.00	2.00	-0-	2.00
Public Defender	33.50	-0-	33.50	33.50	-0-	33.50
Sub-Total	2,857.22	529.08	3,386.30	2,818.83	524.72	3,343.55
ENVIRONMENT AND DEVELOPMENT						
Development Services	111.00	-0-	111.00	113.00	-0-	113.00
Comprehensive Planning Task Force	29.50	-0-	29.50	38.50	-0-	38.50
Solid Waste Management	236.00	-0-	236.00	237.00	-0-	237.00
Transportation	86.00	313.50	399.50	63.00	330.50	393.50
Tucson Water	-0-	590.00	590.00	-0-	589.00	589.00
Environmental Management	15.00	-0-	15.00	15.00	-0-	15.00
Historic Preservation Office	2.00	-0-	2.00	-0-	-0-	-0-
Zoning Examiner	2.00	-0-	2.00	2.00	-0-	2.00
Sub-Total	481.50	903.50	1,385.00	468.50	919.50	1,388.00

**FULL-TIME EQUIVALENT POSITIONS
GENERAL PURPOSE FUNDS AND OTHER FUNDS
FISCAL YEARS 2003 AND 2004**

	Fiscal Year 2003			Fiscal Year 2004		
	General Purpose	Other	Total	General Purpose	Other	Total
STRATEGIC INITIATIVES						
Tucson Convention Center	60.00	-0-	60.00	56.25	-0-	56.25
Economic Development	14.00	3.50	17.50	11.00	3.50	14.50
Intergovernmental Relations	2.00	-0-	2.00	2.00	-0-	2.00
Tucson-Mexico Trade Office	6.00	-0-	6.00	6.00	-0-	6.00
Sub-Total	82.00	3.50	85.50	75.25	3.50	78.75
SUPPORT SERVICES						
Budget and Research	24.00	-0-	24.00	22.00	-0-	22.00
Finance	131.00	14.00	145.00	133.00	13.00	146.00
Human Resources	29.00	-0-	29.00	25.00	-0-	25.00
Information Technology	84.66	-0-	84.66	81.16	-0-	81.16
Operations	263.00	107.00	370.00	255.00	95.00	350.00
Procurement	77.00	-0-	77.00	75.00	-0-	75.00
Equal Opportunity Office	9.00	-0-	9.00	8.00	-0-	8.00
Sub-Total	617.66	121.00	738.66	599.16	108.00	707.16
NON-DEPARTMENTAL						
General Expense	-0-	5.75	5.75	-0-	4.75	4.75
Sub-Total	-0-	5.75	5.75	-0-	4.75	4.75
Total	4,255.63	1,573.83	5,829.46	4,186.49	1,571.47	5,757.96

**Fiscal Year 2004
City of Tucson
Annual Salary Scale**

Exempt Schedule

	Minimum	Midpoint	Maximum
822	91,677	122,847	154,018
821	81,182	108,784	136,387
820	72,228	96,786	121,344
819	64,566	86,518	108,471
818	57,991	77,708	97,425
817	52,335	70,129	87,923
816	47,459	63,594	79,730
815	43,244	57,946	72,649
814	39,594	53,056	66,518
813	36,429	48,816	61,202
812	33,682	45,134	56,586
811	31,294	41,935	52,575
810	29,220	39,155	49,090

**Police
Exempt Schedule**

	Minimum	Midpoint	Maximum
323	117,450	135,257	153,065
322	77,937	94,939	111,941
321	70,649	84,259	97,868
320	70,194	76,932	83,671

**Fiscal Year 2004
City of Tucson
Annual Salary Scale**

**Fire
Exempt Schedule**

	Minimum	Midpoint	Maximum
423	117,450	135,257	153,065
422	78,418	95,525	112,632
421	71,085	84,778	98,472
420	71,719	77,953	84,186

**Legal
Exempt Schedule**

	Minimum	Midpoint	Maximum
619	79,548	105,401	131,254
618	71,023	94,106	117,189
617	63,555	84,210	104,865
616	56,998	75,523	94,048
615	51,234	67,885	84,536
614	46,156	61,157	76,158
613	41,675	55,220	68,764
612	37,715	49,972	62,229
611	34,208	45,325	56,443
610	31,098	41,205	51,311

**Fiscal Year 2004
City of Tucson
Annual Salary Scale**

**Information Technology
Exempt Schedule**

	Minimum	Midpoint	Maximum
719	77,559	102,765	127,971
718	68,485	90,743	113,000
717	60,473	80,127	99,782
716	53,399	70,754	88,108
715	47,678	63,174	78,670
714	43,051	57,042	71,034
713	39,316	52,094	64,871
712	36,320	48,124	59,928

**Golf and Ranch
Exempt Schedule**

	Minimum	Midpoint	Maximum
515	43,244	57,947	72,649
514	39,594	53,056	66,518
505	26,133	33,386	40,638
503	22,559	28,820	35,081
502	21,182	27,060	32,938
501	20,031	25,589	31,147

Range 501 and 502 receive 50% earnings from golf lesson revenue.

Range 503 and 505 receive \$300 in-kind pay per year.

Range 514 receive 100% earnings from golf lesson revenue up to \$12,000 per year.

Range 515 receive 100% earnings from golf lesson revenue up to \$5,000 per year.

**Fiscal Year 2004
City of Tucson
Annual Salary Scale**

Non-Exempt Schedule

Range No.	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14
910	19,076	20,031	21,032	22,084	23,188	24,347	24,956	25,579	26,218	26,874	27,546	28,235	28,941	29,664
911	20,031	21,032	22,084	23,188	24,347	25,564	26,202	26,857	27,528	28,217	28,922	29,646	30,387	31,147
912	21,182	22,240	23,353	24,520	25,746	27,033	27,710	28,403	29,112	29,840	30,586	31,351	32,135	32,938
913	22,559	23,687	24,872	26,115	27,421	28,792	29,512	30,250	31,006	31,781	32,575	33,389	34,225	35,081
914	24,196	25,406	26,677	28,010	29,410	30,881	31,653	32,444	33,255	34,087	34,939	35,812	36,708	37,626
915	26,133	27,440	28,812	30,253	31,766	33,353	34,188	35,042	35,918	36,816	37,736	38,680	39,647	40,638
916	28,421	29,842	31,334	32,901	34,547	36,274	37,180	38,110	39,063	40,040	41,040	42,066	43,118	44,196
917	31,123	32,679	34,313	36,029	37,831	39,722	40,715	41,733	42,776	43,845	44,941	46,065	47,217	48,397
918	34,315	36,031	37,832	39,724	41,710	43,795	44,890	46,012	47,163	48,342	49,550	50,789	52,059	53,361
919	38,091	39,997	41,996	44,096	46,300	48,616	49,830	51,077	52,354	53,663	55,003	56,379	57,788	59,234
920	42,569	44,698	46,933	49,279	51,743	54,330	55,689	57,081	58,508	59,971	61,470	63,007	64,582	66,196

**Fiscal Year 2004
City of Tucson
Annual Salary Scale**

**Police
Non-Exempt Schedule**

Range No.	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
351	31,993	33,592	35,272	37,036	38,887	40,832	42,874	45,018
302	37,225	39,086	41,040	43,092	45,248	47,510	49,885	52,380
303	39,086	41,040	43,092	45,248	47,510	49,885	52,380	54,998
304	41,040	43,092	45,248	47,510	49,885	52,380	54,998	57,748
305	43,092	45,248	47,510	49,885	52,380	54,998	57,748	60,635
306					54,998	57,748	60,635	63,667
307					57,748	60,635	63,667	66,851

**Fire
Non-Exempt Schedule**

Range No.	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
401	34,788	36,512	38,368	40,283	42,299	43,365	44,416	45,527	46,623	47,807
402	36,513	38,368	40,282	42,299	44,416	45,527	46,623	47,807	48,961	50,174
403	36,875	38,599	40,456	42,370	44,385	45,453	46,504	47,614	48,710	49,894
404						47,807	48,961	50,174	51,402	52,687
405						49,894	51,048	52,261	53,489	54,774
406						55,332	56,690	58,093	59,509	60,985
407						57,419	58,778	60,180	61,597	63,072
408						61,971	63,493	65,064	66,651	68,304

**Fiscal Year 2004
City of Tucson
Classified Annual Salary Scale**

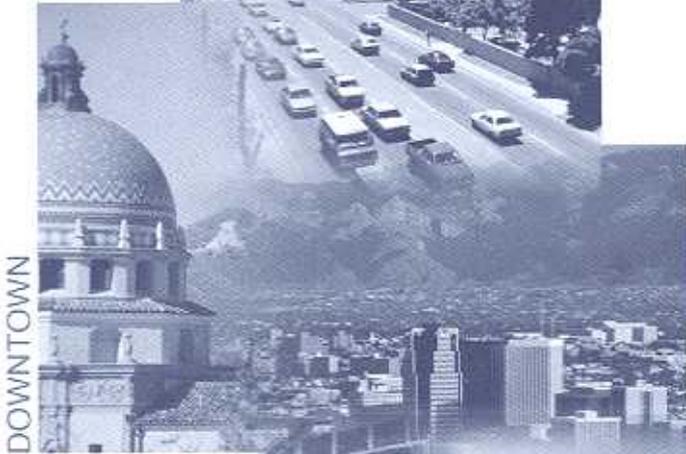
**Hourly (Seasonal or Intermittent) Schedule
Non-Exempt**

Code	Class Title	Hourly Rate		
0201	Election Technician	\$10.14	-	\$13.93
0202	Senior Election Technician	11.14	-	15.30
0203	Election Specialist	16.25	-	22.33
1001	City Youth Worker	5.88		
1403	General Maintenance Trainee/Worker	8.35	-	9.66
2256	Camera Operator	11.42	-	17.14
3005	Concession Worker	5.74	-	7.09
3021	Short Order Cook	7.73	-	10.00
3201	Golf Host	9.89		
3302	Lifeguard	8.12		
3303	Water Safety Instructor/Senior Lifeguard	8.57		
3304	Seasonal Swimming Pool Supervisor	9.23		
3306	Seasonal Aquatics Program Supervisor	10.56		
3311	Seasonal Recreation Worker	7.03		
3313	Seasonal Senior Recreation Worker	7.84		
3316	Seasonal Class Instructor	7.47	-	17.27
3323	Seasonal Program Coordinator	9.92		
3401	Seasonal Center Attendant	6.23		
7012	Library Program Instructor	13.28	-	17.80

Section F

Capital Budget Summary

TRANSPORTATION



DOWNTOWN

GROWTH

ECONOMIC DEVELOPMENT



GOOD GOVERNMENT

NEIGHBORHOODS



CAPITAL BUDGET SUMMARY

Capital improvement projects are assigned to city departments to ensure proper project management. The following two tables summarize the Fiscal Year 2004 capital budget by service area and by funding type. For a breakout by individual departments and funding sources, see Tables I and II on pages F-4 and F-5.

Fiscal Year 2004 Capital Budget Summary of Expenditures (\$000s)			
	Carryforward	New Funding	Total
Neighborhood Services	\$ 30,521.7	\$ 31,817.8	\$ 62,339.5
Environment and Development	44,918.7	130,939.9	175,858.6
Support Services	806.8	5,121.6	5,928.4
Non-Departmental	10,892.9	7,807.4	18,700.3
Total	\$ 87,140.1	\$ 175,686.7	\$ 262,826.8

Fiscal Year 2004 Capital Budget Summary of Funding Sources (\$000s)			
	Carryforward	New Funding	Total
General Purpose Funds	\$ 3,336.2	\$ 4,395.0	\$ 7,731.2
Grants and Contributions	31,009.4	63,973.8	94,983.2
City Bond Funds	27,895.2	42,750.8	70,646.0
Enterprise Funds	6,343.9	47,734.0	54,077.9
Other Local Funds	18,026.4	16,224.1	34,250.5
Non-City Funds	529.0	609.0	1,138.0
Total	\$ 87,140.1	\$ 175,686.7	\$ 262,826.8

DEPARTMENT PROGRAMS

The following section summarizes the Fiscal Year 2004 department programs within each service area. Project listings for each department begin on page F-8.

Neighborhood Services

Projects in the Neighborhood Services category include those managed by City Court, Community Services, Fire, Library, Neighborhood Resources, Parks and Recreation, Tucson City Golf, and Police.

City Court. Initial work on structural improvements is funded in City Court's capital budget of \$0.3 million. The project will include partial demolition of the adjacent parking garage and structural reinforcement of the area housing mechanical systems for the court facility.

Community Services. Three projects, totaling \$2.3 million, are funded in Community Services' capital budget: South Park HOPE VI - Acquisition, Robert F. Kennedy Homes Revitalization, and completion of the Pascua Neighborhood Center Senior/Youth Building.

Fire. Fire's \$9.2 million budget includes the following: work on three fire stations (completion of Station 6, construction of Station 20, and design of Station 21), improvements to support facilities, and purchase of upgraded mobile data terminals for fire vehicles.

Library. Four projects will be completed with the \$2.5 million budget: George Miller-Golf Links Library Expansion, Main Library Plaza Improvements, Midtown Library and Learning Center, and Quincie Douglas Library.

Neighborhood Resources. Back to Basics projects continue with \$10.8 million.

Parks and Recreation. Park's capital budget of \$31.3 million contains 37 park improvement projects, ranging from the construction of new facilities to the replacement of playground equipment. The five largest projects for Fiscal Year 2004 are the Adaptive Recreation Center, Lincoln Park/William Clements Center Expansion, Quincie Douglas Center Pool Facility, Reid Park Renovation, and El Pueblo Center Expansion.

Tucson City Golf. Two projects are funded for a total of \$2 million. Improvements to the Fred Enke Golf Course will be completed for \$0.3 million. Renovations at the Trini Alvarez Golf Course will be constructed for \$1.7 million in support of the city's First Tee program for junior golfers.

Police. Two projects, totaling \$4 million, are included in Police's capital budget: Land acquisition and facilities improvements, and initial work on a new police substation.

Environment and Development

The Environment and Development category contains projects managed by the following departments and office: Solid Waste Management, Transportation, Tucson Water, and Environmental Management.

Solid Waste Management. The department's budget of \$11.8 million provides funding for ten projects. Five of those projects fund closure and monitoring of closed landfills, principally Mullins Landfill. The other five projects are at Los Reales Landfill, the city's only operating disposal facility.

Transportation: This department's capital budget totals \$103.3 million in five program areas: Streets, Drainage, Street Lighting, Traffic Signals, and Public Transit. The two largest program areas are Streets at \$42.8 million and Public Transit at \$34.9 million. The five largest Street project budgets are for the 4th Avenue Underpass, road resurfacing and rehabilitation, the Stone/Speedway gateway, intersection improvements, and 6th Avenue Improvement. The five largest Public Transit project budgets are for the Downtown Intermodal Center, replacement buses, the new Sun Tran Bus Storage and Maintenance Facility, the Transit alternatives analysis, and improvements to Transit Headquarters.

Tucson Water. Tucson Water's budget totals \$52 million: \$40.7 million for the Potable Water System and \$11.3 million for the Reclaimed Water System. The five largest Potable Water System project budgets are for the Old Nogales Highway Transmission Main, main replacements during road improvement projects, Clearwater Renewable Resource Facility, Hayden-Udall Plant Rehabilitation, and control panel replacements. The five largest Reclaimed Water System project budgets are for reclaimed transmission mains in 18th Street/10th Avenue, Campbell/Drexel, and Golf Links/Craycroft; chlorine system improvements; and construction of a reclaimed well and recovery pipeline along the Santa Cruz River.

Environmental Management. Ten projects totaling \$8.7 million are included in the Environmental Management capital budget for investigations and remediations at landfill sites. The three largest project budgets are for remediations at the Broadway-Pantano site, the Price Service Center, and the Tumamoc Landfill Soil/Groundwater Assessment.

Support Services

The Support Services category contains projects managed by the Department of Operations.

Operations. Two projects are funded in Operations' \$5.9 million capital budget: initial work on the Emergency Communications System and Facility, and completion of Americans with Disabilities Act (ADA) modifications at Parks and Recreation facilities.

Non-Departmental

The Non-Departmental category contains projects budgeted as part of General Expense, because they aren't associated with a specific department.

General Expense. This budget of \$18.7 million provides for four projects: completion of the Midtown Multipurpose Facility, acquisition of the Starr Pass Parking Garage, construction of the City Hall Annex Garage, and purchase of new web-based financial and human resources systems.

ATTACHED TABLES

- Table I** Capital Budget Summary by Department
- Table II** Capital Budget Summary by Funding Source
- Table III** Capital Budget Summary of Operating Budget Impacts

**TABLE I
CAPITAL BUDGET
SUMMARY BY DEPARTMENT**

Service Area/Department	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Neighborhood Services			
City Court	\$ -0-	\$ 250,000	\$ 250,000
Community Services	23,200	2,266,900	2,290,100
Fire	2,434,800	6,754,700	9,189,500
Library	2,464,000	-0-	2,464,000
Neighborhood Resources	5,705,000	5,075,000	10,780,000
Parks and Recreation	19,172,100	12,173,700	31,345,800
Tucson City Golf	438,900	1,610,000	2,048,900
Police	283,700	3,687,500	3,971,200
Sub-Total	30,521,700	31,817,800	62,339,500
Environment and Development			
Solid Waste Management	8,876,300	2,957,000	11,833,300
Transportation	26,210,500	77,055,000	103,265,500
Tucson Water	5,905,000	46,124,000	52,029,000
Environmental Management	3,926,900	4,803,900	8,730,800
Sub-Total	44,918,700	130,939,900	175,858,600
Support Services			
Operations	806,800	5,121,600	5,928,400
Sub-Total	806,800	5,121,600	5,928,400
Non-Departmental			
General Expense	10,892,900	7,807,400	18,700,300
Sub-Total	10,892,900	7,807,400	18,700,300
Total	\$ 87,140,100	\$ 175,686,700	\$ 262,826,800

**TABLE II
CAPITAL BUDGET
SUMMARY BY FUNDING SOURCE**

Fund Category/Fund	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
General Purpose Funds			
General Fund	\$ 2,406,800	\$ 3,074,400	\$ 5,481,200
Mass Transit Fund: General Fund Transfer	929,400	1,320,600	2,250,000
Sub- Total	3,336,200	4,395,000	7,731,200
Grants and Contributions			
Capital Agreement Fund	1,984,000	4,848,200	6,832,200
Capital Agreement Fund: ADOT	-0-	500,000	500,000
Capital Agreement Fund: PAG	1,191,900	5,812,000	7,003,900
Capital Agreement Fund: Pima County Bonds	5,999,700	3,426,200	9,425,900
Capital Agreement Fund: Pima County Contribution	206,000	43,700	249,700
Community Development Block Grant Fund	1,568,200	1,275,000	2,843,200
Comprehensive Housing Grants	-0-	21,400	21,400
Federal Highway Administration Grants	-0-	22,978,000	22,978,000
HOPE VI Grants	-0-	2,245,500	2,245,500
Highway User Revenue Fund	6,514,000	3,879,000	10,393,000
Mass Transit Fund: Federal Grants	13,545,600	18,025,800	31,571,400
Miscellaneous Non-Federal Grants	-0-	919,000	919,000
Sub- Total	31,009,400	63,973,800	94,983,200
City Bond Funds			
1994 General Obligation Bond Funds	1,118,500	171,800	1,290,300
1994 General Obligation Bond Funds - Interest	649,900	-0-	649,900
1994 Street and Highway Revenue Bond Funds	192,700	-0-	192,700
2000 General Obligation Bond Funds	23,360,100	34,156,500	57,516,600
2000 Street and Highway Revenue Bond Funds	2,574,000	8,422,500	10,996,500
Sub- Total	27,895,200	42,750,800	70,646,000
Enterprise Funds			
2000 Water Revenue Bond Funds	5,905,000	25,301,000	31,206,000
Central Arizona Project Reserve Fund	-0-	10,000	10,000
Golf Course Fund	100,000	1,610,000	1,710,000
Golf Course Fund: Certificates of Participation	338,900	-0-	338,900
Tucson Water Revenue and Operations Fund	-0-	20,813,000	20,813,000
Sub- Total	6,343,900	47,734,000	54,077,900

**TABLE II
CAPITAL BUDGET
SUMMARY BY FUNDING SOURCE**

Fund Category/Fund	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Other Local Funds			
General Fund: Certificates of Participation	\$ 5,786,700	\$ 11,187,100	\$ 16,973,800
General Fund: Mandate Reserves	858,000	1,310,000	2,168,000
General Fund: Restricted	-0-	1,250,000	1,250,000
General Fund: Restricted Trust Reserves	6,650,000	-0-	6,650,000
Solid Waste Management Fund: Mandate Reserves	4,731,700	2,477,000	7,208,700
Sub- Total	18,026,400	16,224,100	34,250,500
Non-City Funds			
Special Assessments Construction Fund	529,000	609,000	1,138,000
Sub- Total	529,000	609,000	1,138,000
Total	\$ 87,140,100	\$ 175,686,700	\$ 262,826,800

**TABLE III
CAPITAL BUDGET
SUMMARY OF OPERATING BUDGET IMPACTS**

Service Area/Department	FY 2004	Projected FY 2005
Neighborhood Services		
Fire	\$ 969,200	\$ 4,728,800
Library	-0-	1,205,000
Parks and Recreation	143,000	3,077,500
Police	-0-	-0-
Sub-Total	1,112,200	9,011,300
Environment and Development		
Transportation	-0-	1,491,000
Tucson Water	9,979,900	10,471,100
Environmental Management	890,000	1,140,000
Sub-Total	10,869,900	13,102,100
Non-Departmental		
General Expense	170,000	351,000
Sub-Total	170,000	351,000
Total	\$ 12,152,100	\$ 22,464,400
Source of Funds Summary		
General Purpose Funds		
General Fund	\$ 2,172,200	\$ 9,297,300
Library Fund: General Fund Transfer	-0-	602,500
Mass Transit Fund: General Fund Transfer	-0-	1,434,100
Sub-Total	2,172,200	11,333,900
Grants and Contributions		
Highway User Revenue Fund	-0-	56,900
Library Fund: Pima County Contribution	-0-	602,500
Sub-Total	-0-	659,400
Enterprise Funds		
Tucson Water Revenue and Operations Fund	9,979,900	10,471,100
Sub-Total	9,979,900	10,471,100
Total	\$ 12,152,100	\$ 22,464,400

City Court

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
City Court Structural Improvements	\$ -0-	\$ 250,000	\$ 250,000
Total	\$ -0-	\$ 250,000	\$ 250,000
Source of Funds Summary			
General Fund: Restricted	\$ -0-	\$ 250,000	\$ 250,000
Total	\$ -0-	\$ 250,000	\$ 250,000

Community Services

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Pascua Neighborhood Center Senior/Youth Building	\$ 23,200	\$ -0-	\$ 23,200
Robert F. Kennedy Homes Revitalization	-0-	92,400	92,400
South Park HOPE VI - Acquisition	-0-	2,174,500	2,174,500
Total	\$ 23,200	\$ 2,266,900	\$ 2,290,100
Source of Funds Summary			
Community Development Block Grant Fund	\$ 23,200	\$ -0-	\$ 23,200
Comprehensive Housing Grants	-0-	21,400	21,400
HOPE VI Grants	-0-	2,245,500	2,245,500
Total	\$ 23,200	\$ 2,266,900	\$ 2,290,100

Fire

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Fire Station 6	\$ 693,800	\$ -0-	\$ 693,800
Mobile Data Terminal Upgrades	850,000	-0-	850,000
New Fire Stations - Annexations and Infill	-0-	5,589,700	5,589,700
Support Facility Improvements	891,000	1,165,000	2,056,000
Total	\$ 2,434,800	\$ 6,754,700	\$ 9,189,500
Source of Funds Summary			
2000 General Obligation Bond Funds	\$ 891,000	\$ 6,754,700	\$ 7,645,700
General Fund: Certificates of Participation	1,543,800	-0-	1,543,800
Total	\$ 2,434,800	\$ 6,754,700	\$ 9,189,500

Library

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
George Miller-Golf Links Library Expansion	\$ 820,000	\$ -0-	\$ 820,000
Main Library Plaza Improvements	600,000	-0-	600,000
Midtown Library and Learning Center	400,000	-0-	400,000
Quincie Douglas Library	644,000	-0-	644,000
Total	\$ 2,464,000	\$ -0-	\$ 2,464,000
Source of Funds Summary			
1994 General Obligation Bond Funds - Interest	\$ 600,000	\$ -0-	\$ 600,000
2000 General Obligation Bond Funds	1,864,000	-0-	1,864,000
Total	\$ 2,464,000	\$ -0-	\$ 2,464,000

Neighborhood Resources

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Back to Basics	\$ 5,705,000	\$ 5,075,000	\$ 10,780,000
Total	\$ 5,705,000	\$ 5,075,000	\$ 10,780,000
Source of Funds Summary			
General Fund	\$ 1,600,000	\$ 2,100,000	\$ 3,700,000
Community Development Block Grant Fund	1,545,000	1,275,000	2,820,000
Highway User Revenue Fund	2,560,000	1,700,000	4,260,000
Total	\$ 5,705,000	\$ 5,075,000	\$ 10,780,000

Parks and Recreation

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Adaptive Recreation Center	\$ 3,355,700	\$ 1,064,000	\$ 4,419,700
Case Natural Resource Park Expansion	170,100	-0-	170,100
Catalina High School Track and Field Lighting	267,900	-0-	267,900
Christopher Columbus Park	812,900	985,000	1,797,900
Desert Vista/Southwest District Park	-0-	500,000	500,000
Eastside Senior Center Recreation Facility	844,600	230,000	1,074,600
El Cortez Heights	139,400	-0-	139,400
El Pueblo Center Expansion	1,343,200	609,000	1,952,200
Freedom Park Center	1,030,000	235,000	1,265,000
General Instruments Site Improvements	200,000	-0-	200,000
Golf Links Sports Center Parking Improvements	-0-	210,000	210,000
Greenway and Natural Resource Area Acquisition	198,100	335,500	533,600
Himmel Park Irrigation Replacement	20,000	153,000	173,000
Iron Horse Neighborhood Improvements	10,000	-0-	10,000
Jacobs Park Pool Replacement	583,300	997,000	1,580,300
La Pilita	10,000	130,000	140,000
Lincoln Park/William Clements Center Expansion	1,731,200	2,373,000	4,104,200
Mansfield Park Irrigation Replacement	195,000	-0-	195,000
Mansfield Park Upgrade	174,400	75,000	249,400
Miramonte Natural Resource Park	55,000	-0-	55,000
Miscellaneous Parks Development/Renovations	37,700	235,000	272,700
New Comfort Stations	177,000	219,000	396,000
North Central Natural Resource Park	132,500	191,000	323,500
Northwest Neighborhood Center	1,324,600	500,000	1,824,600
Oury and Ormsby Centers	50,000	-0-	50,000
Playground Equipment Replacement	30,000	60,000	90,000
Quincie Douglas Center Pool Facility	2,638,800	138,000	2,776,800
Reid Park Renovation	1,040,000	1,000,000	2,040,000
Reuse of Landfill Areas	-0-	207,000	207,000
Rillito Park at Columbus Boulevard District Park	322,500	-0-	322,500
Rita Ranch Park Expansion	312,900	462,000	774,900
Rodeo Grounds Improvements	75,000	240,000	315,000
Santa Cruz River Sports Park	806,100	-0-	806,100
Tucson Diversion Channel Soccer Field	62,100	425,200	487,300
Udall Park Facility Improvements	360,000	-0-	360,000
Udall Park Play Field Improvements	262,100	-0-	262,100
Udall Park and Center Expansion	400,000	600,000	1,000,000
Total	\$ 19,172,100	\$ 12,173,700	\$ 31,345,800

Parks and Recreation

	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Source of Funds Summary			
1994 General Obligation Bond Funds - Interest	\$ 11,800	\$ -0-	\$ 11,800
2000 General Obligation Bond Funds	12,160,600	7,756,500	19,917,100
Capital Agreement Fund	1,000,000	800,000	1,800,000
Capital Agreement Fund: Pima County Bonds	5,999,700	3,426,200	9,425,900
Miscellaneous Non-Federal Grants	-0-	191,000	191,000
Total	\$ 19,172,100	\$ 12,173,700	\$ 31,345,800

Tucson City Golf

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Fred Enke Golf Course Improvements	\$ 338,900	\$ -0-	\$ 338,900
Trini Alvarez First Tee Renovations	100,000	1,610,000	1,710,000
Total	\$ 438,900	\$ 1,610,000	\$ 2,048,900
Source of Funds Summary			
Golf Course Fund	\$ 100,000	\$ 1,610,000	\$ 1,710,000
Golf Course Fund: Certificates of Participation	338,900	-0-	338,900
Total	\$ 438,900	\$ 1,610,000	\$ 2,048,900

Police

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Land Acquisition and Facilities Improvement	\$ 283,700	\$ -0-	\$ 283,700
Police Substation	-0-	3,687,500	3,687,500
Total	\$ 283,700	\$ 3,687,500	\$ 3,971,200
Source of Funds Summary			
2000 General Obligation Bond Funds	\$ 283,700	\$ 3,455,000	\$ 3,738,700
General Fund: Certificates of Participation	-0-	232,500	232,500
Total	\$ 283,700	\$ 3,687,500	\$ 3,971,200

Solid Waste Management

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Closed Landfill Gas Mitigation	\$ 103,800	\$ -0-	\$ 103,800
Closed Landfill Improvements	153,000	-0-	153,000
Los Reales Drainage Improvements	250,000	-0-	250,000
Los Reales Facilities	-0-	120,000	120,000
Los Reales Future Cells	2,300,000	150,000	2,450,000
Los Reales Intermediate Closure	70,000	210,000	280,000
Los Reales Westside Closure	510,000	340,000	850,000
Mullins Gas Mitigation	440,000	618,000	1,058,000
Mullins Landfill Closure	5,049,500	969,000	6,018,500
Mullins Landfill Stormwater Controls	-0-	550,000	550,000
Total	\$ 8,876,300	\$ 2,957,000	\$ 11,833,300
Source of Funds Summary			
1994 General Obligation Bond Funds	\$ 366,600	\$ -0-	\$ 366,600
1994 General Obligation Bond Funds - Interest	38,100	-0-	38,100
2000 General Obligation Bonds Funds	3,739,900	480,000	4,219,900
Solid Waste Management Fund: Mandate Reserves	4,731,700	2,477,000	7,208,700
Total	\$ 8,876,300	\$ 2,957,000	\$ 11,833,300

Transportation

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
<u>Transportation - Streets</u>			
Alternate Modes Improvements	\$ -0-	\$ 458,000	\$ 458,000
Anklam Road Traffic Safety Improvements	250,000	450,000	700,000
Barraza-Aviation Parkway: 4th Avenue Underpass	-0-	6,000,000	6,000,000
Barraza-Aviation Parkway: 6th Avenue Improvement	209,900	1,800,000	2,009,900
Barraza-Aviation Parkway: Downtown Segment	600,000	-0-	600,000
Barraza-Aviation Parkway: Neighborhood Traffic	-0-	50,000	50,000
Barraza-Aviation Parkway: St. Mary's/6th Street	-0-	800,000	800,000
Barrio Anita Enhancements	15,000	471,000	486,000
Broadway Boulevard Right-Turn and Transit Lane	70,000	1,050,000	1,120,000
Bus-Related Roadway Improvements	400,000	1,000,000	1,400,000
Downtown Pedestrian Improvements	200,000	400,000	600,000
Golf Links and Craycroft Intersection Improvements	-0-	1,500,000	1,500,000
Golf Links and Kolb Intersection Improvements	-0-	1,075,000	1,075,000
Grant and Campbell Intersection Improvement	-0-	1,000,000	1,000,000
Harrison Road: Speedway to Old Spanish Trail	-0-	1,500,000	1,500,000
Highland Avenue Bike and Pedestrian Improvements	310,000	940,000	1,250,000
Intersection Operational Improvements	-0-	2,133,500	2,133,500
Irvington Road: Kolb Road to Camino Seco	-0-	142,000	142,000
Miscellaneous Developer-Funded Improvements	-0-	600,000	600,000
Miscellaneous On-Call Street Improvements	-0-	409,000	409,000
Old Nogales Highway Pedestrian Overpass	150,000	-0-	150,000
Park Avenue/Euclid Avenue Multiple Use Bridge	100,000	1,000,000	1,100,000
Pedestrian Improvements	450,000	666,000	1,116,000
Road Resurfacing, Restoration, & Rehabilitation	500,000	5,285,000	5,785,000
South 10th Avenue Bike & Pedestrian Improvements	-0-	1,237,000	1,237,000
South 10th Avenue Revitalization	-0-	484,000	484,000
South 4th Avenue Streetscape Enhancement	-0-	509,000	509,000
South Yard Drill Track Improvements	100,000	131,000	231,000
Speedway and Stone Avenue Gateway Improvements	-0-	4,000,000	4,000,000
Starr Pass Boulevard Improvements	2,000,000	-0-	2,000,000
Stone and Limberlost Intersection Improvements	-0-	260,000	260,000
Stone Avenue: Ft. Lowell Road to Wetmore Road	-0-	250,000	250,000
Stone Avenue: Speedway to Ft. Lowell Road	280,000	1,000,000	1,280,000
Transportation Enhancements	-0-	550,000	550,000
Sub-Total	5,634,900	37,150,500	42,785,400
<u>Transportation - Drainage</u>			
Alamo Wash Drainage Improvements	-0-	300,000	300,000
Arroyo Chico Drainage Improvements	200,000	825,000	1,025,000
Arroyo Chico Greenbelt Extension	162,000	-0-	162,000

Transportation

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Citation Wash Drainage Improvements	\$ 65,900	\$ -0-	\$ 65,900
Columbus Wash Drainage Relief, Phase II	-0-	5,400,000	5,400,000
El Vado Wash Drainage Improvements	-0-	1,492,300	1,492,300
Jefferson Park Drainage Improvements	-0-	1,689,000	1,689,000
Miscellaneous Drainage Improvement Program	-0-	1,214,700	1,214,700
Pantano Wash: Broadway Bank Improvement	-0-	250,000	250,000
Park Avenue Detention Basin	150,000	-0-	150,000
Rillito Creek Habitat Restoration	-0-	695,500	695,500
Santa Cruz River Park Extension	-0-	1,232,000	1,232,000
Stormwater Quality Program	-0-	360,000	360,000
Wyoming Wash Drainage Improvements	-0-	200,000	200,000
Sub-Total	577,900	13,658,500	14,236,400
<u>Transportation - Street Lighting</u>			
12th Avenue: Veterans Boulevard to Ajo Way	63,000	-0-	63,000
1st Avenue: Prince Road to River Road	120,000	280,000	400,000
Benson Highway: 44th Street to Park Avenue	32,000	-0-	32,000
Campbell Avenue: Roger Road to River Road	220,000	-0-	220,000
Country Club Road: Broadway to 22nd Street	300,000	250,000	550,000
Euclid Avenue Lighting: Broadway to Speedway	300,000	600,000	900,000
Life Extensions and Electrical Upgrades	-0-	341,000	341,000
Neighborhood District Lighting Improvements	-0-	496,000	496,000
Nogales Highway: Drexel to Irvington	320,000	-0-	320,000
Pantano Road: Speedway to 22nd Street	200,000	442,600	642,600
Park Avenue Lighting: Valencia to Irvington	500,000	-0-	500,000
Sub-Total	2,055,000	2,409,600	4,464,600
<u>Transportation - Traffic Signals</u>			
Americans with Disabilities Act Improvements	50,000	75,000	125,000
Campbell at Adelaide Pedestrian Crossing	-0-	70,000	70,000
Computerized Traffic System Improvements	192,700	135,000	327,700
Emergency Preemption System Expansion	-0-	18,000	18,000
Freeway Management System	-0-	445,000	445,000
Glenn: Oracle to Craycroft Bike Detection	-0-	20,000	20,000
Greasewood and Ironwood Hills Traffic Signal	-0-	200,000	200,000
Houghton and Escalante Traffic Signal	-0-	212,000	212,000
Intelligent Transportation System Improvements	161,800	175,000	336,800
Intelligent Transportation System: ER Link	-0-	500,000	500,000
Living Transportation Laboratory	70,000	8,000	78,000
Machine Vision Video Detection System Upgrades	255,000	948,000	1,203,000
Midvale and Irvington Traffic Signal	-0-	150,000	150,000

Transportation

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Miscellaneous Traffic Improvements	\$ 89,000	\$ 21,000	\$ 110,000
Rita Road and Nexis Traffic Signal	-0-	220,000	220,000
Roger Road and Fairview Avenue Traffic Signal	435,100	-0-	435,100
School Flasher Construction	175,000	230,000	405,000
School Flashers: Grande at Fresno	-0-	64,000	64,000
Tanque Verde/Pima and Wilmot Intersection	300,000	-0-	300,000
Traffic Flasher Construction	40,000	80,000	120,000
Traffic Signal and Control Equipment Upgrades	-0-	155,000	155,000
Traffic Signal Construction	240,000	68,000	308,000
Traffic Signal Conversions	250,000	501,000	751,000
Traffic Signal Upgrades	-0-	164,000	164,000
Turn Signal Modifications and Geometrics	130,100	21,000	151,100
Sub-Total	2,388,700	4,480,000	6,868,700
<u>Transportation - Public Transit</u>			
ADA Pedestrian Access Improvements	50,000	50,000	100,000
Automated Vehicle Location System Kiosks	248,900	175,000	423,900
Broadway Boulevard Transit Improvements	125,000	-0-	125,000
Compressed Natural Gas Facility Improvements	78,000	500,000	578,000
Downtown Intermodal Center/Union Pacific Depot	4,965,100	4,000,000	8,965,100
Expansion Vans for Van Tran	-0-	780,000	780,000
Pima Community College Transit Projects	564,000	700,000	1,264,000
Replacement Buses	3,684,000	4,906,400	8,590,400
Replacement Vans	-0-	1,560,000	1,560,000
Sun Tran Bus Storage and Maintenance Facility	2,617,000	5,660,000	8,277,000
Transit Alternatives Analysis	2,000,000	-0-	2,000,000
Transit Enhancements	100,000	103,000	203,000
Transit Headquarters Improvements	872,000	822,000	1,694,000
Udall Center Transit Facility	250,000	100,000	350,000
Sub-Total	15,554,000	19,356,400	34,910,400
Total	\$ 26,210,500	\$ 77,055,000	\$ 103,265,500
Source of Funds Summary			
1994 General Obligation Bond Funds	\$ 500,000	\$ 171,800	\$ 671,800
1994 Street and Highway Revenue Bond Funds	192,700	-0-	192,700
2000 General Obligation Bond Funds	2,103,900	13,581,300	15,685,200
2000 Street and Highway Revenue Bond Funds	2,574,000	8,422,500	10,996,500
Capital Agreement Fund	484,000	2,727,000	3,211,000
Capital Agreement Fund: ADOT	-0-	500,000	500,000
Capital Agreement Fund: PAG	1,191,900	5,812,000	7,003,900

Transportation

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Source of Funds Summary (Continued)			
Capital Agreement Fund: Pima County Contribution	\$ 206,000	\$ -0-	\$ 206,000
Federal Highway Administration Grants	-0-	22,978,000	22,978,000
Highway User Revenue Fund	3,954,000	2,179,000	6,133,000
Mass Transit Fund: Federal Grants	13,545,600	18,025,800	31,571,400
Mass Transit Fund: General Fund Transfer	929,400	1,320,600	2,250,000
Miscellaneous Non-Federal Grants	-0-	728,000	728,000
Special Assessments Construction Fund	529,000	609,000	1,138,000
Total	\$ 26,210,500	\$ 77,055,000	\$ 103,265,500

Tucson Water

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Tucson Water - Potable Water System:			
<u>Tucson Water - Potable Source Development</u>			
Drill Production Wells	\$ -0-	\$ 600,000	\$ 600,000
New Well Equipping	-0-	600,000	600,000
Pressure Tank Replacement	-0-	450,000	450,000
Production Well Sites	-0-	75,000	75,000
Well Field Upgrades	-0-	388,000	388,000
Sub-Total	-0-	2,113,000	2,113,000
<u>Tucson Water - Recharge and Recovery</u>			
Clearwater Renewable Resource Facility	2,270,000	-0-	2,270,000
South Avra Valley Storage & Recovery Project	-0-	255,000	255,000
Sub-Total	2,270,000	255,000	2,525,000
<u>Tucson Water - Potable Storage</u>			
22nd Street Reservoir Modifications (Vault)	90,000	-0-	90,000
Diamond Bell F Zone Reservoir	-0-	120,000	120,000
Diamond Bell I Zone Reservoir and Booster	-0-	17,000	17,000
Disinfection System Upgrades	-0-	870,000	870,000
Murphy Reservoir Piping Modifications	-0-	500,000	500,000
Plant 9 Storage Tank Project	-0-	220,000	220,000
Potable Storage - Future	-0-	55,000	55,000
Reservoir Roof Replacements	-0-	204,000	204,000
Southeast C Zone Reservoir	-0-	16,000	16,000
Southeast E Zone Storage	-0-	500,000	500,000
Wilmot D Zone Reservoir and Booster	-0-	782,000	782,000
Sub-Total	90,000	3,284,000	3,374,000
<u>Tucson Water - Potable Pumping Plant</u>			
Anklam A-B Zone Booster Station	250,000	-0-	250,000
Clearwell Pressure Regulating Valve Stations	-0-	400,000	400,000
Diamond Bell G-I Zone Booster Modifications	-0-	20,000	20,000
Fireflow Booster Upgrades	-0-	50,000	50,000
Ironwood Hills A-B Booster Station Modifications	160,000	-0-	160,000
Las Palomas B-C Booster Station Modifications	-0-	364,000	364,000
Mark Road Booster Station Modifications	-0-	200,000	200,000
Potable Pumping Plant - Future	-0-	55,000	55,000
Pressure Regulating Valve Stations Modifications	-0-	100,000	100,000
Pumping Facility Modifications	-0-	300,000	300,000
Speedway B-C Zone Booster Station Modifications	80,000	-0-	80,000
Variable Speed Boosters	-0-	80,000	80,000
Sub-Total	490,000	1,569,000	2,059,000

Tucson Water

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
<u>Tucson Water - Potable Transmission</u>			
Alvernon/Grant B Zone Transmission Main	\$ 180,000	500,000	\$ 680,000
Avra Valley Transmission Main, Phase I	-0-	35,000	35,000
Cathodic Corrosion Protection Installation	-0-	250,000	250,000
Corrosion Evaluation and Repair	-0-	250,000	250,000
Diamond Bell I Zone Transmission Main	-0-	11,000	11,000
Diamond Bell J Zone Transmission Main	-0-	7,000	7,000
Excavated Corrosion Investigation	-0-	125,000	125,000
Old Nogales Highway Transmission Main	-0-	4,658,000	4,658,000
Plumer/Broadway B Zone Transmission Main	-0-	500,000	500,000
Southeast E Zone Transmission Main	-0-	150,000	150,000
Southside Gravity Main Replacement	-0-	450,000	450,000
Southwest C Zone Transmission Main	-0-	450,000	450,000
Transmission Main Projects - Future	-0-	500,000	500,000
Upgrade Corrosion Test Stations	-0-	20,000	20,000
Well AV-26 Discharge Transmission Main	-0-	160,000	160,000
Sub-Total	180,000	8,066,000	8,246,000
<u>Tucson Water - Potable Distribution</u>			
Chip Seal Main Replacements	-0-	25,000	25,000
Distribution Main Projects - Future	-0-	550,000	550,000
Emergency Main Replacement	230,000	100,000	330,000
Extensions for New Services	-0-	10,000	10,000
Midvale Farms Reimbursements	-0-	170,000	170,000
On-Call Valve Replacement Program	-0-	200,000	200,000
Payments to Developers for Oversized Systems	-0-	100,000	100,000
Peppertree Settlement	-0-	300,000	300,000
Review of Developer-Financed Potable Projects	-0-	850,000	850,000
Road Improvement Main Replacements	1,380,000	2,600,000	3,980,000
Routine Main Replacements	-0-	550,000	550,000
Shannon-Ironwood Hills Fire Protection	-0-	450,000	450,000
Skyline Country Club System Modifications	-0-	13,000	13,000
Taylor Lane System Improvements	-0-	158,000	158,000
Ventana Canyon Reimbursements	-0-	50,000	50,000
Sub-Total	1,610,000	6,126,000	7,736,000
<u>Tucson Water - Potable New Services</u>			
Fire Services	-0-	1,000,000	1,000,000
Water Services	-0-	1,210,000	1,210,000
Sub-Total	-0-	2,210,000	2,210,000

Tucson Water

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
<u>Tucson Water - Potable General Plant</u>			
Facility Improvements - Future	\$ -0-	\$ 18,000	\$ 18,000
Facility Safety and Security	80,000	548,000	628,000
Geographic Information System	90,000	891,000	981,000
Maintenance Management Program	200,000	1,034,000	1,234,000
Microwave Radio Replacements	150,000	-0-	150,000
Miscellaneous Land and Right-of-Way Acquisitions	-0-	10,000	10,000
Tucson Water Document Management	-0-	50,000	50,000
Sub-Total	520,000	2,551,000	3,071,000
<u>Tucson Water - Potable Treatment</u>			
Hayden-Udall Plant Rehabilitation	225,000	1,000,000	1,225,000
Technical Drive Improvements	-0-	400,000	400,000
Treatment Improvements - Future	-0-	1,250,000	1,250,000
Sub-Total	225,000	2,650,000	2,875,000
<u>Tucson Water - Portable Process Control</u>			
Control Panel Replacements	-0-	1,420,000	1,420,000
Photovoltaic Monitoring Control	-0-	60,000	60,000
Sub-Total	-0-	1,480,000	1,480,000
<u>Tucson Water - Capitalized Expense</u>			
Capitalized Expense	-0-	5,000,000	5,000,000
Sub-Total	-0-	5,000,000	5,000,000
Potable Water System Sub-Total	5,385,000	35,304,000	40,689,000
Tucson Water - Reclaimed Water System:			
<u>Tucson Water - Reclaimed Source Development</u>			
Reclaimed Storage and Recovery	-0-	1,500,000	1,500,000
Sub-Total	-0-	1,500,000	1,500,000
<u>Tucson Water - Reclaimed Storage</u>			
Reclaimed Storage Projects - Future	-0-	30,000	30,000
Sub-Total	-0-	30,000	30,000
<u>Tucson Water - Reclaimed Pumping Plant</u>			
Mission Manor Park Booster	-0-	400,000	400,000
Northwest In-Line Booster	-0-	550,000	550,000
Reclaimed Pressure Regulating Valve Project	-0-	50,000	50,000
Reclaimed Pumping Plant - Future	-0-	55,000	55,000
Reid Park Boosters Expansion	-0-	480,000	480,000
Sub-Total	-0-	1,535,000	1,535,000

Tucson Water

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
<u>Tucson Water - Reclaimed Transmission</u>			
18th St/10th Ave Reclaimed Transmission Main	\$ -0-	\$ 2,705,000	\$ 2,705,000
Campbell/Drexel Reclaimed Main	-0-	1,890,000	1,890,000
Golf Links/Craycroft Reclaimed Transmission Main	390,000	500,000	890,000
Reclaimed Transmission Mains - Future	-0-	555,000	555,000
Sub-Total	390,000	5,650,000	6,040,000
<u>Tucson Water - Reclaimed Distribution</u>			
City of Tucson Parks Main Extensions	-0-	55,000	55,000
Review of Developer-Financed Reclaimed Projects	-0-	60,000	60,000
Starr Pass Improvements - Reclaimed System	-0-	600,000	600,000
Sunnyside School District Main Extensions	-0-	55,000	55,000
System Enhancements: Reclaimed	100,000	100,000	200,000
Tucson Unified School District Main Extensions	30,000	55,000	85,000
Sub-Total	130,000	925,000	1,055,000
<u>Tucson Water - Reclaimed New Services</u>			
New Metered Services	-0-	50,000	50,000
Sub-Total	-0-	50,000	50,000
<u>Tucson Water - Reclaimed Treatment</u>			
Chlorine System Improvements	-0-	1,000,000	1,000,000
Roger Road Reclaimed Water Treatment Plant Miscellaneous	-0-	100,000	100,000
Sub-Total	-0-	1,100,000	1,100,000
<u>Tucson Water - Reclaimed Process Control</u>			
Microwave Radio Replacements: Reclaimed	-0-	30,000	30,000
Sub-Total	-0-	30,000	30,000
Reclaimed Water System Sub-Total	520,000	10,820,000	11,340,000
Total	\$ 5,905,000	\$ 46,124,000	\$ 52,029,000
Source of Funds Summary			
2000 Water Revenue Bond Funds	\$ 5,905,000	\$ 25,301,000	\$ 31,206,000
Central Arizona Project Reserve Fund	-0-	10,000	10,000
Tucson Water Revenue and Operations Fund	-0-	20,813,000	20,813,000
Total	\$ 5,905,000	\$ 46,124,000	\$ 52,029,000

Environmental Management

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
Broadway-Pantano Remediation Site	\$ -0-	\$ 1,953,900	\$ 1,953,900
City Landfill Groundwater Investigations	242,000	290,000	532,000
Cottonwood Landfill Project	270,000	200,000	470,000
Harrison Landfill Groundwater Remediation	117,000	40,000	157,000
Los Reales Landfill Groundwater Remediation	200,000	250,000	450,000
Los Reales Landfill Southwest Remediation	450,000	150,000	600,000
Price Service Center Remediation	1,121,900	400,000	1,521,900
Prudence Landfill Vadose Zone Remediation	860,000	-0-	860,000
Silverbell Jail Annex Landfill	500,000	500,000	1,000,000
Tumamoc Landfill Soil/Groundwater Assessment	166,000	1,020,000	1,186,000
Total	\$ 3,926,900	\$ 4,803,900	\$ 8,730,800
Source of Funds Summary			
1994 General Obligation Bond Funds	\$ 251,900	\$ -0-	\$ 251,900
2000 General Obligation Bond Funds	2,317,000	2,129,000	4,446,000
Capital Agreement Fund	500,000	1,321,200	1,821,200
Capital Agreement Fund: Pima County Contribution	-0-	43,700	43,700
General Fund: Mandate Reserves	858,000	1,310,000	2,168,000
Total	\$ 3,926,900	\$ 4,803,900	\$ 8,730,800

Operations

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
<u>Operations - Buildings and Equipment</u>			
Emergency Communications System and Facility	\$ 670,000	\$ 5,121,600	\$ 5,791,600
Sub-Total	670,000	5,121,600	5,791,600
<u>Operations - Americans with Disabilities Act</u>			
ADA Modifications to Parks	136,800	-0-	136,800
Sub-Total	136,800	-0-	136,800
Total	\$ 806,800	\$ 5,121,600	\$ 5,928,400
Source of Funds Summary			
General Fund	\$ 806,800	\$ 124,400	\$ 931,200
General Fund Debt Financing	-0-	4,997,200	4,997,200
Total	\$ 806,800	\$ 5,121,600	\$ 5,928,400

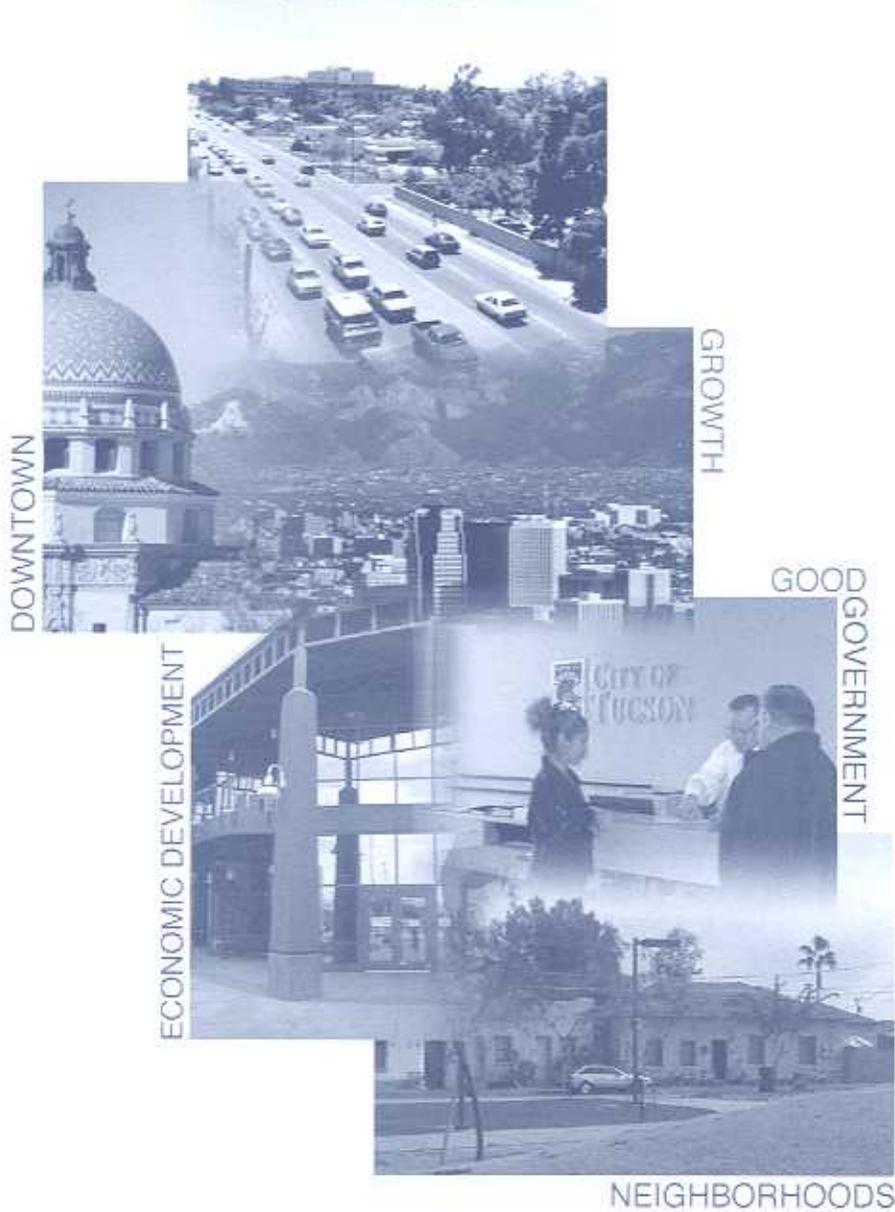
General Expense

Project Name	Adopted Fiscal Year 2004		
	Carry Forward	New Funding	Total
City Hall Annex Parking Garage	\$ -0-	\$ 4,000,000	\$ 4,000,000
Midtown Multipurpose Facility	9,892,900	957,400	10,850,300
Starr Pass Parking Garage	1,000,000	2,000,000	3,000,000
Web-Based Financial and Human Resources Systems	-0-	850,000	850,000
Total	\$ 10,892,900	\$ 7,807,400	\$ 18,700,300
 Source of Funds Summary			
General Fund	\$ -0-	\$ 850,000	\$ 850,000
General Fund: Certificates of Participation	4,242,900	5,957,400	10,200,300
General Fund: Restricted	-0-	1,000,000	1,000,000
General Fund: Restricted Trust Reserves	6,650,000	-0-	6,650,000
Total	\$ 10,892,900	\$ 7,807,400	\$ 18,700,300

Section G

City Strategic Plan

TRANSPORTATION





CITY STRATEGIC PLAN

The City of Tucson continues to move forward in its effort 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 program, and continues in Fiscal Year 2004 with a focus on the City Strategic Plan.

To be more efficient and effective in delivering quality services to residents, the City of Tucson follows a four-step strategic approach:

- Use Mayor and Council strategic priorities to guide City of Tucson priorities,
- Align the city organization to effectively carry out these priorities,
- Fund programs and projects which further these priorities, and
- Measure the results of our work and use the information to improve services.

Performance Measurement: The Journey Begins

In the mid-1990s, the city began measuring its performance by developing numerous “Recurring Performance Measures” for each division of the organization. These measures were reported on a quarterly basis and were included in the annual budget document. In the late 1990s, the city’s performance measurement effort was refined by distinguishing between outputs and outcomes, and reducing the number of measures by identifying only the most important, or key, measures of performance.

The Livable Tucson Program

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 initial community priorities, the Livable Tucson Vision Program was initiated with public forums conducted during the spring and summer of 1997. Over 1,200 community members, business people, and city employees participated.

As a result of the community process, 17 community goals were identified. The goals are presented on the following pages.

A Results-Oriented Organization: The Ultimate Goal

Performance measurement and the Livable Tucson program were starting points for the City of Tucson in adopting a more results-oriented, strategic approach to providing services to residents. While the City Strategic Plan has allowed the city to move forward, additional steps still need to be taken.

To better equip the organization to effectively carry out priorities, departments and offices are aligned into four service areas:

- Support Services
- Neighborhood Services
- Environment and Development
- Strategic Initiatives

A Results-Oriented Organization and A Livable Tucson

These groupings facilitate departments and offices working in partnership to achieve city priorities. The alignment also allows the organization to function with a more meaningful performance measurement system, one that connects across departments, and helps measure results at all levels of the organization — from divisions down to employees.

City Strategic Plan (Continued)

In a properly aligned organization, all efforts lead upward towards Mayor and Council priorities and community values and interests.

Citizen Survey

Livable Tucson provided an initial foundation for community values and interests. Our community is ever changing, however, and additional sources of data are needed to ensure that our priorities are reflective of the community. One source of community data came from a citizen survey the City of Tucson conducted during 2001 in partnership with the International City/County Management Association (ICMA). Tucson was selected by ICMA as one of five jurisdictions to pilot a citizen survey that will eventually be used to benchmark survey results nationally among cities. Results from the survey are being used by the city council and the city organization to assess current practices and help set future priorities.

Focus Areas and the Strategic Planning Process

On December 17, 2001, as part of a strategic planning process, the Mayor and Council adopted six focus areas to guide improvements and development efforts within this current budget cycle. The focus areas are: Transportation, Downtown, Growth, Neighborhoods, Economic Development, and Good Government. These focus areas will be reviewed and further defined in subsequent budget cycles. Prioritizing areas for more concentrated effort is common in the private sector and more recently in the public sector with the City of Charlotte being the most notable example. Focus areas allow government units to concentrate management initiatives, projects, and strategies, direct training of employees, and use resources effectively. The six focus areas and their relationship to the Livable Tucson Goals are shown in the following table:

CORRESPONDENCE BETWEEN LIVABLE TUCSON GOALS AND FOCUS AREAS						
LIVABLE TUCSON GOALS	Six Focus Areas					
	Transportation	Downtown	Growth	Neighborhoods	Economic Development	Good Government
1. Better Alternatives to Automobile Transportation	x					
2. Engaged Community and Responsive Government		x		x		x
3. Safe Neighborhoods				x		x
4. Caring, Healthy Families and Youth				x		x
5. Excellent Public Education					x	
6. Infill and Reinvestment, Not Urban Sprawl		x	x	x	x	x
7. Abundant Urban Green Space and Recreation Areas			x	x		
8. Protected Natural Desert Environment			x			
9. Better Paying Jobs					x	
10. Clean Air and Quality Water	x					x
11. People-Oriented Neighborhoods	x			x		x
12. Respected Historic and Cultural Resources		x				x
13. Quality Job Training					x	
14. Reduced Poverty and Greater Equality of Opportunity					x	x
15. Strong Local Businesses		x			x	
16. Efficient Use of Natural Resources			x			x
17. Successful Downtown	x	x		x	x	x

City Strategic Plan (Continued)

During special strategic planning sessions held during early 2002, the Mayor and Council discussed each of the focus areas in greater depth. These working sessions were an important prelude to the Fiscal Years 2003 and 2004 biennial budget preparation. In light of the difficult budget years ahead, having a set of priorities for the city is of particular importance and enables city resources to be organized more effectively to accomplish Council priorities. Setting focus areas and identifying priority projects not only helps direct limited resources in the Fiscal Year 2004 budget, but also clarifies for staff the results that Mayor and Council believe are important to achieve.

Within each focus area, the Mayor and Council have adopted a set of strategies and priority projects. Taken collectively, the focus area projects set the workplan for the organization. Performance measures, which are included in this document, set specific indicators of progress for each focus area. City staff will report periodically to Mayor and Council on the performance measures and provide updates on the projects listed in this document.

The City Strategic Plan directs the city's limited resources so that they further the Mayor and Council's agenda and have practical results in the short-term, as well as significant, long-term impact on the community. The City Strategic Plan can be found on the city's Website (www.cityoftucson.org), in the City Government Section.



CITY STRATEGIC PLAN FOCUS AREAS AND STRATEGIES

Transportation

1. Seek and obtain resources necessary to improve the transportation system.
2. Provide leadership within the region to address transportation system needs.
3. Develop some alternative land use patterns to promote a more effective transportation system.
4. Deploy Community Character and Design policies in transportation projects.

Downtown

1. Aggressively manage downtown's redevelopment through partnering efforts with public and private organizations and individuals active in the downtown.
2. Provide a highly "amenitized" urban center focused on the proposed entertainment experience area on Congress Street from Church Street to 4th Avenue, linked with the Tucson Convention Center and its adjoining proposed Civic Plaza.
3. Leverage private leadership and investment in downtown through targeted public investment.

Growth

Overarching Strategy: Elevate long range comprehensive planning to the highest level priority for the City of Tucson.

1. Ensure the balanced growth of the community.
2. Build effective relationships with regional partners.
3. Implement the General Plan's cost of development strategy.
4. Improve service delivery to address the demands of a growing community.

Neighborhoods

1. The Human Environment - Maintain and strengthen human connections within neighborhoods, encourage inclusive participation, foster safety, strengthen neighborhood leadership, and encourage a greater sense of community stewardship.
2. The Built Environment - Invest public funding and encourage private investment and public/private partnerships in Tucson's neighborhoods and enhance their appearance and livability.
3. The Natural Environment - Respect and preserve our natural environment.

Economic Development

Overarching Strategy: Recognize that every public policy decision has an economic component. Investment in public infrastructure and services, transportation, downtown, neighborhoods, and how we plan for and manage growth are key components of a healthy economy.

1. Foster a strong, diversified economy by creating, attracting, and retaining businesses that provide knowledge-based, high-quality employment opportunities.
2. Support the development of a prepared and successful workforce.
3. Improve community infrastructure to support and encourage economic expansion and opportunity in a global marketplace.

Good Government

1. Improved Customer Service - Position the city to provide the highest level of customer service to city residents and the community at large.
2. Prepared Workforce - Enable and support the development of a prepared and successful employee workforce that is aligned with organizational priorities.
3. Fiscal Responsibility - Optimize and streamline organizational processes to ensure quality services and fiscal responsibility.
4. Expanded Use of Technology - Capitalize on technology to improve service and increase efficiency, ensure public and employee safety, exercise appropriate environmental stewardship, and provide greater information access.
5. Strengthen Partnerships - Build a strategic network of partnerships that aim at bettering community life, eliminating redundant services, and stretching the value of the taxpayer's dollar.



LIVABLE TUCSON GOALS

Following are the 17 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.



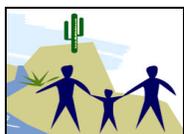
Infill and Reinvestment, Not Urban Sprawl

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 eco-system and protection of washes, hillsides, open space, and wildlife.

Livable Tucson Goals (Continued)



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.

Section H

Rio Nuevo

TRANSPORTATION



DOWNTOWN



GROWTH



ECONOMIC DEVELOPMENT

GOOD GOVERNMENT

NEIGHBORHOODS





INTEGRATION WITH CITY STRATEGIC PLAN

The implementation of the Rio Nuevo Master Plan and the initiation of the tax increment financing mechanism for the Rio Nuevo Multipurpose Facilities District were two important steps toward realizing the vision of a vibrant downtown Tucson. In order to keep this vision alive, the downtown revitalization effort must be a focused endeavor, accomplished through the implementation of prioritized projects.

The City Strategic Plan sets forth a set of priorities for the City of Tucson and provides a framework for strategic planning, which will help guide city resources and focus attention on results. The Mayor and Council have adopted a set of strategies and priority projects for the downtown that set the workplan for the organization.

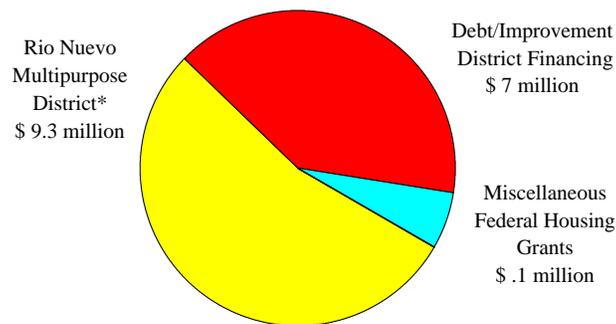
Strategic Policy Statements:

1. Aggressively manage downtown's redevelopment through partnering efforts with public and private organizations and individuals active in the downtown.
2. Provide a highly "amenitized" urban center focused on the proposed entertainment experience area on Congress Street from Church Avenue to 4th Avenue, linked with the Tucson Convention Center and its adjoining new Civic Plaza.
3. Leverage private leadership and investments in downtown through targeted public investment.

FINANCING PLAN

Fiscal Year 2004

\$16.4 million



*Comprised of \$4.8 million in rental income from the Tucson Convention Center used to pay debt service and an anticipated \$4.5 million in tax increment financing (TIF) funds.

OVERVIEW

In 1999, Tucson and South Tucson voters approved the Rio Nuevo Multipurpose Facilities District (RNMFD) and established a tax increment financing (TIF) mechanism to fund economic development downtown. The vision for Rio Nuevo is to create a vital city center that expresses Tucson's unique natural landscape, cultural heritage, and community values. The Rio Nuevo Project will create a solid foundation in which both residents and visitors can experience the cultural riches of our community's heritage. Its residential and commercial development opportunities will re-create a vibrant core of new life in the heart and future of Tucson.

Financing for the Rio Nuevo Project is made up of the incremental portion of state sales tax revenues generated within the district's geographical boundaries, city funding equaling a match of this state sales tax revenue, and private investment funding. It is projected that \$60 million of state sales tax will be made available to the Rio Nuevo Project and that the city match portion will provide another \$60 million. State sales tax funds will be collected from the Arizona Department of Revenue over a ten-year period that was initiated on October 1, 2002. Supplemental private investment dollars over a 20-year timeframe could generate a total Rio Nuevo Project development investment of over \$750 million. The level of ultimate funding will be dependent upon the amount of private investment leveraged over time by the District's \$120 million of public investment.

FISCAL YEAR 2004 BUDGET

For Information Purposes Only. Rio Nuevo is not part of the city's budget.

The Fiscal Year 2004 budget totals \$16.4 million: \$9.3 million in district funding, \$7 million in debt and improvement district financing of capital projects, and \$.1 million from a federal grant. The \$9.3 million in district funding includes \$4.8 million of rental income revenue from the City of Tucson's use of the Tucson Convention Center that is used for payment of debt service on the facility. It is anticipated that the district's remaining \$4.5 million of funds will come from the tax increment financing mechanism. Additional public/private funding is anticipated for capital projects within the District that could total \$12.1 million.

The staff of 4.75 full-time equivalent positions is supplemented by assistance provided by city department staff temporarily assigned and charged to the Rio Nuevo Project.

The District's Board of Directors adopted the annual budget in June 2003.

HIGHLIGHTS

The RNMFD acquired the Tucson Convention Center (TCC) and its parking facility through a lease payment financing. This fulfilled the Arizona statute requirement that a multipurpose facilities district must include a primary component that is used to accommodate sporting events and entertainment, cultural, civic, meeting, trade show, or convention events or activities. Renovations to the TCC Box Office, which included relocation and expansion for better service and accessibility, were completed in May 2003.

In December 2002, the Rio Nuevo District Board and the Mayor and Council approved a development and lease with the Tucson Fox Theatre Foundation. The development agreement provides for the use of \$3.5 million of TIF funds for the \$10 million Fox Theatre Restoration Project. The theatre restoration should be complete by the end of 2004 and will result in a 1,300-seat theatre to be used to host live performances and exhibit films.

The Tucson Origins archeological investigation and historical research has been completed. A consultant firm will conduct a study on the reconstruction and interpretation of the Mission San Agustin as it was in the 17th century and the Presidio of Tucson, the city's first neighborhood.

In January 2003, five development corporations responded to the Thrifty Block Request for Qualifications. This will be a mixed-use project utilizing the downtown site on Congress Street that the District purchased from the federal General Services Administration. Site development proposals will be reviewed in the fall by the Rio Nuevo District Board and the Mayor and Council.

RESOURCE SUMMARY

	Actual FY 2002	Adopted* FY 2003	Estimated FY 2003	Projected** FY 2004	Revised** FY 2004
POSITION SUMMARY					
PERMANENT					
Rio Nuevo Project	2.50	5.25	3.75	5.25	4.75
Total	2.50	5.25	3.75	5.25	4.75

FINANCIAL SUMMARY

Rio Nuevo	\$ 5,525,876	\$ 7,226,130	\$ 6,325,130	\$ 6,181,180	\$ 7,665,080
Operating Total***	5,525,876	7,226,130	6,325,130	6,181,180	7,665,080
Capital Improvements	274,117	11,781,250	3,495,980	13,900,000	8,750,000
Total	\$ 5,799,993	\$ 19,007,380	\$ 9,821,110	\$ 20,081,180	\$ 16,415,080

CHARACTER OF EXPENDITURES

Personal Services	\$ 261,021	\$ 370,000	\$ 370,000	\$ 384,800	\$ 543,700
Services	1,993,648	1,133,100	1,133,100	943,100	536,100
Commodities	25,600	72,500	72,500	72,500	40,500
Equipment	6,217	11,750	11,750	43,000	7,000
Debt Service***	3,239,390	5,638,780	4,737,780	4,737,780	6,537,780
Operating Total	5,525,876	7,226,130	6,325,130	6,181,180	7,665,080
Capital Improvements	274,117	11,781,250	3,495,980	13,900,000	8,750,000
Total	\$ 5,799,993	\$ 19,007,380	\$ 9,821,110	\$ 20,081,180	\$ 16,415,080

SOURCE OF FUNDS

OPERATING FUNDS					
Rio Nuevo Multipurpose District	\$ -0-	\$ -0-	\$ -0-	\$ 1,443,400	\$ 2,927,300
Rent from Tucson Convention Center	3,304,180	-0-	4,737,780	4,737,780	4,737,780
Loan from City of Tucson	2,221,696	7,226,130	1,587,350	-0-	-0-
Operating Funds Total	\$ 5,525,876	\$ 7,226,130	\$ 6,325,130	\$ 6,181,180	\$ 7,665,080

*The Rio Nuevo Multipurpose Facilities District Board of Directors adopts the Rio Nuevo Project budget for each fiscal year; the City of Tucson Mayor and Council do not adopt it.

**The Projected Fiscal Year 2004 column includes the budget that was published for informational purposes in the City of Tucson Fiscal Years 2003 and 2004 Biennial Budget. The Revised Fiscal Year 2004 column reflects the budget presented to the District Board for adoption in June 2003.

***For Fiscal Year 2004, the Operating Total includes a \$4.8 million debt service payment on the financing of the Tucson Convention Center (TCC), a \$9 million debt service on capital improvements, and a \$9 million loan repayment to South Tucson and federal funds.

RIO NUEVO PROJECT

Resource Summary (Continued)

	Actual FY 2002	Adopted* FY 2003	Estimated FY 2003	Projected** FY 2004	Revised** FY 2004
Source of Funds (Continued)					
CAPITAL FUNDS					
Rio Nuevo Multipurpose District	\$ -0-	\$ 11,781,250	\$ -0-	\$ 13,900,000	\$ 1,600,000
Loan from City of Tucson	274,117	-0-	2,595,980	-0-	-0-
Debt/Improvement District Financing	-0-	-0-	-0-	-0-	7,050,000
Miscellaneous Federal Housing Grants	-0-	-0-	900,000	-0-	100,000
Capital Funds Total	\$ 274,117	\$ 11,781,250	\$ 3,495,980	\$ 13,900,000	\$ 8,750,000
Total	\$ 5,799,993	\$ 19,007,380	\$ 9,821,110	\$ 20,081,180	\$ 16,415,080

*The Rio Nuevo Multipurpose Facilities District Board of Directors adopts the Rio Nuevo Project budget for each fiscal year; the City of Tucson Mayor and Council do not adopt it.

**The Projected Fiscal Year 2004 column includes the budget that was published for informational purposes in the City of Tucson Fiscal Years 2003 and 2004 Biennial Budget. The Revised Fiscal Year 2004 column reflects the budget presented to the District Board for adoption in June 2003.

CAPITAL IMPROVEMENT PROJECTS

Capital Improvement Projects that have been identified as being underway or in the detailed planning stages during Fiscal Year 2004 include:

<u>Project</u>	<u>Projected Completion Date</u>
• Fox Theatre Restoration	FY 2005
• Mission Site Land Acquisition	FY 2004
• Mission Site and Origins Cultural Park	FY 2010
• Presidio Stabilization and Heritage Park	FY 2005
• Sentinel Peak Park	FY 2010
• University of Arizona Science Center/Arizona Sonora Desert Museum	FY 2007

Section I

Glossary

TRANSPORTATION



DOWNTOWN



GROWTH



ECONOMIC DEVELOPMENT

GOOD GOVERNMENT

NEIGHBORHOODS



GLOSSARY OF 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 funds 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 satisfying 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 that 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 bench-marking, 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.

GLOSSARY OF TERMS

Term	Definition
BIENNIAL BUDGET	A form of multi-year budgeting that covers a two-year period, rather than the one-year period of an annual budget. Each year within the biennial period is budgeted and shown separately within a single budget document published at the start of the first year. At the start of each fiscal year, the Mayor and Council formally adopt each budget within the two-year period in compliance with state budget law. Second year budgets can be adjusted as necessary with the Mayor and Council budgetary policies.
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 which are not financed by other funds. The use of bond funds is 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 which are secured by the city's secondary property tax.
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.

GLOSSARY OF TERMS

Term	Definition
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.
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.

GLOSSARY OF TERMS

Term	Definition
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 \$5,000 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. Fiscal Year 2004, for the City of Tucson, refers to the period July 1, 2003 through June 30, 2004.
FOCUS AREA	Areas selected by the Mayor and Council as part of a strategic planning process that guide city improvement and development efforts for the budget year. For Fiscal Year 2003, the focus areas are Downtown, Transportation, Growth, Neighborhoods, Good Government, and Economic Development (see Vol. 1, "City Strategic Plan" for details).
FULL-TIME EQUIVALENT POSITION (FTE)	A full-time position, 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 .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. Transactions may be charged against other organizations or funds.
MISSION	A succinct description of the scope and purpose of a city department. It specifies the business activities of a department.

GLOSSARY OF 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. Payments to Other Governments, Economic Development, Cultural Enrichment, Community Health and Safety, Mayor and Council Appointed Commissions, Annual Community Events, and Tucson Community Cable Corporation (Access Tucson) 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.

GLOSSARY OF TERMS

Term	Definition
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, 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.
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 which 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 for sanitary, fire, and other special districts.
SERVICES	Costs which involve the performance of a specific service by an outside organization or other city organization. Examples of services include consultants, utilities, and vehicle maintenance.

GLOSSARY OF TERMS

Term	Definition
SIGNIFICANT CHANGES	Explanations of financial differences between the current fiscal year adopted and the future fiscal year recommended or adopted budget amounts. The City of Tucson's biennial budget also includes explanations of the differences between the first and second year budgets.
STREET AND HIGHWAY BONDS	Revenue bonds which 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 one hundred dollars of assessed valuation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In Fiscal Year 2002, the City of Tucson implemented a major change in its financial statement presentation in compliance with Governmental Accounting Standards Board (GASB) Statement 34. The new rules changed the way state and local governmental financial information is communicated to citizens, the media, creditors, bond raters, and legislative oversight bodies. In addition to changes to the specific financial statements, a narrative analysis of the fiscal year's financial activities is also presented.

The basic financial statements now include both government-wide financial statements, which focus on the city as a whole, and fund financial statements, which focus on major individual funds. Both of these sets of statements categorize primary activities of the city as either governmental or business type.

The government-wide Statement of Net Assets uses a full accrual, economic resources basis of accounting, which reflects all long-term debt and assets and incorporates depreciation of capital assets. This statement presents both governmental and business-type activities on a consolidated basis by column. Current year activity is displayed by functional category (e.g., Support Services, Neighborhood Services) and shows the gross cost of each function, the amount that gross costs are offset by program-related revenues (charges for services and grants), and the amount that is supported by general government revenues (e.g., taxes).

In contrast, the fund financial statements use an accounting treatment similar to previous years. In the major fund statements within the fund financial statements, business-type activities are presented in the same manner as within the government-wide statements, i.e. full accrual basis. Governmental funds are presented on a current financial resource and modified accrual basis of accounting. This presentation is considered appropriate to demonstrate both legal compliance and how the city's actual experience conforms to the budget.

The primary difference between the fund financial statements and the previous Generally Accepted Accounting Principles (GAAP) presentation is that the emphasis is now on the major funds in either the governmental or business-type categories, with non-major funds summarized into a single column. The previous accounting model grouped funds by types, such as special revenue, capital projects, etc.

BASIS OF ACCOUNTING FOR BUDGETARY PURPOSES

In the "Required Supplementary Information" section, the city presents budgetary comparisons for the General Fund and any major special revenue funds; both the adopted and revised budgets are compared with actual figures on a GAAP basis. In the "Other Supplementary Information" section, the revised budgets for the non-major and enterprise funds are compared to actual GAAP figures. The city's budget basis of accounting differs from GAAP requirements in the following ways:

- Grant revenues are budgeted on a modified cash basis rather than a modified accrual basis.
- Fund balances reserved for inventories are not recognized in the budget.
- Certain expenditures (e.g., depreciation in proprietary funds) and revenues accrued under GAAP are not recognized on a budgetary basis.
- Certain funds (e.g., internal service, trust, and agency funds) that must be reported under GAAP are not included in the budget.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting for Budgetary Purposes (Continued)

Additional differences between budget and GAAP presentations are in how encumbrances and compensated absences are treated, as addressed below.

ENCUMBRANCES

The City of Tucson integrates encumbrance accounting into its budgetary methods for most governmental and proprietary fund types. Following GAAP, encumbrance accounting records purchase orders, contracts, and other commitments for the expenditure of monies as reservations of fund balance in the fund financial statements of governmental-type funds. Encumbrances outstanding at year-end are not recognized as expenditures for budgetary purposes. Funds appropriated for these commitments can be carried forward and rebudgeted the following fiscal year.

COMPENSATED ABSENCES

In the fund financial statements, the cost of employee vacation leave, sick leave, accumulated compensatory time, and any salary-related amounts are accrued in the proprietary funds as earned.

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.

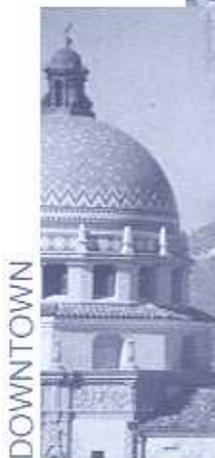
ACRONYMS

Acronym	Description
ADA	Americans with Disabilities Act
ADOT	Arizona Department of Transportation
ARS	Arizona Revised Statutes
AZ	Arizona
BAC	Budget Advisory Committee
BPOC	Bond Project Oversight Committee
CDBG	Community Development Block Grant
CIP	Capital Improvement Program
COPs	Certificates of Participation
CPI	Consumer Price Index
EEC	Economic Estimates Commission
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GIS	Geographic Information System
HURF	Highway User Revenue Fund
ICMA	International City/County Management Association
I-Net	Institutional Network
LTAf	Local Transportation Assistance Fund
MTCVB	Metropolitan Tucson Convention and Visitors Bureau
NCAA	National Collegiate Athletic Association
O&M	Operating and Maintenance
PC	Personal Computer
RNMFD	Rio Nuevo Multipurpose Facilities District
TCC	Tucson Convention Center
TEAM	Transportation Enterprise Area Management
TIF	Tax Increment Financing
VLT	Vehicle License Tax
YMCA	Young Men's Christian Association

Section J

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TRANSPORTATION



DOWNTOWN



GROWTH



ECONOMIC DEVELOPMENT

GOOD GOVERNMENT



NEIGHBORHOODS



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