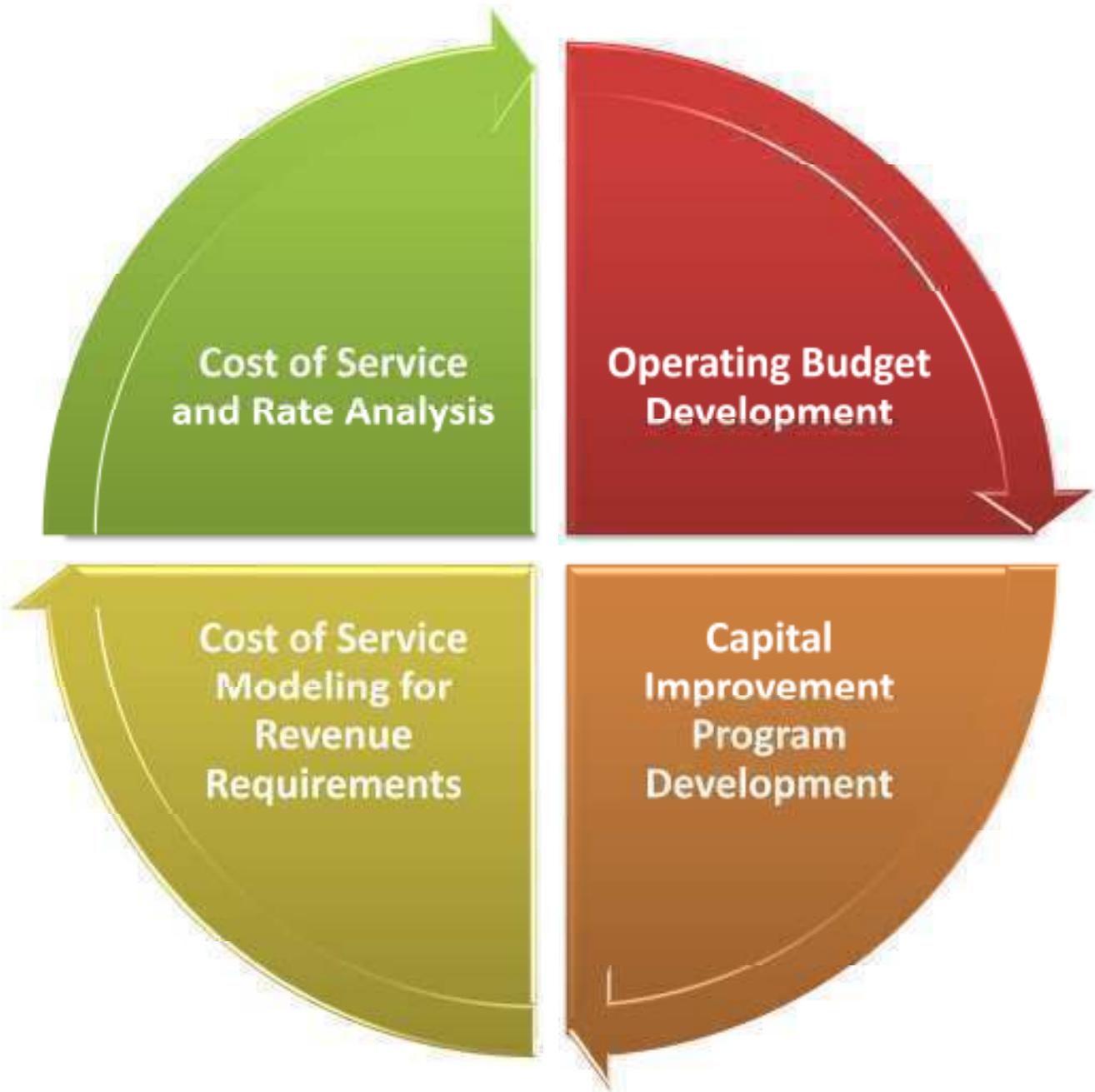


Environmental Services Department Financial Process



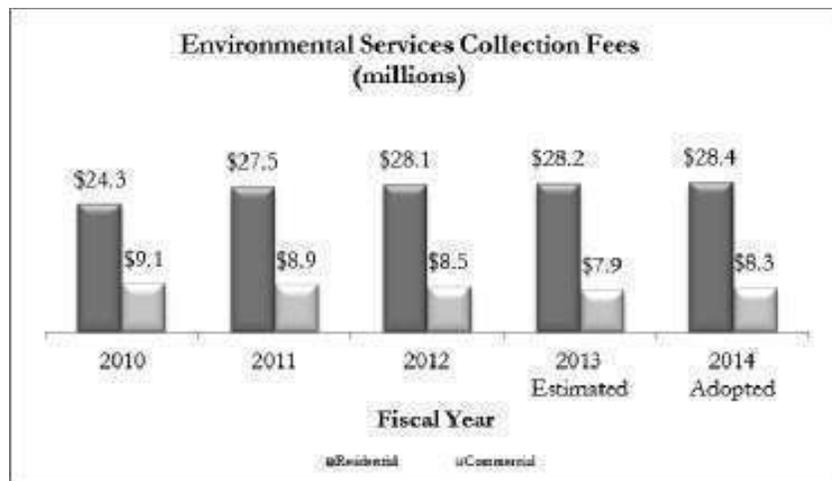
ENTERPRISE FUNDS

ENVIRONMENTAL SERVICES FUND

Environmental Services provides Tucson citizens and businesses with refuse and recycling trash collection and waste disposal services. The department operates the city's landfill in compliance with State and Federal regulations and administers the city's Environmental Compliance and Brownfields programs as well as the Household Hazardous Waste program with Pima County.

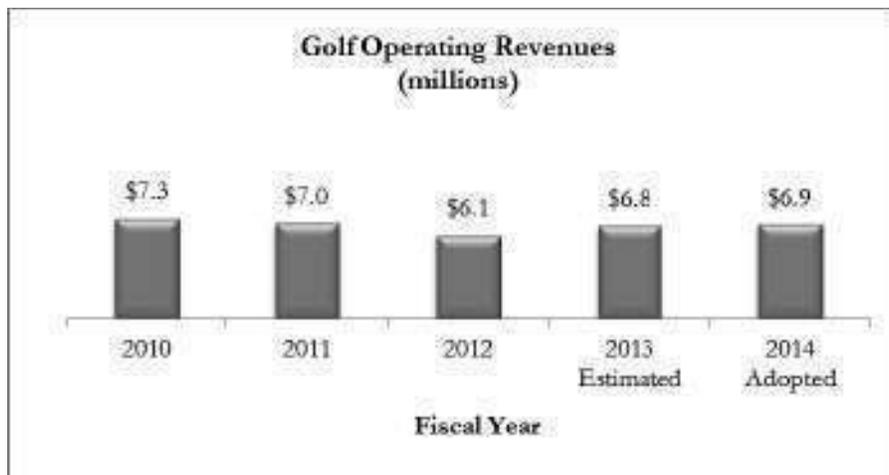
Environmental Services conducted a pilot of household hazardous waste home pickup that began in July 2012. The program proved to be successful with an estimate of 150 to 200 pickups expected annually. Beginning on July 1, 2013 a fee of \$25 per pickup was approved by Mayor and Council. Another new fee for Fiscal Year 2014 is a \$48 fee for special order residential containers with lid locks for customers who have problems with wildlife knocking over their containers. Environmental Services is also establishing additional levels of landfill disposal fees for guaranteed amounts of waste disposed at the landfills.

Overall revenues collected for Fiscal Year 2014 are projected to be slightly higher than Fiscal Year 2013 estimated.

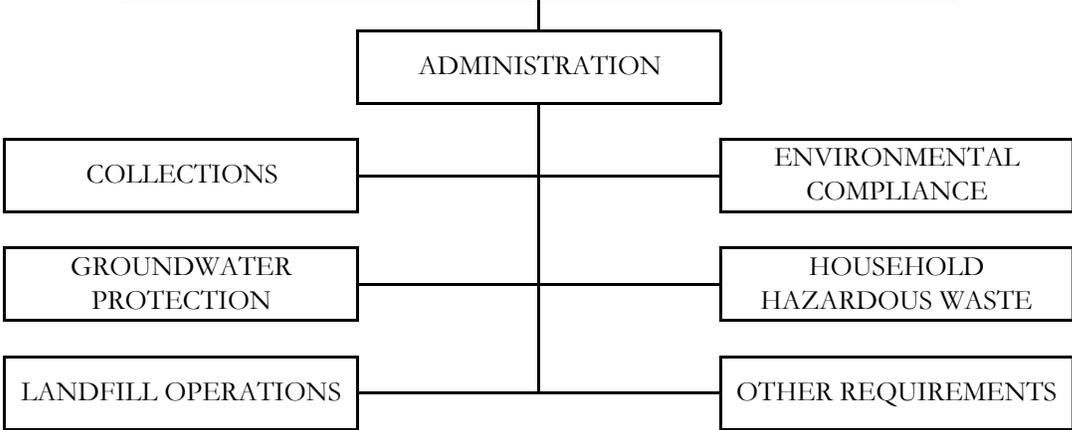


TUCSON GOLF ENTERPRISE FUND

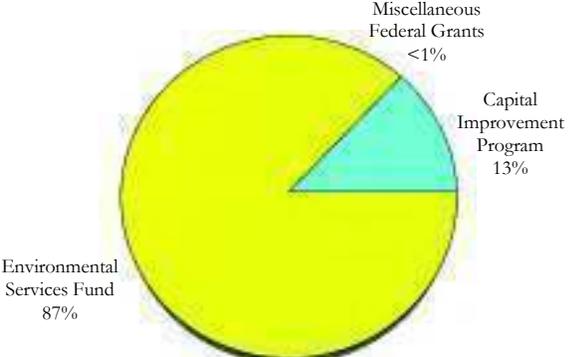
The Tucson Golf Course Fund operates five golf courses throughout the city: El Rio, Randolph, Dell Urich, Fred Enke and Silverbell. The revenues funding the golf operations include golf fees, cart rental, driving range and pro shops. For Fiscal Year 2014, the projected revenues are anticipated to increase slightly from Fiscal Year 2013 estimated revenues due to a rise in the number of rounds being played at the golf courses.



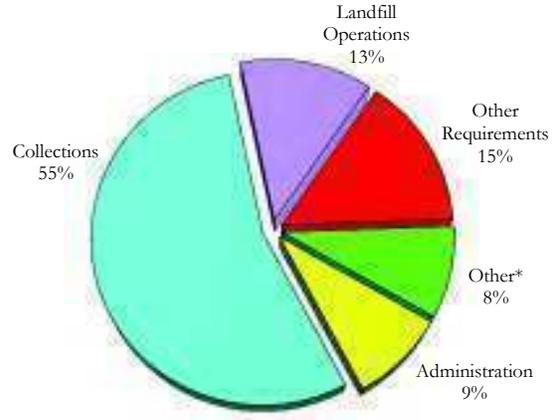
ENVIRONMENTAL SERVICES	
OPERATING:	\$ 46,871,110
CAPITAL:	6,853,000
TOTAL:	<u>\$ 53,724,110</u>
POSITION TOTAL:	<u>222.00</u>



FINANCING PLAN



PROGRAM ALLOCATION



*Other includes Groundwater Protection 5%, Household Hazardous Waste 2%, and Environmental Compliance 1%.

ENVIRONMENTAL SERVICES

MISSION STATEMENT: To promote a healthy Tucson community by providing innovative and effective waste management and environmental protection services.

	Actual FY 2012	Adopted FY 2013	Estimated FY 2013	Adopted FY 2014
POSITION RESOURCES				
Administration	49.00	49.00	38.00	38.00
Collections	148.00	148.00	135.00	135.00
Environmental Compliance	3.00	3.00	4.00	4.00
Groundwater Protection	-0-	-0-	9.00	9.00
Household Hazardous Waste	8.00	8.00	8.00	9.00
Landfill Operations	30.00	29.00	28.00	27.00
Department Total	238.00	237.00	222.00	222.00
 TOTAL BUDGET				
Operating	\$ 44,191,198	\$ 46,922,160	\$ 45,932,630	\$ 46,871,110
Capital	727,229	3,830,000	3,830,000	6,853,000
Department Total	\$ 44,918,427	\$ 50,752,160	\$ 49,762,630	\$ 53,724,110
 CHARACTER OF EXPENDITURES				
Salaries and Benefits	\$ 15,556,823	\$ 16,739,410	\$ 15,298,720	\$ 15,882,190
Services	18,573,159	18,268,720	18,963,070	19,815,120
Supplies	5,475,111	5,309,360	5,299,560	5,363,840
Equipment	3,533,780	5,357,000	5,123,610	5,192,550
Debt Service	1,052,325	1,247,670	1,247,670	617,410
Operating Total	\$ 44,191,198	\$ 46,922,160	\$ 45,932,630	\$ 46,871,110
Capital Improvement Program	727,229	3,830,000	3,830,000	6,853,000
Department Total	\$ 44,918,427	\$ 50,752,160	\$ 49,762,630	\$ 53,724,110
 FUNDING SOURCES				
Environmental Services Fund	\$ 44,191,198	\$ 46,922,160	\$ 45,932,630	\$ 46,871,110
Operating Total	\$ 44,191,198	\$ 46,922,160	\$ 45,932,630	\$ 46,871,110
Capital Improvement Program	727,229	3,830,000	3,830,000	6,853,000
Department Total	\$ 44,918,427	\$ 50,752,160	\$ 49,762,630	\$ 53,724,110

ENVIRONMENTAL SERVICES

SIGNIFICANT CHANGES

The adopted operating budget for Fiscal Year 2014 of \$46,871,110 reflects a decrease of \$51,050 from the Fiscal Year 2013 Adopted Budget. Changes include:

Increase in professional services for the Silverbell Pump and Treat project	\$ 772,240
Increase in testing services, regulatory fees and chemicals	461,200
Increase in administrative charge	350,000
Increase in repairs and maintenance of buildings and grounds	164,300
Increase in funding for the purchase of security cameras and equipment	118,250
Miscellaneous adjustments	26,880
Net decrease in vehicle purchase and vehicle maintenance costs, including fuel	(109,460)
Decrease in computer software and small equipment	(122,890)
Decrease in public liability insurance costs and bad debt expense	(242,790)
Decrease in principal expense for leased vehicles	(611,560)
Decrease in personnel costs including the elimination of 15 positions	<u>(857,220)</u>
Total	\$ (51,050)

DEPARTMENT MEASURES of PERFORMANCE

	Actual FY 2012	Adopted FY 2013	Estimated FY 2013	Adopted FY 2014
Enhance customer accessibility to the department by monitoring the phone system to ensure quality customer service.				
• Percent of calls answered	98%	97%	97%	97%
• Average time to answer calls (seconds)	12	20	20	20
Low Income Program participants (monthly average).	4,008	3,240	3,230	3,100
Collect solid waste materials.				
• Number of residential customers	132,400	132,600	132,800	132,800
• Number of residential refuse tons collected	145,560	148,000	145,700	146,000
• Number of commercial customers	3,296	3,090	3,040	3,000
• Number of commercial refuse tons collected	78,400	74,500	67,200	64,000
• Number of roll-offs provided for community cleanups	316	200	198	200

Department Measures of Performance (Continued)

	Actual FY 2012	Adopted FY 2013	Estimated FY 2013	Adopted FY 2014
Brownfields Assessments and Cleanups.				
• Phase I Environmental Site Assessments (Historic property use investigation)	83	80	61	72 ¹
• Phase II Environmental Site Assessments (Sampling or contaminant investigation)	30	20	17	35 ²
Groundwater Protection - Provide groundwater and soil vapor remediation, sampling and assessment to protect the drinking water aquifer and nearby residents.				
• Number of landfill gas monitoring wells sampled by Environmental Services (ES) staff (quarterly)	470	297	297	297
• Average number of groundwater wells sampled by ES staff (annually)	200	N/A	200	200
• Number of sites under active groundwater remediation	2	6	3	3
• Number of sites with active landfill gas extraction systems	5	N/A	5	5
Environmental Management Program (EMP): Committee representatives from various departments meet regularly to address City environmental issues, set priorities, manage current incidents, and follow up on previous incidents.	36	20	25	25
Recycling.				
• Tons recycled at a local facility	40,151	42,000	38,000	38,000
• Tons of metal scrapped	230	N/A	207	207
• Reduction in greenhouse gas emissions (metric tons of carbon dioxide)	104,744	60,000	101,460	101,460
Household Hazardous Waste Program.				
• Number of residents served	33,648	34,978	34,500	34,500
• Number of businesses served	122	133	130	130
• Number of total tons collected	515	676	600	600
Provide safe and environmentally secure disposal of refuse at Los Reales Landfill.				
• Tons disposed by City and private haulers	428,337	443,000	471,400	468,000
• Number of loads	155,513	153,000	155,000	155,000

¹35 Assessments are contingent upon award of 3-year \$600,000 EPA Brownfields Coalition Assessment Grant

²12 Assessments are contingent upon award of 3-year \$600,000 EPA Brownfields Coalition Assessment Grant

ENVIRONMENTAL SERVICES

Department Measures of Performance (Continued)

	Actual FY 2012	Adopted FY 2013	Estimated FY 2013	Adopted FY 2014
Provide green energy from renewable landfill gas resources and reduce greenhouse gas emissions. Landfill gas diverted to Tucson Electric Power for generation (million cubic feet)	216	475	206	200
Public Information - ES is committed to providing Tucsonans with up-to-date information about its services and programs while recognizing that public education and outreach is an important function.				
• Number of student contacts in K-12 schools	19,500	26,400	7,500	10,000
• Number of participants on ES tours	172	820	200	250

OPERATING PROGRAMS

ADMINISTRATION: This program area provides general oversight by setting direction and policy, including rates, developing and managing the department's operating and capital budgets, providing administrative and clerical support, and ensuring that customers are provided excellent services. Administrative functions include the Director's Office, Customer Service and Billing, citywide Recycling and Waste Reduction, Tucson Clean and Beautiful, Public Information, and Management Support Services (i.e. finance, human resources, procurement and information technology).

Projected Revenue Sources

Environmental Services Fund	\$ 4,614,598	\$ 5,254,330	\$ 3,899,940	\$ 4,043,340
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Character of Expenditures

Salaries and Benefits	\$ 3,659,426	\$ 4,073,380	\$ 2,981,020	\$ 3,128,490
Services	831,937	748,100	747,960	830,270
Supplies	123,235	232,850	164,660	84,580
Equipment	-0-	200,000	6,300	-0-
Program Total	\$ 4,614,598	\$ 5,254,330	\$ 3,899,940	\$ 4,043,340

ENVIRONMENTAL SERVICES

COLLECTIONS: This program area provides the collection of refuse and recycling services to both residential and commercial customers at a minimum per-unit cost while preserving community health and welfare. This program includes residential brush and bulky collections and container maintenance.

	Actual FY 2012	Adopted FY 2013	Estimated FY 2013	Adopted FY 2014
Projected Revenue Sources				
Environmental Services Fund	\$ 23,600,445	\$ 26,285,520	\$ 25,416,180	\$ 25,684,300
Character of Expenditures				
Salaries and Benefits	\$ 9,054,776	\$ 9,865,060	\$ 8,978,450	\$ 9,220,070
Services	7,849,847	7,931,460	7,781,050	7,796,380
Supplies	4,405,288	4,172,000	4,259,770	4,295,550
Equipment	2,290,534	4,317,000	4,396,910	4,372,300
Program Total	\$ 23,600,445	\$ 26,285,520	\$ 25,416,180	\$ 25,684,300

ENVIRONMENTAL COMPLIANCE: This program area provides a variety of regulatory and compliance activities to protect the citizens by providing a clean environment along with the development of renewable energy sources from landfill gas. The program area includes funding for Brownfields and Federal grants.

Projected Revenue Sources				
Environmental Services Fund	\$ 359,065	\$ 514,700	\$ 579,310	\$ 645,210
Other Federal Grants Fund	223,341	361,900	320,950	129,000
Program Total	\$ 582,406	\$ 876,600	\$ 900,260	\$ 774,210
Character of Expenditures				
Salaries and Benefits	\$ 310,017	\$ 321,300	\$ 389,850	\$ 413,120
Services	270,935	546,840	503,440	353,490
Supplies	1,454	8,460	6,970	7,600
Program Total	\$ 582,406	\$ 876,600	\$ 900,260	\$ 774,210

GROUNDWATER PROTECTION: This program area protects the community from environmental hazards and public health and safety issues that can arise from old, closed landfills in the City. The department is responsible for maintenance, monitoring, and remediation at closed landfills, addressing the groundwater, soil, stormwater and methane gas issues that may occur at these sites. The Groundwater Protection Fee directly funds these activities.

Projected Revenue Sources				
Environmental Services Fund	\$ 1,623,561	\$ 1,282,650	\$ 2,351,250	\$ 2,421,740
Character of Expenditures				
Salaries and Benefits	\$ 342	\$ -0-	\$ 735,290	\$ 729,150
Services	1,580,684	1,270,100	1,575,450	1,457,850
Supplies	42,535	12,550	40,510	34,740
Equipment	-0-	-0-	-0-	200,000
Program Total	\$ 1,623,561	\$ 1,282,650	\$ 2,351,250	\$ 2,421,740

ENVIRONMENTAL SERVICES

HOUSEHOLD HAZARDOUS WASTE: This program is a regional effort within Pima County to collect, recycle, and dispose of hazardous materials such as automotive fluids, batteries, paint products, cleaning products, flammable materials, reactive materials, corrosives and poisons.

	Actual FY 2012	Adopted FY 2013	Estimated FY 2013	Adopted FY 2014
Projected Revenue Sources				
Environmental Services Fund	\$ 731,927	\$ 738,300	\$ 738,300	\$ 826,890
Character of Expenditures				
Salaries and Benefits	\$ 507,572	\$ 533,660	\$ 461,170	\$ 498,850
Services	158,321	137,190	180,330	224,070
Supplies	66,034	67,450	53,300	88,720
Equipment	-0-	-0-	43,500	15,250
Program Total	\$ 731,927	\$ 738,300	\$ 738,300	\$ 826,890

LANDFILL OPERATIONS: This program area provides for the safe disposal of refuse materials with on-site waste diversion and recycling opportunities while ensuring compliance with regulatory laws to help protect the citizens of our community and also provide a clean environment.

Projected Revenue Sources				
Environmental Services Fund	\$ 7,256,384	\$ 5,962,550	\$ 6,253,970	\$ 6,045,300
Character of Expenditures				
Salaries and Benefits	\$ 2,024,690	\$ 1,946,010	\$ 1,752,940	\$ 1,892,510
Services	3,151,883	2,360,490	3,049,780	2,695,140
Supplies	836,565	816,050	774,350	852,650
Equipment	1,243,246	840,000	676,900	605,000
Program Total	\$ 7,256,384	\$ 5,962,550	\$ 6,253,970	\$ 6,045,300

OTHER REQUIREMENTS: This program area funds debt service and administrative service charges which compensates Tucson Water and the general government for services received (e.g., procurement, financial, etc.).

Projected Revenue Sources				
Environmental Services Fund	\$ 5,781,877	\$ 6,532,410	\$ 6,372,730	\$ 7,075,330
Character of Expenditures				
Administrative Service Charge	\$ 4,584,350	\$ 4,584,350	\$ 4,584,350	\$ 4,934,350
Services	145,202	700,390	540,710	1,523,570
Debt Service	1,052,325	1,247,670	1,247,670	617,410
Program Total	\$ 5,781,877	\$ 6,532,410	\$ 6,372,730	\$ 7,075,330

POSITION RESOURCES

	Actual FY 2012	Adopted FY 2013	Estimated FY 2013	Adopted FY 2014
Administration				
Director	1.00	1.00	1.00	1.00
Deputy Director	2.00	2.00	2.00	2.00
Environmental Services Administrator	1.00	1.00	1.00	1.00
Information Technology Manager	1.00	1.00	1.00	1.00
Department Human Resources Manager	1.00	1.00	1.00	1.00
Environmental Manager	2.00	2.00	1.00	1.00
Finance Manager	1.00	1.00	1.00	1.00
GIS Supervisor	1.00	1.00	1.00	1.00
Civil Engineer	1.00	1.00	-0-	-0-
Environmental Project Coordinator	2.00	2.00	1.00	1.00
Environmental Scientist	2.00	2.00	-0-	-0-
Management Assistant	2.00	2.00	2.00	2.00
Public Information Officer	1.00	1.00	1.00	1.00
GIS Data Analyst	1.00	1.00	1.00	1.00
Environmental Services Inspection Supervisor	1.00	1.00	-0-	-0-
Safety Specialist	1.00	1.00	1.00	1.00
Environmental Services Inspector	5.00	5.00	-0-	-0-
Public Information Specialist	1.00	1.00	1.00	1.00
Water Services Supervisor	1.00	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00
Utility Service Representative	-0-	-0-	1.00	1.00
Administrative Assistant	6.00	6.00	6.00	6.00
Customer Service Representative	13.00	13.00	12.00	12.00
Secretary	1.00	1.00	1.00	1.00
Program Total	49.00	49.00	38.00	38.00
Collections				
Environmental Services Administrator	1.00	1.00	1.00	1.00
Environmental Services Superintendent	2.00	2.00	2.00	2.00
Environmental Services Accounts Representative Supervisor	1.00	1.00	1.00	1.00
Welder Supervisor	1.00	1.00	1.00	1.00
Environmental Services Accounts Representative	-0-	-0-	2.00	2.00
Environmental Services/Neighborhood Resources Supervisor	8.00	8.00	8.00	8.00
Welder	3.00	3.00	1.00	1.00
Environmental Services Equipment Operator	114.00	114.00	103.00	103.00
Utility Service Representative	2.00	2.00	-0-	-0-
Administrative Assistant	1.00	1.00	1.00	1.00
Senior Environmental Services Worker	4.00	4.00	4.00	4.00
Senior Trades Helper	2.00	2.00	2.00	2.00
Environmental Services Worker	9.00	9.00	9.00	9.00
Program Total	148.00	148.00	135.00	135.00

ENVIRONMENTAL SERVICES

	Actual FY 2012	Adopted FY 2013	Estimated FY 2013	Adopted FY 2014
Environmental Compliance				
Environmental Manager	1.00	1.00	1.00	1.00
Environmental Project Coordinator	1.00	1.00	1.00	1.00
Environmental Scientist	-0-	-0-	1.00	1.00
Staff Assistant	1.00	1.00	1.00	1.00
Program Total	3.00	3.00	4.00	4.00
Groundwater Protection				
Environmental Manager	-0-	-0-	1.00	1.00
Environmental Project Coordinator	-0-	-0-	1.00	1.00
Environmental Scientist	-0-	-0-	1.00	1.00
Environmental Services Inspection Supervisor	-0-	-0-	1.00	1.00
Environmental Services Inspector	-0-	-0-	5.00	5.00
Program Total	-0-	-0-	9.00	9.00
Household Hazardous Waste				
Environmental Services Superintendent	1.00	1.00	1.00	1.00
Environmental Services/Neighborhood Services Supervisor	1.00	1.00	1.00	1.00
Equipment Operation Specialist	1.00	1.00	1.00	-0-
Environmental Services Equipment Operator	2.00	2.00	2.00	-0-
Lead Household Hazardous Waste Technician	-0-	-0-	-0-	2.00
Household Hazardous Waste Technician	-0-	-0-	-0-	5.00
Senior Environmental Services Worker	2.00	2.00	2.00	-0-
Environmental Services Worker	1.00	1.00	1.00	-0-
Program Total	8.00	8.00	8.00	9.00
Landfill Operations				
Environmental Services Administrator	1.00	1.00	-0-	-0-
Landfill Manager	-0-	-0-	1.00	1.00
Environmental Services Superintendent	-0-	1.00	1.00	-0-
Environmental Services/Neighborhood Services Supervisor	3.00	2.00	2.00	3.00
Equipment Operation Specialist	12.00	11.00	11.00	11.00
Office Supervisor	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	-0-	-0-	1.00
Customer Service Representative	3.00	4.00	4.00	3.00
Senior Environmental Services Worker	3.00	3.00	3.00	2.00
Environmental Services Worker	6.00	6.00	5.00	5.00
Program Total	30.00	29.00	28.00	27.00
Department Total	238.00	237.00	222.00	222.00

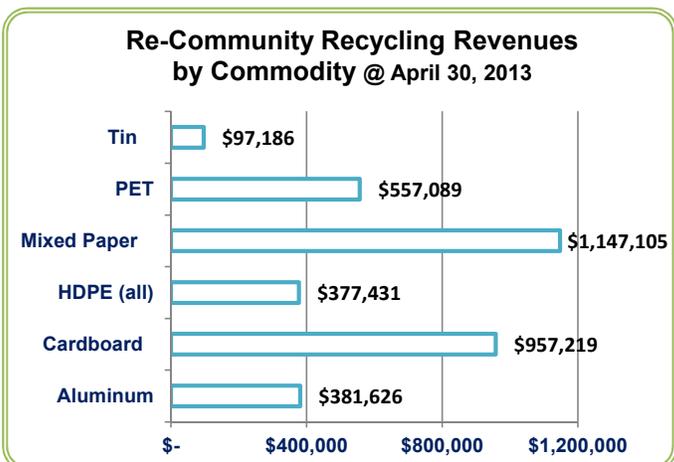
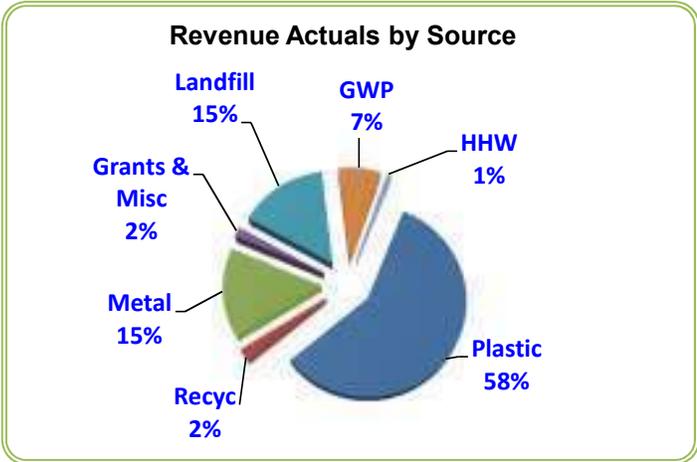


FY 2013 Revenues - Budget vs. Actuals*

Fund 002

(in 000's)

	Actuals @ 13th AP	FYE Projection @ Q3	Revised Budget	Budget to Actual Variance
FEE-BASED REVENUES:				
Refuse Fees, Plastic Service				
Residential	\$ 27,677	\$ 27,750		
Commercial	920	842		
Miscellaneous	356	356		
Discounts	(6)	(5)		
Low Income Assistance	(446)	(443)		
	\$ 28,501	\$ 28,500	\$ 28,507	\$ (6)
Refuse Fees, Metal Service				
Residential	\$ 235	\$ 244		
Commercial	7,258	7,560		
Miscellaneous	26	28		
Discounts	(30)	(31)		
	\$ 7,489	\$ 7,800	\$ 8,223	\$ (734)
Landfill Fees				
Tipping Fees	\$ 6,278	\$ 6,300	\$ 5,506	\$ 772
Self-Hauler Fees	1,126	1,130	1,174	(48)
	\$ 7,404	\$ 7,430	\$ 6,680	\$ 724
Groundwater Protection Fees	\$ 3,554	\$ 3,500	3,400	154
Household Hazardous Waste				
Collection Sites	\$ 2	\$ 2	\$ 21	\$ (19)
Product Sales	92	95	93	(1)
Waste Oil	44	43	26	18
Pima County Contribution	244	244	244	-
	\$ 382	\$ 384	\$ 384	\$ (2)
TOTAL FEE-BASED REVENUES	\$ 47,330	\$ 47,614	\$ 47,194	\$ 136
OTHER REVENUES:				
Sale of Recyclables	\$ 1,018	\$ 1,020	\$ 850	\$ 168
Grant & ADEQ Reimbursements	337	300	402	(65)
Equipment Sales/Penalties/Misc.	465	859	484	(19)
TOTAL OTHER REVENUES	\$ 1,820	\$ 2,179	\$ 1,736	\$ 84
TOTAL REVENUES	\$ 49,150	\$ 49,793	\$ 48,930	\$ 220

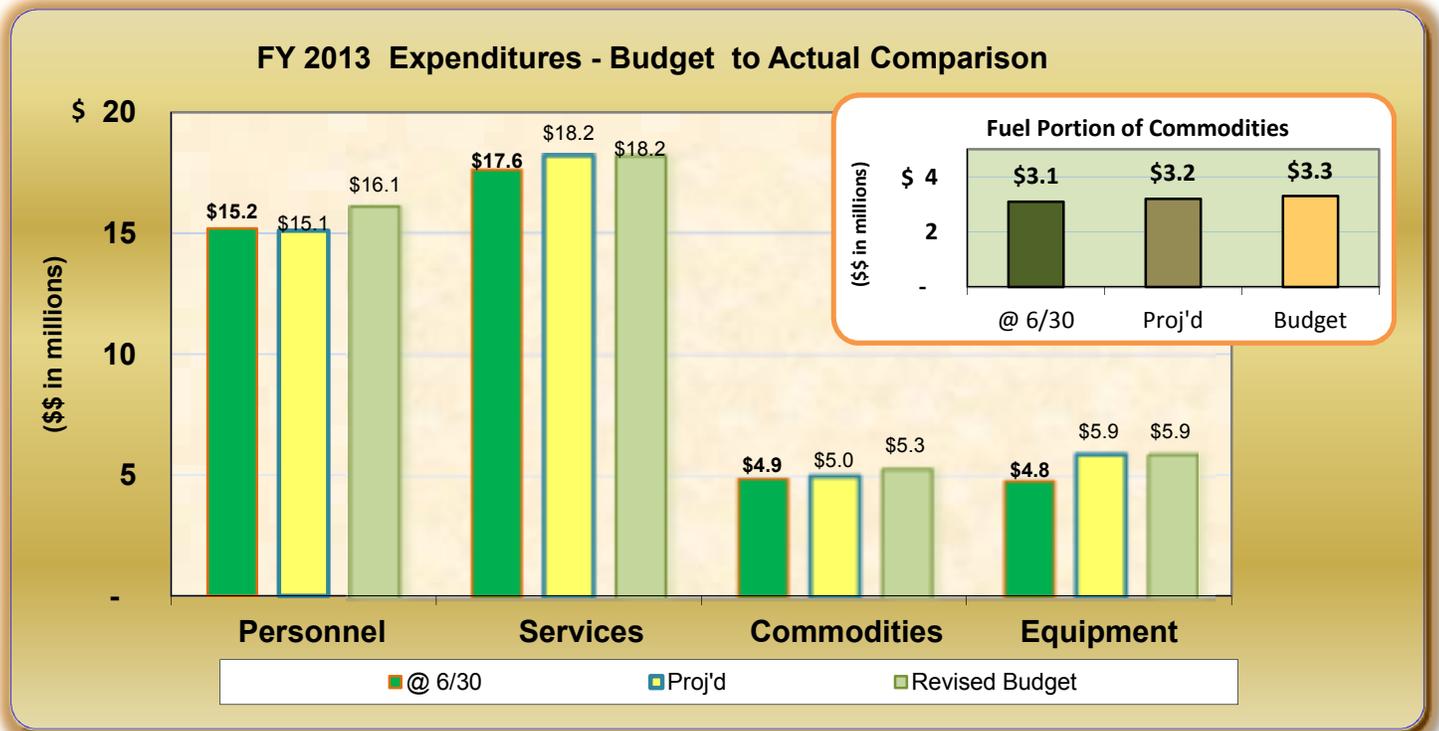


* Billed and Collected



FY 2013 Expenditures - Budget vs. Actuals Fund 002 (in 000's)

Expense Category	Actuals @ 13th AP	FYE Projection @ Q3	Revised Budget	Budget to Actual Variance
Personnel	\$ 15,242	\$ 15,125	\$ 16,054	\$ 812
Services*	12,767	13,407	13,035	268
Commodities	4,991	5,099	5,289	298
Grant Funded	245	244	362	117
Debt Service & Expense	1,330	1,026	1,125	(205)
Capital Improvement Program	287	613	2,385	2,098
Equipment/Vehicles	4,875	5,381	5,890	1,015
Subtotal	\$ 39,737	\$ 40,895	\$ 44,140	\$ 4,403
Other Expenses				
City-wide Admin Service Charges	\$ 3,411	\$ 3,411	\$ 3,411	\$ -
Tucson Water Admin. Staff Chrgs	1,076	1,174	1,174	98
Bad-Debt Expense	180	180	286	106
Subtotal	\$ 4,667	\$ 4,765	\$ 4,871	\$ 204
TOTAL	\$ 44,404	\$ 45,660	\$ 49,011	\$ 4,607



* Excludes Depreciation Expense