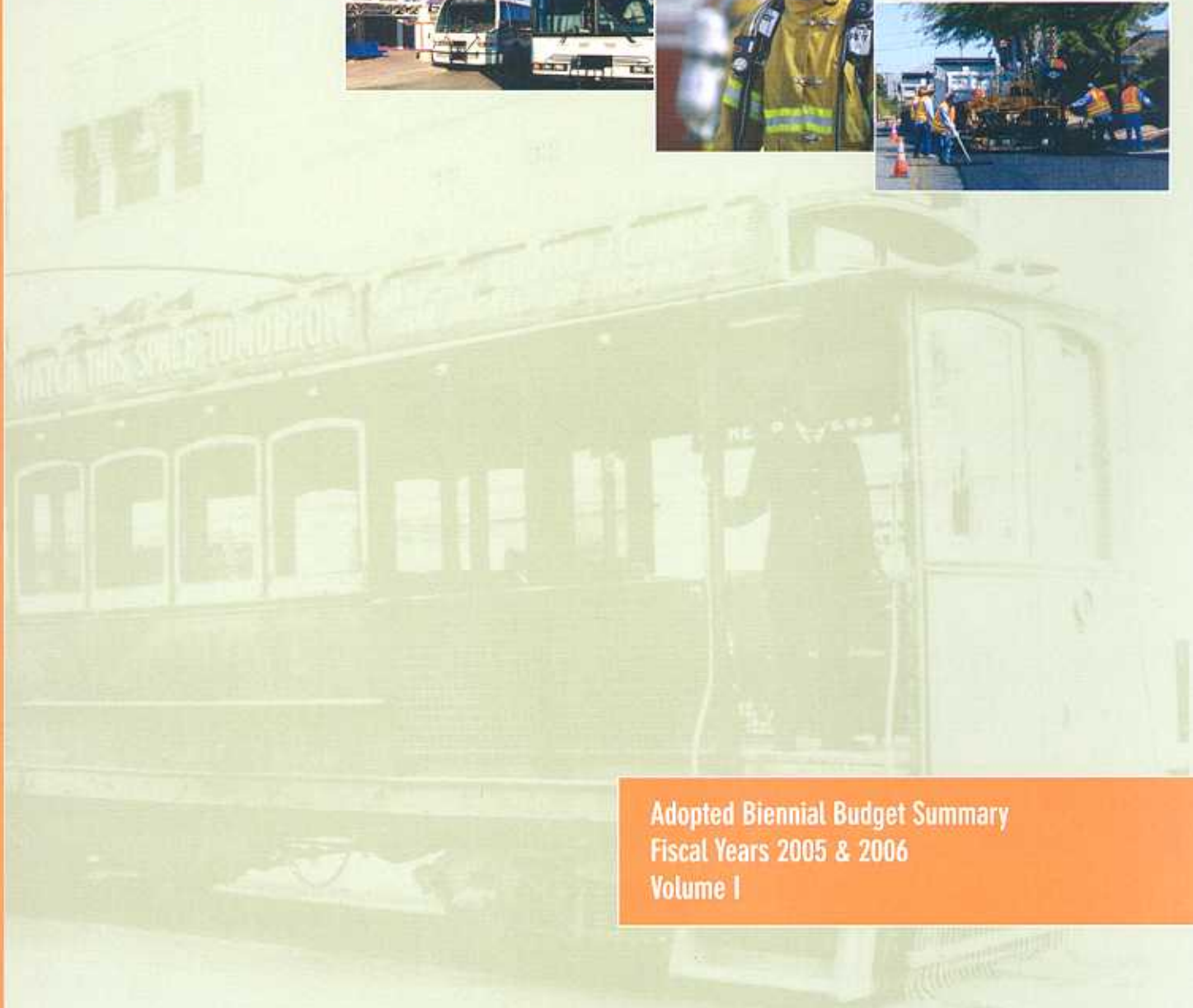


CITY OF TUCSON ADOPTED BIENNIAL BUDGET SUMMARY



Adopted Biennial Budget Summary
Fiscal Years 2005 & 2006
Volume I

CITY OF TUCSON

City of Tucson Adopted Biennial Budget

Fiscal Years 2005 & 2006

Presented July 1, 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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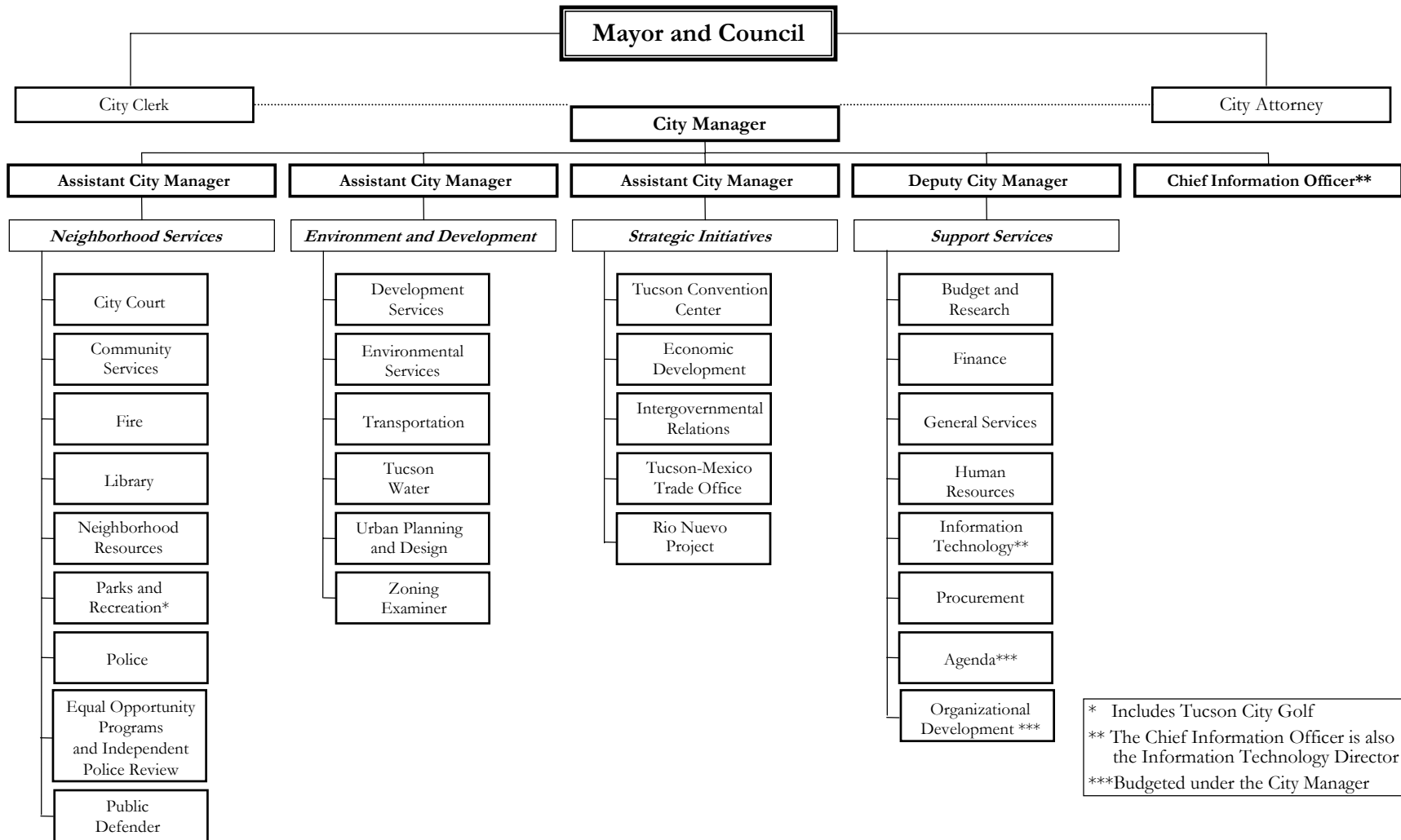
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**CITY OF TUCSON
ORGANIZATION CHART
FISCAL YEARS 2005 AND 2006**



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, *Mike Rankin*

City Clerk, *Kathleen S. Detrick*

NEIGHBORHOOD SERVICES

City Court, *Antonio Riojas*

Community Services, *M. Emily Nottingham*

Equal Opportunity Programs and Independent Police
Review, *Liana Perez*

Fire, *Dan Newburn*

Library, *Betsy Stunz-Hall (acting)*

Neighborhood Resources, *Paul Swift*

Parks and Recreation, *Fred H. Gray, Jr.*
(effective September 7, 2004)

Police, *Richard Miranda*

Public Defender, *Charles Davies*

ENVIRONMENT AND DEVELOPMENT

Development Services, *Ernest A. Duarte*

Environmental Services, *Eliseo Garza, Jr.*

Transportation, *James W. Glock*

Tucson Water, *David Modeer*

Urban Planning and Design, *Albert Elias*

Zoning Examiner, *Peter Gavin*

STRATEGIC INITIATIVES

Economic Development, *Kendall Bert*

Intergovernmental Relations, *C. Mary Okoye*

Rio Nuevo Project, *Gregory Shelko*

Tucson Convention Center, *Richard Singer*

Tucson-Mexico Trade Office, *Augustine Garcia*

SUPPORT SERVICES

Agenda, *Joan Stauch*

Budget and Research, *Ned Zolman*

Finance, *J. Scott Douthitt*

General Services, *Ronald Lewis*
(effective September 7, 2004)

Human Resources, *Teri J. Traaen*

Information Technology, *Todd Sander*

Organizational Development, *Julie Edmonds-Mares*

Procurement, *Wayne A. Casper*

BIENNIAL BUDGET CALENDAR FISCAL YEARS 2005 AND 2006

Sequence of events in the budget-setting process for Fiscal Years 2005 and 2006.

September 15 through December 8, 2003	Prepare Five-Year Financial Projections
November 25 through December 5, 2003	Capital Budget – City Manager review with Deputy/Assistant City Managers, department directors and staff, and Budget and Research.
December 17, 2003 through January 16, 2004	Operating Budget – City Manager reviews department budget requests with Deputy/Assistant City Managers, and department directors.
January 29, 2004	Begin preparation of the recommended biennial budget document.
February 23, 2004	Submission of the City Manager's Proposed Five-Year Capital Improvement Program to Mayor and Council and Citizens Bond Project Oversight Committee Report.
March 15 and 22, 2004	Mayor and Council review and approve five-year capital improvement program.
April 2, 2004	Complete preparation of the recommended biennial budget document.
April 19, 2004	Submission of the City Manager's Fiscal Years 2005 and 2006 Recommended Biennial Budget to Mayor and Council.
April 26, 2004	Public Hearing on Fiscal Years 2005 and 2006 Recommended Biennial Budget.
May 10, 17, and 24, 2004	Mayor and Council study session for the purpose of discussing operating budget.
June 7, 2004	Mayor and Council wrap-up study session.
June 14, 2004	Mayor and Council study session to continue budget discussion.
June 14, 2004	Fiscal Year 2005 tentative budget adoption.
June 21, 2004	Truth in Taxation Hearing on primary property tax levy for Fiscal Year 2005.
June 21, 2004	Public Hearing on Fiscal Year 2005 tentative budget.
June 21, 2004	Special Mayor and Council meeting for the purpose of final budget adoption.
August 2, 2004	Adoption of Fiscal Year 2005 property tax levies.

HOW TO USE THIS BUDGET

This document guide outlines the City of Tucson's Fiscal Years 2005 and 2006 Adopted Biennial Budget, which is contained in three volumes. Copies of the budget are available at all branches of the Tucson-Pima Public Library, the University of Arizona Main Library, Pima Community College libraries, the City Clerk's Office, and the Department of Budget and Research. In addition, the budget may be viewed on the City of Tucson web site at <http://www.cityoftucson.org/budget>. The web site also includes additional information on Outside Agencies: *Outside Agencies Recommended Biennial Budget, Fiscal Years 2005 & 2006*. Information may be obtained by calling the Department of Budget and Research at (520) 791-4551 or e-mailing the department at budget&research@tucsonaz.gov.

Presenting the budget in these volumes allows users to select the level of information that meets their needs. Volume I, the Adopted Budget Summary, provides summary level information. Volume II, the Adopted Budget Operating Detail, provides detailed information on staffing and city services. Volume III, the Approved Five-Year Capital Improvement Program, provides detailed information on capital projects. Following are descriptions of the contents in each volume.

Volume I

City Manager's Message - This section includes the letter from the city manager transmitting the biennial budget to the Mayor and Council and providing 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:

- Where the Money Goes
- Staffing
- Where the Money Comes From
- Citizen Impacts
- State Set Spending Limit

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.

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. Expenditure 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 Five-Year Capital Improvement Program with adjustments approved by Mayor and Council.

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.

Volume II

The Adopted Budget Operating Detail provides the detail for department budgets organized by service teams. Each department section includes a mission statement, an overview of the department, department highlights, Livable Tucson Goals, department financial and personnel resources, funding summaries, a summary of significant changes that compare the Fiscal Year 2004 Adopted to the Fiscal Year 2005 Adopted Budget and the Fiscal Year 2006 Approved Budget. Key measures of performance are included for the various programs within each department.

Appendix A: Position Resources by Classification - Appendix A presents, by department and division, the position resources for the Fiscal Year 2005 Adopted Budget and Fiscal Year 2006 Approved Budget, as well as the Fiscal Year 2004 Adopted and Estimated budgets, and Fiscal Year 2003 staffing. This section includes the detail by position and pay range for authorizations of both permanent and non-permanent classifications.

Appendix B: Financial Summary - Appendix B displays, by department and division, each organization's financial summary and character of expenditures (personal services, services, commodities, etc.). The information reflects the financial resources for the Fiscal Year 2005 Adopted Budget and Fiscal Year 2006 Approved Budget, as well as the Fiscal Year 2004 Adopted and Estimated budgets, and the Fiscal Year 2003 actual expenditures.

Volume III

The Proposed Five-Year Capital Improvement Program (CIP) contains the capital budget detail. This volume has two major sections: Overview and Department Programs.

Overview - The overview provides a description of the capital program and its impact on the community, including:

- Summary Tables
- Summary of Planned Expenditures and Funding
- Department Program Highlights
- Impact on the Operating Budget
- Summary of Unmet Capital Needs

Department Programs - In this section of the Approved CIP, each department's capital budget is presented. Within each department a program statement describes the highlights of the capital program, and the impact of the capital program on the operating budget are tabulated. There are project and funding summaries by major program area. The reader can find the individual project detail in this section. Each project is described, and funding sources, project costs, and other project information (such as start and end dates, ward locations) are presented.

**DISTINGUISHED
BUDGET PRESENTATION
AWARD**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Tucson
Arizona**

For the Biennium Beginning
July 1, 2002

President

Executive Director

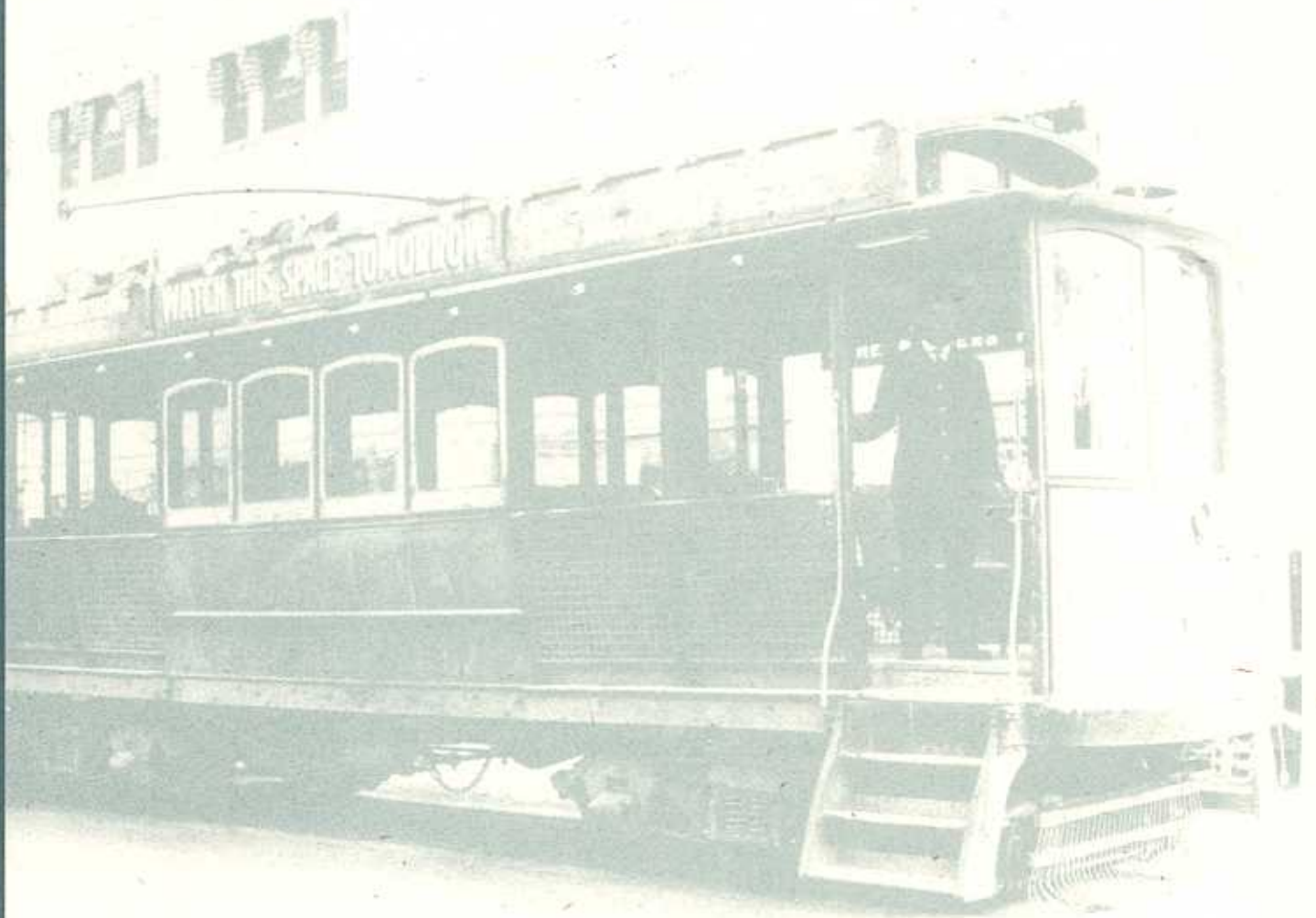
The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the City of Tucson for its Biennial Budget for the Fiscal Year beginning July 1, 2002 through June 30, 2004.

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





CITY OF TUCSON

OFFICE OF THE CITY MANAGER

July 1, 2004

Honorable Mayor and Council Members:

On June 21, 2004 the Mayor and Council adopted a Biennial Budget for Fiscal Years 2005 and 2006 that is hopeful, balanced for the next two years, and confronts the most pressing issues in our city. This is a budget that takes our problems seriously and moves the city forward.

Last year, the city faced one of the most challenging fiscal environments ever when the Mayor and Council had to solve a \$43 million budget deficit. It wasn't easy. In fact, looking back over the past three years, the city has been confronted with very difficult budgets each year. Over that period of time, we have made cuts and efficiency improvements that eliminated 282 jobs and saved \$100 million. While we've been making these cuts, Tucson has continued to grow at a rapid pace. Our city added more than 20,000 citizens over this short time frame, the equivalent of adding a community roughly the size of Prescott Valley or Casa Grande.

This budget situation is not new to any of us. The city has had budget woes for as long as anyone can remember. In fact, we're almost fond of saying that we always have budget problems in Tucson. Council members have said that city managers sound the budget alarm every year, and in the end the budget is balanced and everything is fine. It is true that we balance the budget every year. State law requires that we do so. But everything is far from fine.

The way we have gone about balancing budgets has resulted in a long-term pattern of avoiding the *structural deficit* in the city's budget. A structural deficit is defined as an established imbalance between revenues or income and expenditures or needs. Simply balancing the budget each year does not resolve the structural deficit. Instead, it has led to decaying infrastructure and a decline in the quality of city services that influence our quality of life.

Further aggravating our structural deficit is our city's continued growth. For example, during the same three-year period that we cut 282 positions, we had to find more than \$4 million in General Funds for 104 police officer positions when funding from the Federal COPS Universal Hiring Program grant ended. We also added 51 positions when new capital projects were completed, including fire stations and recreation centers.

We can't continue to meet the needs of our growing community simply by cutting and reallocating our resources. We have to change our approach.

The Mayor and Council have expressed concerns about fighting crime and the importance of public safety. You have spoken about potholes and failing roads; of areas under-served by transit; and citizens without transportation to work or medical services. You have said you want to help neighborhoods with their mounting problems, including vacant and abandoned buildings and a lack of sidewalks. You want us to improve code enforcement and staff response to neighborhood issues. You have worried about the condition of our parks, availability of recreation programs, and the opportunity for our youth and those in need to enjoy those programs.

The biennial budget you've adopted eliminates the projected \$26 million General Fund deficit for Fiscal Year 2005, and also is balanced for Fiscal Year 2006. It adds funding for a series of critical initiatives to improve the standard of fundamental city services and to concentrate on improving our quality of life. The budget for Fiscal Year 2005 totals \$1.032 billion, an increase of \$74.5 million over the Fiscal Year 2004 budget. The General Fund portion of that increase is \$33.3 million.

In Fiscal Year 2006, the budget will decrease \$113.8 million, to \$918.5 million. This decline reflects a decrease in the capital budget due to the completion of bond and federal-grant projects funded in Fiscal Year 2005.

Moving Forward: Investing in Community

This budget funds a series of initiatives, to begin July 1, that concentrate on our city's most pressing needs as expressed by you and our community.

The budget will allow us to hire 71 police officers and add related staff in Fiscal Year 2005. We will add another 23 officers in Fiscal Year 2006. This will bring our funded police officer staffing to 1,024, moving us forward in a five-year plan to bring our department staffing to the median of comparable cities in the nation. This will cost \$7.5 million over two years.

Two new fire stations will be opened – Station 20 at First Avenue and River Road, and Station 21 at Tanque Verde and Bear Canyon roads – with 35 fire personnel. Another \$1 million is included to recruit and train new firefighters, and \$520,000 to improve paramedic and hazardous materials response and to re-establish more proactive fire safety inspections. In Fiscal Year 2006, a new ladder company with 14 firefighters and a medic company with seven personnel will be added. The Tucson Fire additions will cost \$7.2 million through Fiscal Year 2006.

Highway User Revenue Funds (HURF) are falling short of our growing needs, and we will have depleted all our HURF reserves by next year. It also has been 20 years since the city had a meaningful street-repair and resurfacing program. Therefore, this year's budget provides \$20 million in General Funds to begin repairing city streets. An additional \$5 million is included for sidewalks, landscaping, and street lighting. This \$25 million is a one-time investment funded with certificates of participation.

With this funding, we can resurface approximately 200 lane miles of major roadways; one of the immediate needs in our city. This represents 10 to 15 percent of our major street miles. If we could maintain this level of funding over the next 10 years we could resurface all major streets in the city. We still need to find solutions to meet this long-term need and to repair neighborhood streets. I have asked staff to research and prepare options for future Mayor and Council consideration.

You have also been concerned about the deterioration of our parks and community recreation facilities by reinvesting in maintenance. This budget adds 36 positions to open and staff new facilities, including the adaptive recreation center, that are being built with bond funds. Parks and Recreation fee increases will generate \$600,000 in additional revenues this year, but a \$400,000 recreation fee scholarship fund for low-income youth and seniors has been budgeted to ensure every citizen continues to have access to our programs. We also have changed eligibility guidelines and qualification processes to be very simple and easy to meet. The Parks and Recreation initiatives total \$4.1 million.

We continue to expand our Van Tran service to provide transit assistance to our citizens with special needs. A total of \$2.6 million is budgeted in Fiscal Year 2005, including \$1.4 million in federal funds.

Library service improvements totaling approximately \$1.3 million recommended for Fiscal Year 2005 were not adopted due to Pima County's decision not to fully fund the Library system. The city will work with the county during Fiscal Year 2005 to achieve full funding by Fiscal Year 2006 from the Pima County Library District tax.

This budget adds staff in Development Services to address two pressing development issues. The first is to provide greater inspection and monitoring of storm water retention basins. The second is to provide faster inspection and release of private improvement agreements, which the Southern Arizona Homebuilders Association and the development community have been requesting from the city. New fees cover these costs.

In Environmental Services, \$3.7 million in funding is added to improve groundwater protection efforts, to add staff due to growth in residential refuse collection service, to improve customer service, and to cover rising fuel and vehicle maintenance costs. A \$600,000 assistance fund has been added for customers that are unable to pay the new residential refuse fee.

To deal more effectively with abandoned buildings and code enforcement in neighborhoods, an issue that you raised in this year's Mayor and Council retreats, \$500,000 has been included in the budget. This will provide continued funding for the SABER program.

Funding has been included to support the approved compensation plan and to cover the city's portion of the 8.4 percent increase in health care costs and other employee benefit contributions. We were able to negotiate the lowest increase in our health care program costs in several years.

Fund balances and reserves in the General Fund are alarmingly low having been drawn down in recent years to help balance the budget. Our undesignated fund balance was \$3.5 million at the end of Fiscal Year 2003. The Mayor and Council's policy is to move the strategic reserve/undesignated fund balance to 7.5 percent of the General Fund, which still is lower than many other local governments. Presently it is at less than 1 percent. This budget transfers the designated environmental reserve of approximately \$18 million to the undesignated fund balance as well as \$7.3 million from the Qwest settlement. In the second year of this biennial budget, our undesignated fund balance should reach the 7.5 percent figure. Without making these changes in our reserves, I believe the city's current good bond rating will be in jeopardy.

Revenue Diversification for Reinvestment

We can't close the budget gap and begin reinvesting in our community without first diversifying our revenue base. Our revenues currently are limited primarily to the city sales tax and State shared revenues, both of which have been in trouble over the past few years.

Our options are limited. Some improvement in the economy is helping, and our sales tax revenues are now growing at a rate of 5 percent. State sales and income tax revenues are projected to increase 6.7 percent. Even so, the increase in the city sales tax provides only \$8.4 million, and the State sales and income tax distributions bring in only another \$5.9 million. As recommended by the Citizen Finance and Service Review Committee and acknowledged by Council Members for some time, we must diversify our tax base. New revenue must be added. We have only a few choices due to our charter and State law.

An increase in the primary property tax rate is adopted for Fiscal Year 2005, but because of a decline in our secondary rate, the combined rate increase is only 2.8 cents per \$100 of assessed valuation per year. This still keeps the city's primary property tax rate among the lowest in the state and only about 8.5 percent of the Pima County primary rate.

Miscellaneous fee increases in Development Services, City Court, Parks and Recreation, and for fire safety inspections add about \$2.7 million, with the largest increase in Development Services.

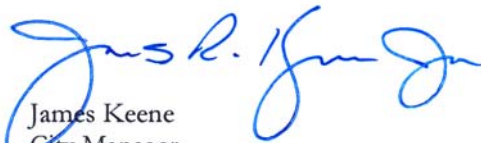
The budget also converts funding of Environmental Services from the General Fund to a fee-for-service enterprise operation. This is the largest existing city service area that we truly can “run like a business.” We are long overdue in making this change and directly charging all consumers for the true costs of garbage pick-up and disposal. The adopted budget establishes a fee of \$12 per month for residential refuse collection. With the existing brush-and-bulky fee of \$2, this will place the city’s total charge for these services at \$14 per month. This is a very competitive rate in comparison to other cities across the state and the west.

The recommended budget proposed eliminating the double-taxation of city residents for library services by asking the Pima County Library District to fully fund library services for city residents. Residents in unincorporated Pima County already enjoy this benefit. This measure would have provided \$9.7 million and freed up General Funds to be used for the many reinvestment initiatives in this budget. Because Pima County did not support this proposal for Fiscal Year 2005, it was not included in the Fiscal Year 2005 adopted budget. However, the Fiscal Year 2006 budget anticipates full funding from the Pima County Library District tax. If this does not happen, a significant shortfall in Library funding and the city budget will again occur.

Conclusion

The adopted budget funds a \$55 million increase in city spending for more police officers, firefighters and paramedics; to begin long-awaited repairs of city streets; to build sidewalks in key parts of the city where people today can’t walk safely; to better maintain our existing parks; and to support residents in their fight to beautify, clean up, and improve their neighborhoods. As the elected representatives of the city, you had to make very difficult decisions in adopting this budget. You’ve made the clear choice to take this city to a better, cleaner, safer, and more livable community.

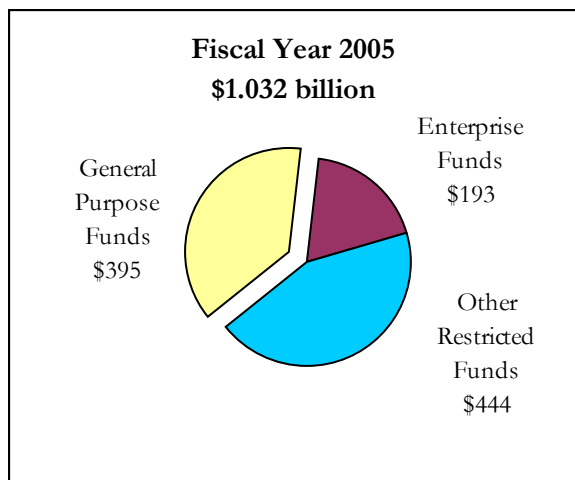
Respectfully Submitted,



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 Years 2005 and 2006, the recommended biennial budget was submitted to the Mayor and Council on April 19 and adopted on June 21.



The following overview is focused on the Fiscal Year 2005 Adopted Budget, which totals just over \$1 billion. Approximately 62% of this budget is for enterprise funds (\$193 million) and other restricted funds (\$444 million) such as state and federal grants as well as voter approved bonds and other financing. The remaining 38%, or \$395 million, is from general purpose funds. The total increase over Fiscal Year 2004 of \$74.5 million includes \$33.3 million in general purpose funds. Much of the increase is for a series of initiatives to invest in Tucson and reverse a steady decline in the quality of our community resulting from years of budget reductions. These initiatives and revenues to pay for them are summarized on the next page.

The Fiscal Year 2006 budget totals \$918.5 million, a decrease of \$113.8 million. This decrease is driven by the completion of capital projects in Fiscal Year 2005 (\$125.5 million). The operating budget is increasing \$11.7 million, which at 1.5%, is less than the increase required to meet population growth and inflation.

Total Budget (\$ millions)					
	FY 2004	FY 2005		FY 2006	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Budget</u>	<u>Change</u>
General Purpose Funds	\$361.6	\$394.9	\$33.3	\$409.8	\$14.9
Enterprise Funds	182.9	193.3	10.4	192.5	(0.8)
Other Restricted Funds	413.3	444.1	30.8	316.2	(127.9)
Total	957.8	1,032.3	74.5	918.5	(113.8)
Operating	\$696.1	\$783.7	87.6	795.4	11.7
Capital	261.7	248.6	(13.1)	123.1	(125.5)
Total	957.8	1,032.3	74.5	918.5	(113.8)

Note: Beginning in Fiscal Year 2005, the Environmental Services Department is included in the Enterprise Fund category instead of General Purpose Funds, however, in this overview, Fiscal Year 2004 has been revised to reflect that move.

Investing in the Community

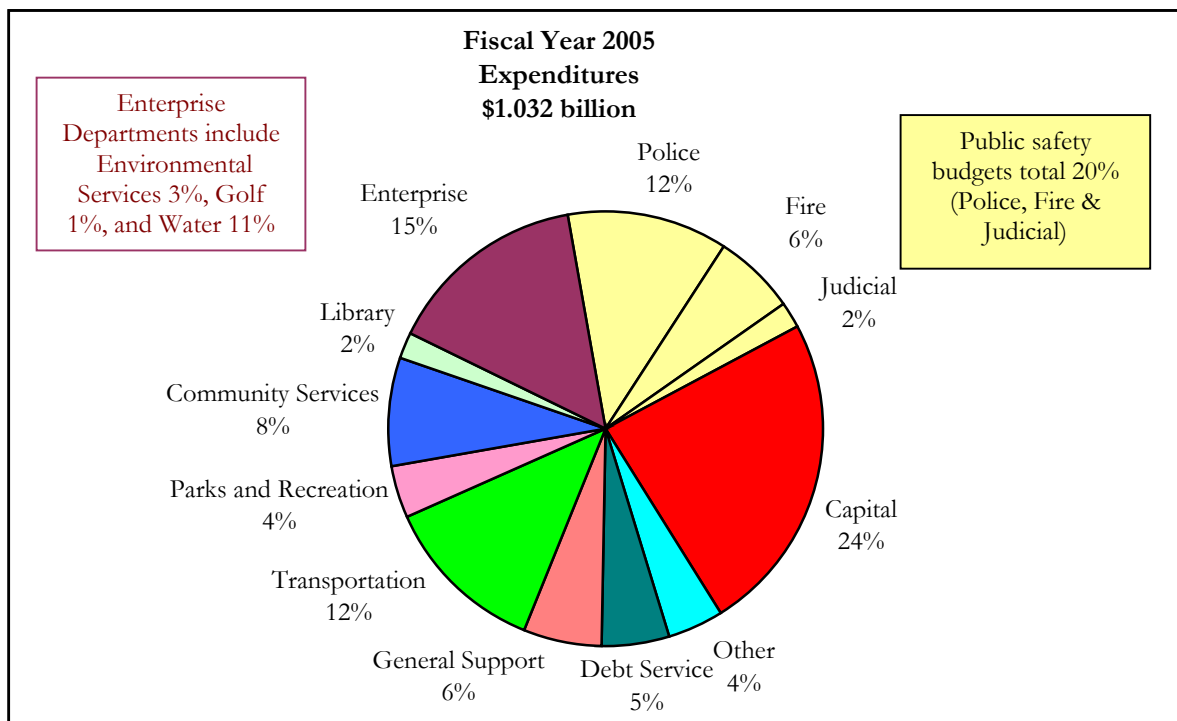
Significant Initiatives:		How to Pay for Them:	
	<u>\$Millions</u>		<u>\$Millions</u>
To hire 71 police officers and fund support staff and related costs	5.1	Primary property tax rate increase -	3.8
To compete for and retain public safety personnel through compensation and benefit increases	8.1	2.8 cent combined tax rate increase	
To open two new fire stations with 35 firefighters and fund increased fire safety inspections and other fire support with 5 positions	2.8	New or increased fees and fines:	
To resurface 40 miles of city streets	20.0	Court fines	0.4
For new sidewalks, landscaping and street lighting	5.0	Fire safety inspections	0.4
To open new Parks and Recreation facilities with 45 positions and increase maintenance at existing facilities. Includes \$0.4 million to ensure equitable access to services	4.1	Parks and Recreation fees	0.6
To improve Van Tran service	2.6	Development fees	1.3
In response to development demands and to add stormwater retention basin management and private improvement agreements programs	1.3	Environmental Services Fee	18.2
To improve groundwater protection, expand residential refuse services, and enhance customer service - \$0.6 million assistance fund added	4.3	Certificates of Participation for resurfacing streets, sidewalks, landscaping, and street lighting	25.0
To expand neighborhood initiatives to deal with abandoned buildings and provide a stronger neighborhood service focus	0.5	Lease purchases and other funding	5.5
To support public services through technology investments including continued funding of Business LINC	1.4		
Total	<u>\$ 55.2</u>	Total	<u>\$ 55.2</u>

This Budget Overview, which summarizes the adopted biennial budget, is organized into four sections:

- ◆ Where the Money Goes – Adopted Expenditure Budget and Staffing
- ◆ Where the Money Comes From – Estimated Revenues Sources
- ◆ Citizen Impacts
- ◆ State Set Spending Limit

WHERE THE MONEY GOES

The City budget funds a broad range of services. Some departments are self-supporting and are included in the Enterprise group. As a group, Enterprise departments make up 15% of the city budget. Public Safety, consisting of Police, Fire, and Judicial departments make up 20%. The four largest departments providing other direct services to the community (Parks and Recreation, Transportation, Community Services, and Library) use 26% of the budget. The Capital budget for all departments makes up 24% and other departments including general support and debt service make up the remaining 15%.



Expenditure Changes

Expenditures (\$ millions)					
	FY 2004	FY 2005		FY 2006	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Budget</u>	<u>Change</u>
Public Safety					
Police	\$118.7	\$128.0	\$9.3	\$135.6	\$7.6
Fire	47.9	56.9	9.0	62.1	5.2
Judicial	19.2	20.2	1.0	21.3	1.1
Public Safety Sub-Total	185.8	205.1	19.3	219.0	13.9
Enterprise Operations					
Environmental Services	27.4	32.1	4.7	35.9	3.8
Golf	10.1	10.7	0.6	11.0	0.3
Water	111.3	114.6	3.3	118.6	4.0
Enterprise Sub-Total	148.8	157.4	8.6	165.5	8.1
Other Operating Departments					
Transportation	91.4	121.0	29.6	96.0	(25.0)
Community Services	66.7	82.1	15.4	78.4	(3.7)
Library	19.8	20.4	0.6	23.5	3.1
Parks and Recreation	38.5	44.4	5.9	46.4	2.0
General Support*	52.2	60.8	8.6	65.0	4.2
Debt Service	52.4	48.2	(4.2)	57.4	9.2
Other	40.5	44.3	3.8	44.2	(0.1)
Other Operating Sub-Total	361.5	421.2	59.7	410.9	(10.3)
Operating Budget Total	696.1	783.7	87.6	795.4	11.7
Capital Budget	261.7	248.6	(13.1)	123.1	(125.5)
Total	\$957.8	\$1,032.3	\$74.5	\$918.5	(\$113.8)

* Includes City Clerk Elections which decreases or increases \$1 to \$2 million depending on election year.

Changes by department or department category, from Fiscal Year 2004 to Fiscal Year 2005, are briefly noted below. Generally, department changes are a combination of new budget initiatives and funding to ensure the recruitment and retention of employees, including merit-based raises, market-based compensation adjustments (2.8% for Police and Fire officers and 2% for all other personnel), coverage for health insurance and pension increases. Many departments were increased through a transfer of budget allocations from the General Services department with no increase to the overall budget. In addition, \$2.9 million was added to the budget in response to higher fuel prices. Because these and other general operating cost increases impact all departments, they are not discussed for each individual department in this section. Additional information on department budgets can be found in Volume II, *Adopted Biennial Budget Operating Detail, Fiscal Years 2005 and 2006*.

Operating Budget Changes

Police. The department's \$9.3 million increase is primarily to ensure funding for a police force of 1,001 officers by the end of Fiscal Year 2005. This includes hiring 71 officers during the fiscal year in addition to 13 support staff in the areas of evidence, crime lab, and identification. In addition, funding is added to compete for and retain officers through increases in compensation and benefits. Maintaining recent gains in police technology requires an investment of \$0.7 million. In Fiscal Year 2006, an additional 23 officers will be funded with nine support staff in a continuing response to growing community demand for public safety at a cost of \$2.4 million. Full-year funding of new positions budgeted in Fiscal Year 2005 adds \$1.1 million in Fiscal Year 2006.

Fire. Fire's increase of \$9.0 million includes various efforts to improve emergency response capabilities. Partial year funding for two new fire stations adds 35 Fire personnel at a cost of \$1.3 million. As with Police, funding is added to compete for and retain officers through increases in compensation and benefits. In addition, \$1 million is added to recruit and train new firefighters. Funding of \$0.5 million has also been included to improve paramedic and hazardous materials response and to increase fire safety inspections. Certificates of Participation of \$1.7 million will be used to replace aging fire apparatus. In Fiscal Year 2006, a new ladder company with 14 personnel and a medic company with 7 personnel will be funded at \$1.2 million, fire safety inspections will continue to expand with 4 personnel costing \$0.3 million, and full year funding of the new fire stations adds \$1.7 million. Other operational costs make up the remainder of the increase from Fiscal Year 2005.

Judicial. This category includes City Court, City Attorney, and Office of the Public Defender. The \$1.0 million increase for this group is in part to support the increase in Police officers. Increased caseloads require additional staff in all three departments.

Environmental Services. Beginning in Fiscal Year 2005, Environmental Services will become a self-funded enterprise department. This results in accounting changes such as the transfer of \$3.0 million in debt service from the Debt Service budget. The cost of operating an aging fleet, including higher fuel costs, required the addition of \$1.5 million in the residential program. Expanding residential services and groundwater protection efforts add \$1.8 million. Commercial operations require an additional \$0.9 million for containers and fleet maintenance. Because of the delay in starting the residential refuse fee, \$1.7 million will be transferred to the general fund to offset the lost revenue in Fiscal Year 2005 only. The Fiscal Year 2006 increase includes additional debt service for capital projects and equipment acquisitions.

Golf. The \$0.6 million increase to the Golf budget is primarily for personnel costs and transfers from the General Services Department. The Fiscal Year 2006 increase is also for personnel costs.

Water. The \$3.3 million increase to the Water budget includes an increase of \$0.9 million for natural gas prices and \$0.5 million for Central Arizona Project water purchases. Testing and reporting mandates require the addition of \$0.4 million. Fiscal Year 2006 increases include additional CAP water purchases and debt service.

Transportation. The department's budget increase of \$29.6 million is primarily due to a series of initiatives. The largest component is the \$20 million initiative to resurface streets that are in critically poor condition. An additional \$5 million will be invested in new sidewalks, landscaping, and street lighting throughout the city. Both of these initiatives will be funded with certificates of participation in Fiscal Year 2005. Van Tran service will continue to expand at a cost of \$2.6 million. Funding for areas such as traffic safety in work zones, stormwater quality mandates, and residential parking enforcement total \$0.8 million. These increases are partially offset by decreases in federal funds. Fiscal Year 2006 reflects a decrease of \$25 million due to the completion of one-time funding for street-resurfacing, sidewalk, landscaping, and street lighting programs in Fiscal Year 2005.

Community Services. The Community Services budget is primarily driven by federal funding opportunities. Major increases in Fiscal Year 2005 include \$11 million in HOPE VI grants and \$4.2 million for Section 8. The Fiscal Year 2006 decrease of \$3.7 million reflects the completion of federally funded projects.

Library. The department's increase of \$0.6 is primarily for personnel costs. The Fiscal Year 2006 increase of \$3.1 million reflects an effort to increase the level and quality of service through expanded hours, replacing old furniture and computers, purchasing new books, and opening the Quincie Douglas Library and the Midtown Library and Learning Center. The Fiscal Year 2006 increase will require full funding of library services from the Pima County Library District tax.

Parks and Recreation. The department's increase of \$5.9 million is primarily due to the initiatives to improve recreational opportunities to the public. Opening new and expanded facilities will require \$1.6 million annually, while maintaining existing facilities and replacing old equipment and furniture requires \$2.1 million. In addition a \$0.4 million fund is included to provide equitable access to Parks and Recreation services. More than \$1.1 million will be added to open new facilities as part of the \$2.0 million increase in Fiscal Year 2006.

General Support. This category includes the City Manager's Office, City Clerk, the Office of Equal Opportunity Programs and Independent Police Review, and support services departments: Budget, Finance, Human Resources, Information Technology, General Services, and Procurement. The major increase is the addition of \$9.7 million in Certificates of Participation for fleet replacement. Offsetting this increase is \$1.3 million in general purpose fund decreases primarily in the City Clerk's office where the cost of elections is not required since Fiscal Year 2005 is not an election year. Fiscal Year 2006 includes funding for an election as well as \$1.75 million to upgrade the financial software required for collecting and reporting city revenues.

Debt Service. The decrease in the Fiscal Year 2005 budget is due to postponed projects funded through the Highway Expansion and Extension Loan Program and refinancing of outstanding general obligation bonds. Fiscal Year 2006 increases are based on new bond sales and full year debt service on Fiscal Year 2005 financing.

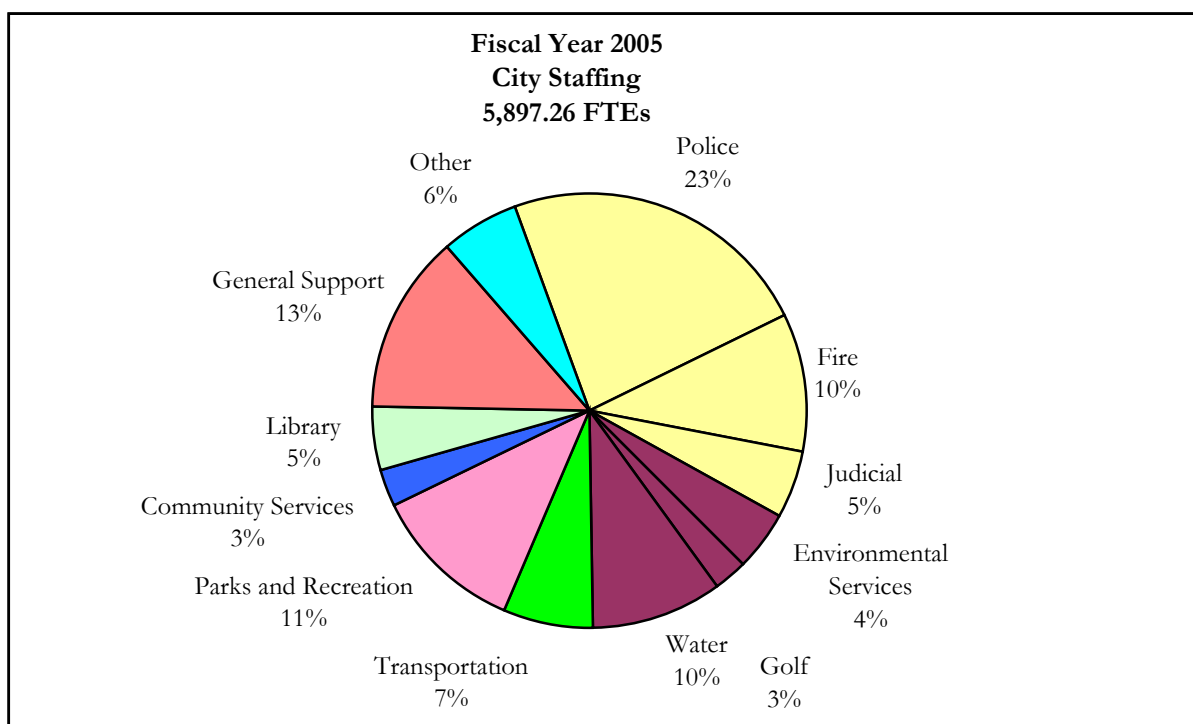
Other. All remaining departments and offices are included in this category: Mayor and Council, Development Services, Urban Planning and Design, Neighborhood Resources, Economic Development, Tucson Convention Center, Zoning Examiner, Tucson-Mexico Trade Office, Intergovernmental Relations, Outside Agencies, and General Expense. This category's budget increased by \$3.8 million. Responding to growth in the community will require the addition of \$1.3 million for Development Services to meet current customer service demand (to be covered by developer fees) and \$0.5 million for neighborhood initiatives. The cost of lost revenue from delaying the start of the residential refuse fee is charged to General Expense, \$1.7 million. Continuing efforts in response to community growth in Fiscal Year 2006 is offset by a \$1.7 million reduction in General Expense as the one time charge for the residential refuse fee delay will not be required in Fiscal Year 2006.

Capital Budget Changes

The capital program is driven by project schedules, resulting in a net decrease of \$13.1 million in Fiscal Year 2005. Fiscal Years 2005 and 2006 reflect the completion of substantially all voter authorized bond projects as well as federally funded projects. These decreases are in part offset by increases in other debt financing such as certificates of participation and non-federal grants. The Fiscal Year 2006 capital program decreases an additional \$125.5 million.

Staffing

The number of city employees in the adopted budget for Fiscal Year 2005 totals 5,897.26, an increase of 136.75 full-time equivalent (FTE) positions from Fiscal Year 2004. The increase in positions is primarily due to the major initiatives identified on page A-7.



Staffing Changes

City Staffing (full-time equivalents)					
	FY 2004	FY 2005		FY 2006	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Budget</u>	<u>Change</u>
Public Safety					
Police	1,353.50	1,373.50	20.00 *	1,405.50	32.00
Fire	572.00	612.00	40.00	637.00	25.00
Judicial	275.80	283.30	7.50	283.30	-
Public Safety Sub-Total	2,201.30	2,268.80	67.50	2,325.80	57.00
Enterprise Departments					
Environmental Services	252.00	263.00	11.00	263.00	-
Golf	154.75	154.75	-	154.75	-
Water	589.00	576.00	(13.00)	570.00	(6.00)
Enterprise Sub-Total	995.75	993.75	(2.00)	987.75	(6.00)
Other Operating Departments					
Transportation	393.50	398.00	4.50	398.00	-
Community Services	153.00	153.00	-	153.00	-
Library	286.75	282.75	(4.00)	305.25	22.50
Parks and Recreation	633.75	669.75	36.00	694.00	24.25
General Support**	787.46	784.96	(2.50)	805.46	20.50
Other	309.00	346.25	37.25	346.25	-
Other Operating Sub-Total	2,563.46	2,634.71	71.25	2,701.96	67.25
Total	5,760.51	5,897.26	136.75	6,015.51	118.25

* Seventy-one officers will be hired in Fiscal Year 2005 as the result of increased funding.

** Includes City Clerk Elections which decreases or increases 20.5 FTEs depending on election year.

The changes in positions by department or department category, from Fiscal Year 2004 to Fiscal Year 2005 Adopted Budget, are briefly noted below. For more detail, see the individual department pages in Volume II, *Adopted Biennial Budget Operating Detail, Fiscal Years 2005 and 2006*.

Police. The increase in this department for both Fiscal Years 2005 and 2006 is driven by the need to increase the number of Police officers as well as support staff. In Fiscal Year 2005, five officers will be added to the number of adopted positions, however, the department will be able to hire 71 officers over the number of officers funded in Fiscal Year 2004. An additional 23 officers will be added in Fiscal Year 2006. Fifteen support staff will be added in Fiscal Year 2005 and nine in Fiscal Year 2006.

Fire. During Fiscal Year 2005, two fire stations will be opened and require 35 commissioned fire personnel. In Fiscal Year 2006, a ladder company will be added with 14 personnel and a medic company with seven positions. In addition, a technology position will be added in Fiscal Year 2005, and four inspectors will be added in both Fiscal Years 2005 and 2006.

Judicial. Judicial staffing is increasing in response to the number of cases, driven in part by the increase in Police officers. Four positions are included in City Court, 2.5 positions in Public Defender, and one position in City Attorney.

Environmental Services. Expanding residential services will add 8 positions, including customer service staff, and three positions will be added for environmental work at landfills.

Tucson Water. The maintenance management program will allow for the reduction of 13 staff in Fiscal Year 2005 and an additional 6 in Fiscal Year 2006.

Transportation. In support of the street resurfacing, landscaping, and sidewalk initiatives, and other street maintenance, 13.5 positions are added in Fiscal Year 2005. This increase is offset by a net reduction of nine positions due to the transfer of the real estate function to the General Services Department (16 FTEs) and the addition of seven positions to expand residential parking enforcement. An additional position is included in Fiscal Year 2006 for Traffic Engineering.

Library. Automated checkout systems will allow for the reduction of 4 positions in Fiscal Year 2005. Increases in Fiscal Year 2006 are based on full funding of the library system by the Pima County Library District Tax. This will fund expanded services through increased library hours and related services, 10.5 positions, and opening the new Quincie Douglas Center Library, 10 positions, and the Midtown Library and Learning Center, 5 positions. A reduction of 3 positions in Fiscal Year 2006 is anticipated from the continued implementation of the automated checkout systems.

Parks and Recreation. Opening new facilities and parks will require an additional 36 positions in Fiscal Year 2005 and 24.25 in Fiscal Year 2006. Fiscal Year 2005 additions include 21 positions for the new Adaptive Recreation Center, 5 positions for the Udall Center Senior Expansion, 6.5 maintenance workers for new or expanded facilities, and 3.5 positions for expanded programs. The 24.25 positions added in Fiscal Year 2006 are to staff and maintain expansions of the El Pueblo Center and the Lincoln Park/William Clements Center, and for the new Quincie Douglas Center Pool.

General Support. This category includes the City Manager's Office, City Clerk, the Office of Equal Opportunity Programs and Independent Police Review and support services departments: Budget, Finance, Human Resources, Information Technology, General Services, and Procurement. Because Fiscal Year 2005 is not an election year, 20.5 non-permanent election FTEs are not budgeted in City Clerk, however, those same FTEs are added back in Fiscal Year 2006. Various positions in Finance, Human Resources, and General Services were added, including the transfer of real estate functions from Transportation.

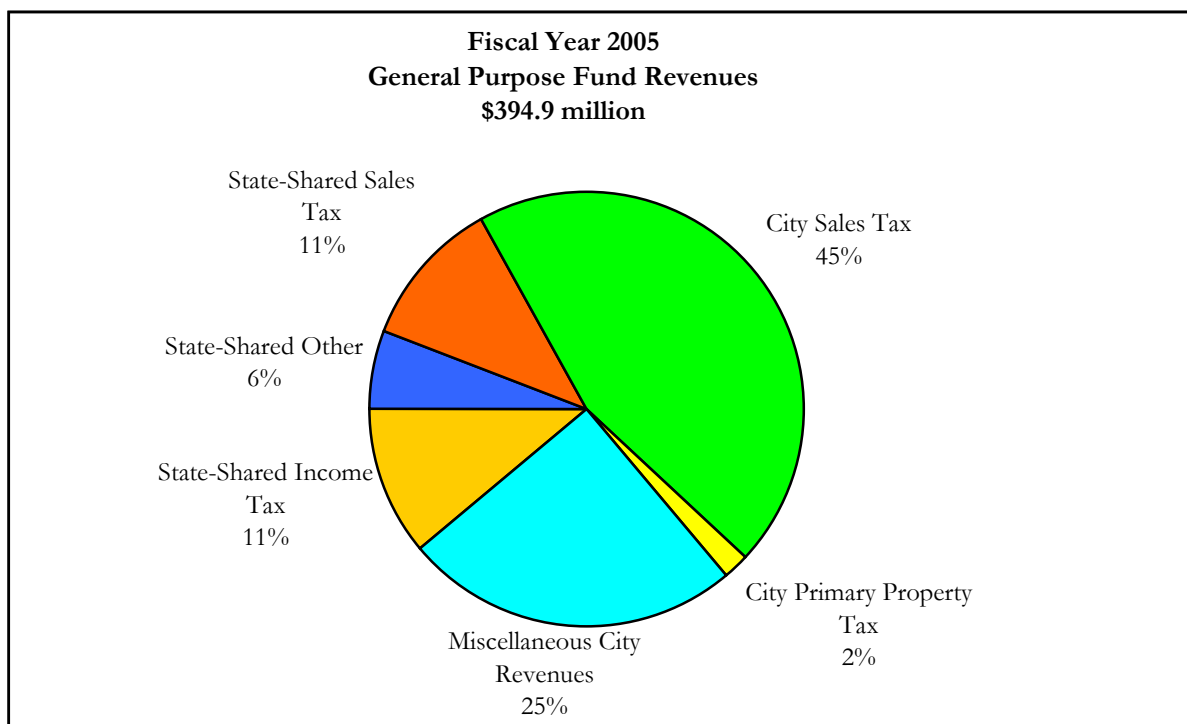
Other. All remaining departments and offices are included in this category: Mayor and Council, Development Services, Urban Planning and Design, Neighborhood Resources, Economic Development, Tucson Convention Center, Zoning Examiner, Tucson-Mexico Trade Office, Intergovernmental Relations, Outside Agencies, General Expense. In response to customer demands, 20 positions will be added to Development Services, including the new Private Improvement Agreement and the Stormwater Retention Basin Management programs. Strategic Initiatives will add 14.5 positions either funded with grants or special revenues. One position will be added in each of Urban Planning and Design and Neighborhood Resources in support of existing programs.

WHERE THE MONEY COMES FROM

There are three major revenue groups in the city budget: 1) General Purpose Funds, 2) restricted Enterprise Funds, and 3) Other Restricted Funds. This section of the overview will first discuss General Purpose Fund revenues, followed by the Restricted Funds, including Enterprise Funds.

General Purpose Fund Revenues

General Purpose Funds include revenues 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, and parks and recreational opportunities. Revenues that can be used for general purposes come either from city-generated revenue or state-shared revenue. In Fiscal Year 2005, close to half of all general purpose funds will come from the city's 2% sales tax with an additional 28% from state-shared revenues such as the state's 5.6% sales tax and income taxes. The 25% in Miscellaneous City Revenues consist of local taxes and fees. The Primary Property Tax only provides 2% of the general purpose funds budget.



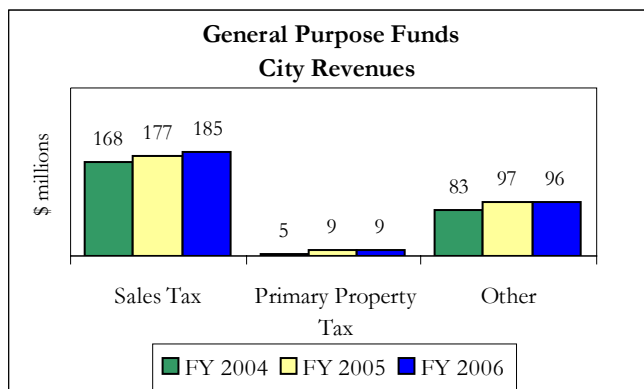
The Fiscal Year 2005 budget includes a number of revenue increases required to pay for the new initiatives to increase investment in the community. The major changes are summarized in the following table and discussion.

Revenue Changes – General Purpose Funds

General Purpose Fund Revenues (\$ millions)					
	FY 2004	FY 2005		FY 2006	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Budget</u>	<u>Change</u>
State-Shared Revenues:					
Income Tax	\$43.4	\$44.9	\$1.5	\$49.2	\$4.3
Sales Tax	38.8	43.2	4.4	45.3	2.1
Other	23.0	24.0	1.0	25.0	1.0
State-Shared Sub-Total	105.2	112.1	6.9	119.5	7.4
City Revenues:					
Sales Tax	168.2	176.6	8.4	185.4	8.8
Primary Property Tax	4.9	8.8	3.9	9.2	0.4
Other	83.3	97.4	14.1	95.7	(1.7)
City Sub-Total	256.4	282.8	26.4	290.3	7.5
Total	\$361.6	\$394.9	\$33.3	\$409.8	\$14.9

In general, the projected revenues for both Fiscal Years 2005 and 2006 anticipate continued economic growth. Revenues proposed to pay for the new investment initiatives were outlined on page A-7. Additional information is available in Section E, Summary Information, in this volume.

City Revenues City-generated revenues account for 72% of the General Purpose Funds budget. The total of \$282.8 million for the Fiscal Year 2005 is an increase of \$26.4 million.

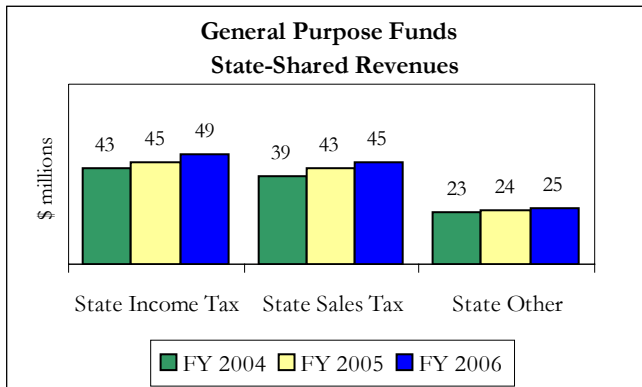


The city's sales tax is highly dependent on the local economy and is projected to grow 5% in Fiscal Year 2005. The adopted budget includes \$176.6 million from city sales taxes, an increase of \$8.4 million.

The adopted budget for Fiscal Year 2005 also includes an increase in the primary property tax to the maximum of \$8.8 million. This increase will bring in \$3.8 million with an additional \$0.1 million due to higher property values.

The remaining \$14.1 million increase is primarily the result of reduced contributions of approximately \$16 million to the Environmental Services funds, increased revenues from other taxes and fees due economic growth, and increased charges for services. User charges will increase \$2.7 million, including \$1.3 million for Development Service programs, \$0.4 million for fire safety inspections, \$0.4 million from City Court fines, and \$0.6 million from Parks and Recreation fees. The increase in Parks and Recreation fees maintains an approximate 13% coverage for operations compared to a national average of about 30%. These increases are offset by reductions in carryforward and other uses of fund balances.

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. For Fiscal Year 2005, state-shared revenues are projected at \$112.1 million, an increase of \$6.9 million.

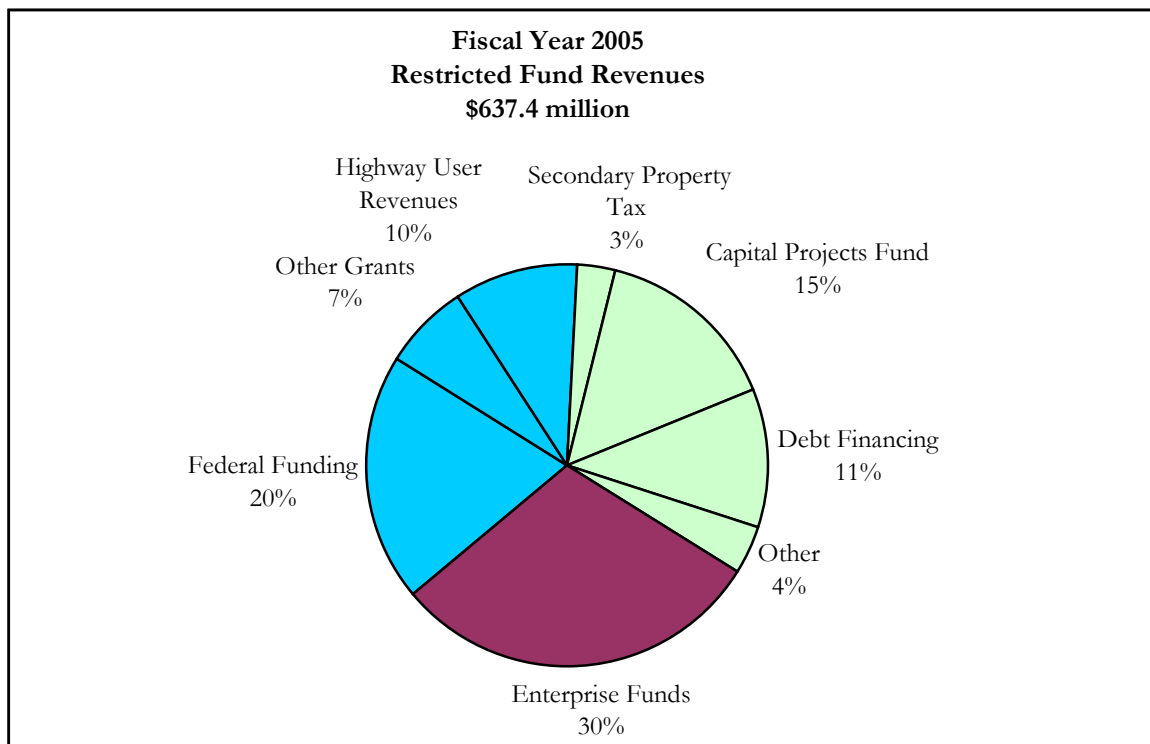


State income tax distributions for Fiscal Year 2005 are based on collections in 2003, which did not benefit from a significant recovery, increased approximately 2%. In addition, the distribution formula was adjusted to 15% from 14.8%, resulting in a \$0.6 million increase. Fiscal Year 2006 income tax distributions are projected to grow \$4.3 million.

State sales taxes on the other hand will be based on Fiscal Year 2005 collections, which the state has projected to be 11% higher than adopted in Fiscal Year 2004, an increase of \$4.4 million. This is a combination of higher collections in Fiscal Year 2004 than projected in the adopted budget of \$1.2 million and an additional \$3.2 million based on 8% economic growth rate. Fiscal Year 2006 distributions are expected to increase 5%. The auto lieu tax is projected to grow 4% or \$1.1 million, with an additional 4% anticipated for Fiscal Year 2006. Distributions from the State lottery are down slightly.

Restricted Fund Revenues

Restricted fund revenues are fairly evenly divided between (1) grants and shared revenues and contributions from other state and local governments; (2) self supporting enterprise funds; and (3) city revenues that are collected for a specific purpose, certificates of participation and other debt financing, and reserves set aside for a particular requirement.



In Fiscal Year 2005, the restricted funds revenues total \$637.4 million, a \$41.2 million increase over Fiscal Year 2004. Fiscal Year 2006 funding will decrease \$128.7 million as programs and projects funded from these restricted sources are completed. As grants and other funds become available in the future, they will be added to the budget, however, until those funds are awarded, they are not reflected in the Fiscal Year 2005 or Fiscal Year 2006 budgets.

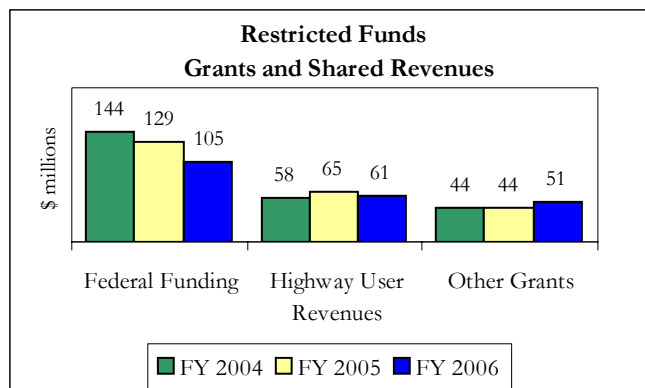
Revenue Changes – Restricted Funds Budget

Restricted Fund Revenues (\$ millions)					
	FY 2004	FY 2005		FY 2006	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Budget</u>	<u>Change</u>
Grants and Shared Revenues:					
Federal Funding	\$143.5	\$129.4	(\$14.1)	\$104.5	(\$24.9)
Highway User Revenues*	58.0	64.7	6.7	61.3	(3.4)
Other Grants	44.0	44.3	0.3	50.9	6.6
Grants and Shared Revenues Sub-Total	245.5	238.4	(7.1)	216.7	(21.7)
Restricted City Revenues:					
Secondary Property Tax	23.1	21.3	(1.8)	23.1	1.8
Capital Projects Fund	101.9	93.0	(8.9)	37.4	(55.6)
Debt Financing**	23.7	70.2	46.5	19.3	(50.9)
Other	19.1	21.2	2.1	19.7	(1.5)
Restricted City Sub-Total	167.8	205.7	37.9	99.5	(106.2)
Enterprise Funds					
Environmental Services	38.6	41.9	3.3	38.7	(3.2)
Golf	12.1	14.1	2.0	11.0	(3.1)
Water	132.2	137.3	5.1	142.8	5.5
Enterprise Funds Sub-Total	182.9	193.3	10.4	192.5	(0.8)
Total Restricted	\$596.2	\$637.4	\$41.2	\$508.7	(\$128.7)

* Includes interest earnings, carryforward and other Highway User Revenue fund balances.
 ** Includes certificates of participation and other financing.

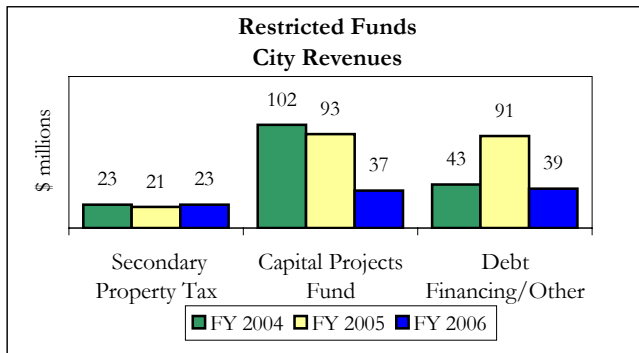
Following are brief explanations of the revenue differences between the Fiscal Year 2005 Adopted Budget and the Fiscal Year 2004 Adopted Budget. For more detail, see Section E.

Grants and Shared Revenues Revenues from grants and shared revenues, which include highway user revenues



and other local contributions such as the Pima County Library District Tax, total \$238.4 million in Fiscal Year 2005, a decrease of \$7.1 million from Fiscal Year 2004. Federal grants will decrease a total of \$14.1 million as federally funded programs and projects are completed. This decrease is partially offset by a \$7 million increase in Highway User Revenues and other state and local grants and contributions. Local grants include the Pima County Library District Tax, which if approved would be increased to fully fund the Library system in Fiscal Year 2006. Federal and other grants will decrease in Fiscal Year 2006 as one-time programs and projects are completed.

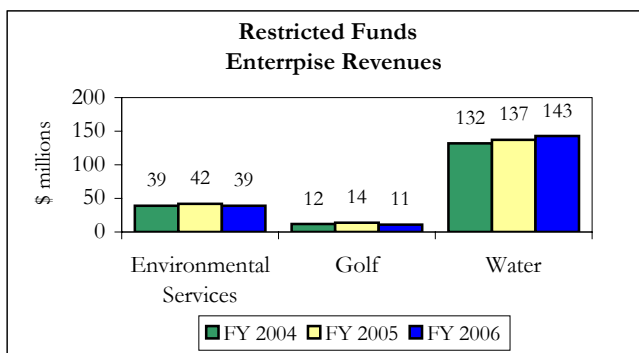
City Revenues This group includes the Secondary Property Tax, Capital Projects Fund (Bonds), and other



restricted sources such as TEAM, reserves, certificates of participation, and other debt financing. The secondary property tax is driven by both the sale of new general obligation bonds, refinancing of existing bonds, and interest rates. The \$1.8 million decrease in Fiscal Year 2005 is due to refinancing and transfer of debt service related to environmental bonds to Environmental Services. The Fiscal Year 2006 increase of the same amount is due to the sale of the remaining voter approved bonds. As the voter approved bond programs are completed, the Capital Projects Fund will decrease \$8.9 million in Fiscal Year 2005 and an

additional \$55.6 million in Fiscal Year 2006. The use of certificates of participation and other financing will increase \$46.5 million in Fiscal Year 2005 to fund resurfacing of streets, installation of sidewalks and landscaping, upgrading the communications infrastructure, and purchase of fire apparatus, vehicles and other equipment. Fiscal Year 2006 needs decrease \$50.9 million as projects and acquisitions are completed. Use of reserves decrease in both Fiscal Years 2005 and 2006.

Enterprise Revenues This group includes both operating revenues and certificates of participation or other



financing, but excludes bond funds. Funding for the three enterprise departments will increase a total of \$10.4 million in Fiscal Year 2005, with a \$0.8 million decline in Fiscal Year 2006.

The Environmental Services fund is included in this group for the first time in Fiscal Year 2005; however, Fiscal Year 2004 has been revised to reflect the move from General Purpose Funds. The Fiscal Year 2005 budget includes a residential environmental service fee of \$12 on top of the existing \$2 Tucson Clean Program fee. This new revenue will replace approximately \$16 million of General Purpose Fund Revenues that

subsidized residential services and long-term landfill costs. The increase over Fiscal Year 2004 is primarily for one-time projects funded with certificates of participation or other financing. The decrease in Fiscal Year 2006 is due to the completion of these projects.

Fiscal Year 2005 Golf funding includes one-time contributions of \$3 million, which is driving the increase in Fiscal Year 2005 and subsequent decrease in Fiscal Year 2006.

Water Revenues are projected to grow \$4.6 million from operations, with an additional \$0.5 million from non-operating sources. Moderate rate increases are proposed for both Fiscal Years 2005 and 2006 to cover operating and debt service costs.

CITIZEN IMPACTS

Changes to the City's "Bill for Services"

The cost impact to the typical homeowner from the adopted Fiscal Year 2005 budget will be approximately \$12.34 per month.

City "Bill for Services" for the Typical Homeowner¹

	FY 2004	FY 2005	Increase
City Property Taxes ¹	\$ 115.69	\$ 118.47	\$ 2.78
City Sales Tax ²	349.80	349.80	-0-
Brush and Bulky Fee	24.00	24.00	-0-
Residential Refuse Fee	-0-	144.00	144.00
Tucson Water ³	<u>216.84</u>	<u>218.18</u>	<u>1.34</u>
Annual Total	\$ 706.33	\$ 854.45	\$ 148.12
Per Month	\$ 58.86	\$ 71.20	\$ 12.34

¹Typical Homeowner Definition: Owner-occupied residence, within the Tucson Unified School District, 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.

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.

City of Tucson Property Tax Comparisons

	Actual FY 2004	Estimated FY 2005	Changes
Rate Changes			
Primary	\$ 0.2089	\$ 0.3531	\$ 0.1442
Secondary	<u>0.9480</u>	<u>0.8316</u>	<u>-0.1164</u>
Total	\$ 1.1569	\$ 1.1847	\$ 0.0278
Tax Bill Changes*			
Primary Property Tax	\$ 20.89	\$ 35.31	\$ 14.42
Secondary Property Tax	<u>94.80</u>	<u>83.16</u>	<u>-11.64</u>
Total	\$ 115.69	\$ 118.47	\$ 2.78
% Change			2.4%

*Owner-occupied home with an assessed valuation of \$100,000.

The total property tax rate for the Fiscal Year 2005 Adopted Budget is \$1.1847 per \$100 of assessed valuation or an increase of \$0.0278. Although the primary property tax rate is proposed to increase \$0.1442, the secondary rate will decrease \$0.1164. For a house with a \$100,000 assessed valuation, the combined tax would increase \$2.78 for the year.

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, rent collected on residential units, and advertising, are exempted from the city sales tax. City sales tax collections can be used for any general purpose. No change to the current city sales tax rate of 2% is adopted in the budget for Fiscal Year 2005.

Charges for Services. There are several charges for services that are increased for Fiscal Year 2005. However, not all of them directly impact the general public; e.g., court fines and development fee increases. Proposed 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 discussed below.

Residential Refuse Fee: A \$12 per month charge will be assessed against all residential households to recover the cost to collect and landfill refuse. The new fee will appear on the Tucson Water bill of residential households. It is projected that this fee will bring in \$18.2 million in new revenues for Fiscal Year 2005 (based on 11 months). A portion of these revenues will be used to build a reserve to be used for future landfill improvements and closure required by federal and state regulations.

Water Rates: Tucson Water's Financial Plan for Fiscal Year 2005 includes a moderate rate increase of 1.5%.

STATE SET SPENDING 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.

State-Set Expenditure Limit for the City of Tucson (\$ millions)		
	FY 2004	FY 2005
Budgeted Expenditures	\$ 958	\$1,032
Less Exclusions	(443)	(506)
Subject to Spending Limit	\$ 515	526
EEC Official Limit	\$ 516	\$ 527
Under/(Over) Official Limit	\$ 1	\$ 1

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.

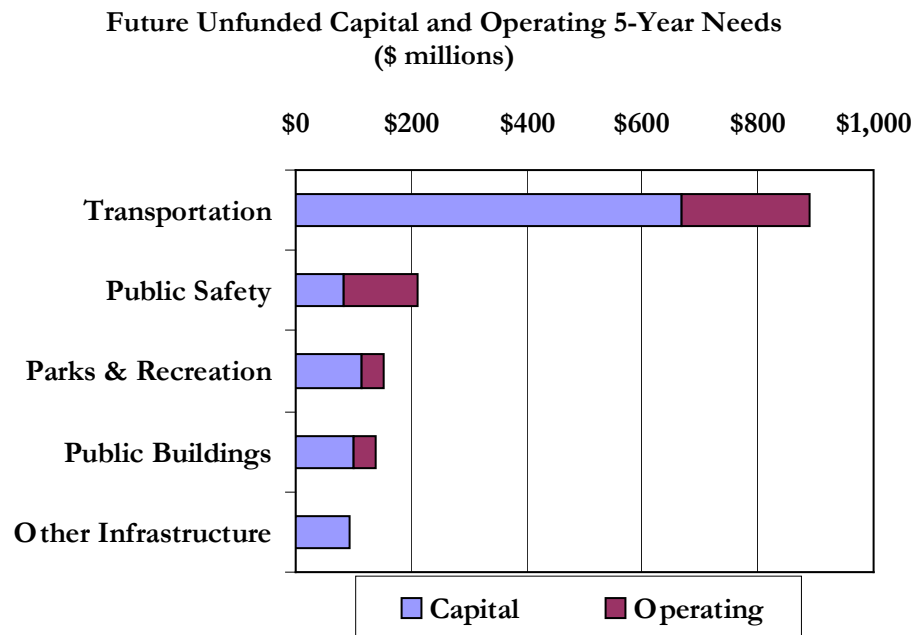
For Fiscal Year 2005, the adopted budget will be under the state's official spending limit by \$1 million.

FUTURE TRENDS

The city has made a concerted effort in preparing the Fiscal Years 2005 and 2006 Biennial Budget to identify community trends and opportunities for the future. The City Manager's letter to the Mayor and Council briefly discusses some of those trends and related initiatives and funding solutions that begin to address the more critical needs of the community (pages A-1 to A-4). These initiatives and revenue solutions are highlighted on page A-6. The City Strategic Plan and the Livable Tucson Goals presented on pages B-1 through B-6 of the budget provided a basis for developing the initiatives funded in the budget. In addition, the City of Tucson Citizen Finance and Service Review Committee recommended a number of revenue enhancements, most of which were approved by the Mayor and Council to fund these initiatives over the next two years. These efforts have placed the city in a much stronger position to provide base services to the community over the next five years. However, there are still many needs that are not funded over the long run.

As part of the strategic approach to developing the biennial budget, City staff identified five trends that have brought Tucson to a crossroads or a choice in the direction the community takes into the future. These were presented to the Mayor and Council during the process to identify priorities for the budget. The disparity between the wealthier urban fringe outside the city and an inner city facing high social and economic stresses are a ***Tale of Two Cities***. Historical growth patterns with low densities and high service costs create a ***Sidewalk to Nowhere*** and deteriorate the natural desert environment. Failure to create opportunities and an attractive quality of life result in a ***Low Wage Town***. Because the qualities of Tucson have not always been preserved or improved upon the community is looking at ***Going, Gone Tucson***. Short-term policies and an attitude of isolation are making Tucson a ***Desert Island***. Many of the issues associated with these trends have a direct impact on the budget.

The city has fallen behind in providing the required infrastructure and services for the community. These requirements have been identified through the five-year capital improvement program process and the five-year projection of expenditures and revenues. The following graph and discussion summarizes the most significant areas.



Transportation - The adopted biennial budget funds 10% to 15% of the backlog of resurfacing major city streets, however, funding has not been secured to sustain this level of effort into the future. This is part of almost \$3 billion in total transportation capital improvements required in the future, including \$900 million in the next five years.

Public Safety – The ability to provide Police and Fire protection has not kept up with our growing community. The biennial budget begins the process of moving these services toward national standards by funding close to 100 police officers over two years and opening two new fire stations. However, an additional \$200 million that has not been funded is needed to continue this process.

Parks and Recreation – An estimated \$150 million is needed to improve our system of parks and recreation centers on top of \$4 million in Fiscal Year 2005 and an additional \$2 million for Fiscal Year 2006 funded in the biennial budget.

Public Buildings - Maintenance of public buildings and other facilities have also been deferred over the years and new facilities have not been built to keep up with demand. Deferred maintenance requirements total \$40 million over five years with capital requirements of \$100 million.

Other Infrastructure – Approximately \$90 million is needed for emergency communications and other capital requirements.

The city is looking at options to fund a part of the community needs summarized above. Some capital requirements may be funded through a future bond authorization currently planned for a Spring of 2005 election. Due to limitations on property taxes, only \$80 million could be funded from General Obligation Bonds for public safety, parks and recreational facilities, and other infrastructure needs. The City Charter caps the combined property tax rate at \$1.75, which limits the secondary property tax that is used to repay General Obligation Bonds. The city is looking at options to adjust this limit; however, any changes will require voter approval. Although the State of Arizona also sets limits on bond financing, it is the property tax cap that creates the more immediate funding problem.

The limitation on General Obligation bonds has been alleviated somewhat by the Mayor and Council's approval to make the Environmental Services Department an enterprise fund. The city was faced with using a large part of the \$80 million bond capacity on environmental issues related to the city's landfills. Because future landfill requirements will be funded through Environmental Services fees and revenue bonds, the full \$80 million will be available for the city's other needs.

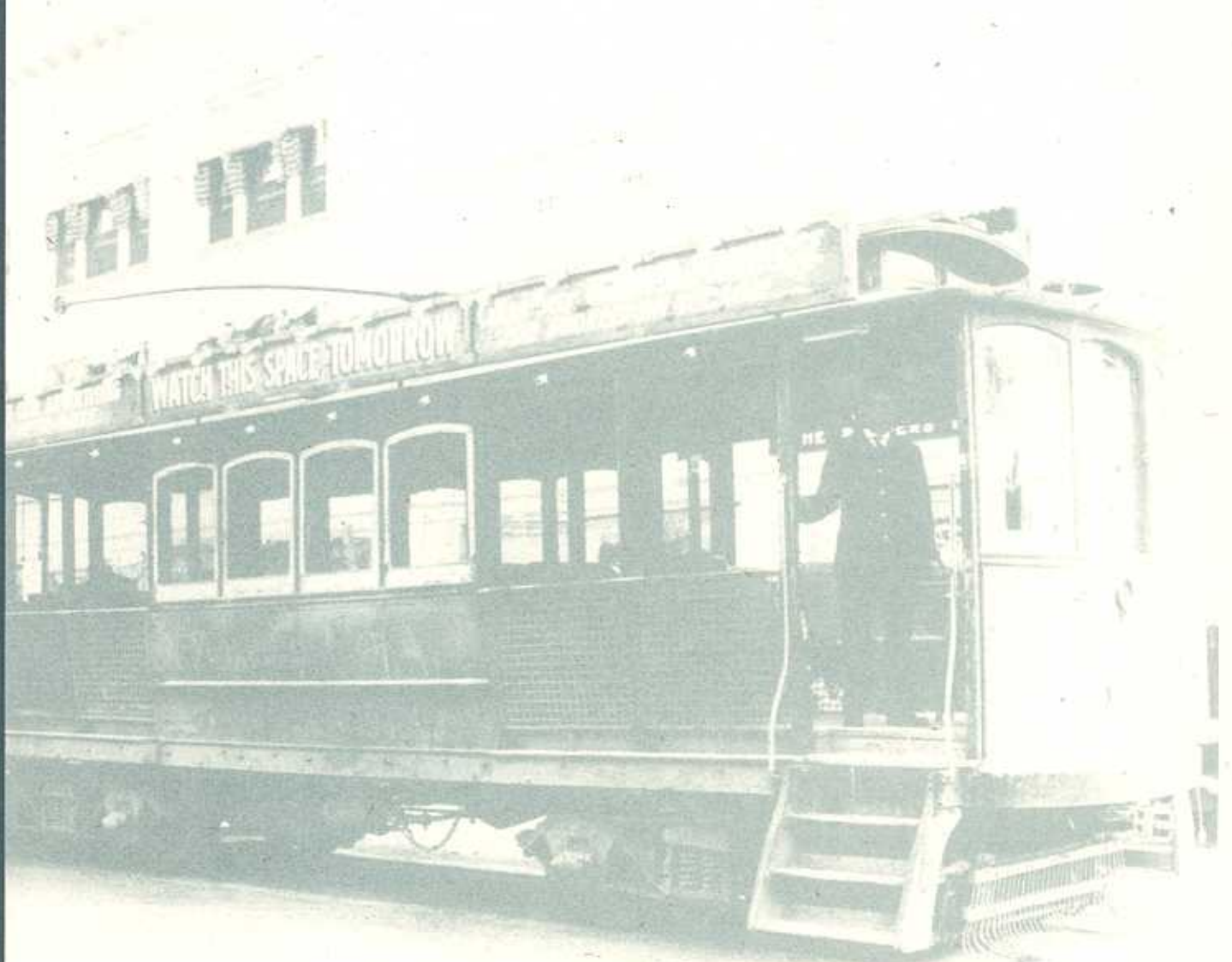
Another strategy under review by the Mayor and Council to help pay for improvements associated with future development are impact fees. Impact fees have many restrictions that make it difficult to quantify the benefit to the needs discussed above. However, they will certainly provide funding for future growth that is inevitable.

While the city is making progress in identifying the means of funding the city's growing demand for services, there is a legal limit established by the State of Arizona Constitution on city expenditures. Because of this State-set expenditure limitation, even if the city were to successfully raise all the required revenues, it would not be able to expend those revenues. We have nearly reached that limit in the adopted biennial budget and it can only be raised by a vote of the people during a general election. The earliest the city could do this is November of 2005 with the increase to the limit, if approved, effective for the 2007 fiscal year. This limitation is discussed further on page C-1 in this volume.

Finally, it is very apparent that many of the problems the city faces are regional problems and must be addressed through regional solutions. This budget envisions that the regional library system be fully funded with a regional tax that is already in place through the Pima County Library District Tax. But this is only a start. Transportation improvements could be better financed through the recently established regional transportation authority. Other services provided by the city must be evaluated for regional opportunities. Failure to take a regional approach to growth in the Tucson Metropolitan Area has led to fragmented government and services, higher taxes, and lost state revenues. Cooperation, consolidation, annexation, and regional government are key to meeting the needs of the broader community in the future.

SECTION B

CITY STRATEGIC PLAN





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 Years 2005 and 2006 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

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. However, our community is ever changing 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). In 2004, the city engaged in its second citizen survey utilizing a similar survey instrument. Gathering feedback from a broad section of Tucson residents on a routine basis is an important tool to gauge community perceptions of our city. 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

In December 2001, the Mayor and Council adopted six focus areas to guide improvements and development efforts within the strategic planning process. Focus areas allow government units to concentrate management initiatives, projects, and strategies, direct training of employees, and use resources effectively. The six focus areas of Transportation, Downtown, Growth, Neighborhoods, Economic Development, and Good Government 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)

The Adopted 2003 Strategic Plan has been an effective tool for the city, documenting council priorities and setting direction for staff. The City of Tucson's Strategic Plan designated six long-term areas of focus, set forth strategies to improve results in each of those areas, and identified projects that are important for making progress towards those goals. As we look back at the original City Strategic Plan, adopted by the Mayor and Council in the spring of 2002, significant progress has been achieved. The Year End Review for Fiscal Year 2003 can be found at <http://www.cityoftucson.org/hottopics/csp.html> and the Year End Review for Fiscal Year 2004 will be available in the fall of 2004.

In February and March of 2004, the Mayor and Council held two retreats to revisit the city's priorities. At that time the elected body suggested many new projects and other priorities were identified during the budget discussions. Using this information, the 2003 Strategic Plan will be revisited and updated to accurately reflect priorities for the coming years.

Within each focus area, the Mayor and Council will adopt a set of strategies and critical priority projects. Taken collectively, the focus area projects set the workplan for the organization. Mayor and Council are expected to adopt the new strategic plan in the fall of 2004. As done in Fiscal Years 2003 and 2004, city staff will report periodically on project progress and accomplishments.

The City Strategic Plan directs the city's limited resources so that they further the Mayor and Council's policy directions 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 Web (www.cityoftucson.org), in the City Government Section.



2003 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 proposed adjoining 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.

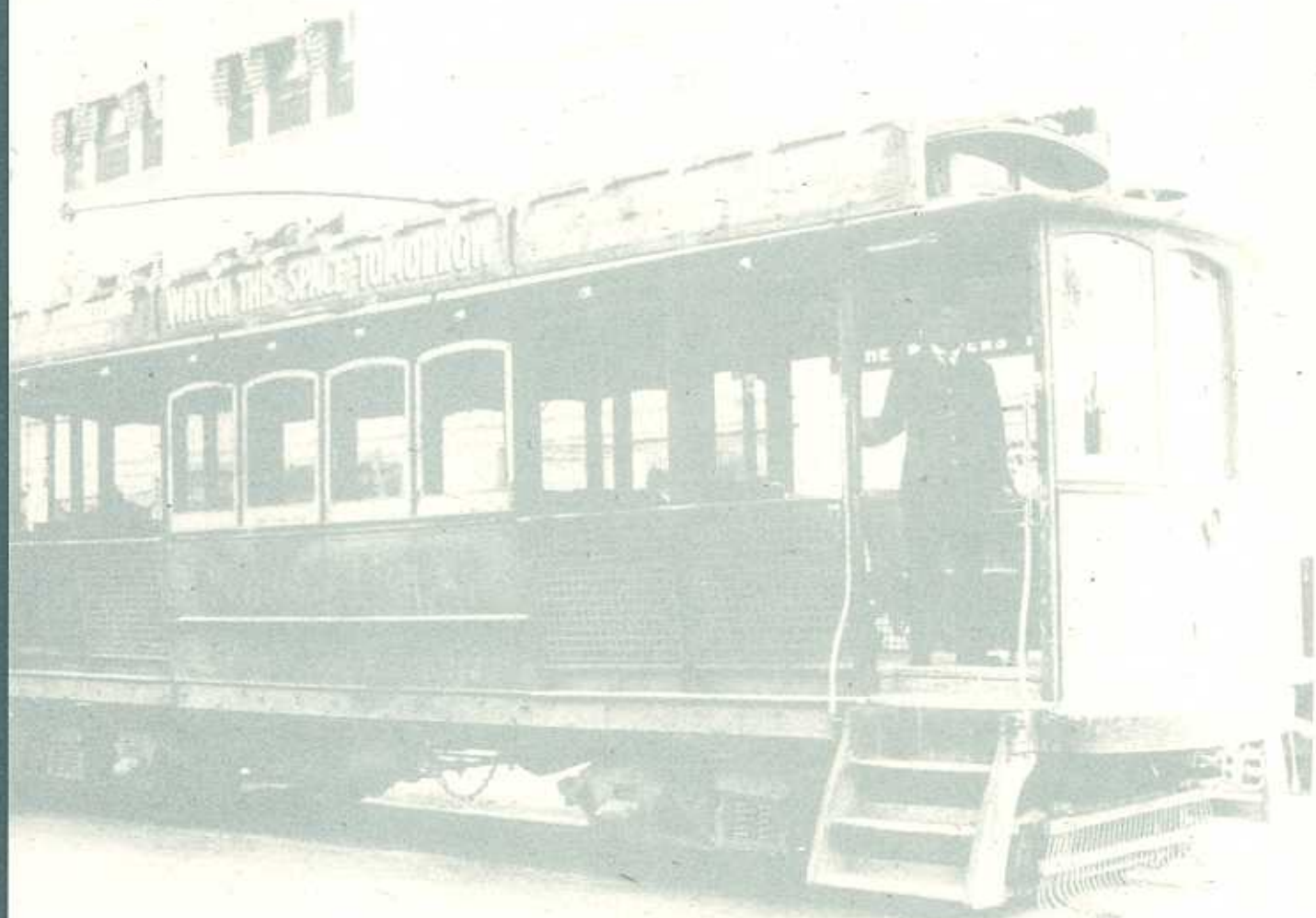


Successful Downtown

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

SECTION C

LEGAL AUTHORIZATION



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 annexations. 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 IX, 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

Legal requirements of the Tucson City Charter related to limiting property taxes 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

Under Chapter XIII, Section 13 of the City Charter, any unexpended funds held at the conclusion of the fiscal year, other than funds needed to pay bond indebtedness, are no longer available for expenditure and must be credited against amounts to be raised by taxation in the succeeding fiscal year. If a budget is adopted after the beginning of the fiscal year, Chapter XIII, Section 13 may bar the expenditure of any money until a budget is in place. The implications of Chapter XIII, Section 13 are two fold. First, any non-bond related expenditure authority terminates on June 30. Second, since the clear implication of this section is that an adopted budget is necessary to provide expenditure authority, if a budget is not in place on July 1 the city cannot expend funds. To avoid any

possible implications of not having a budget in place before the beginning of the fiscal year, it is advised that the Mayor and Council adopt a final budget on or before June 30.

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.

Step 1: Identification of Priorities

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. A follow-up citizen survey in 2001 helped to confirm and define the priorities of the community. In addition, the Mayor and council members individually held townhalls throughout the year on budget issues and priorities. These priorities are used by departments and city management to assess programs and projects during the preparation of the budget.

The city's 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: 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.

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, 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 Committee. The Mayor and Council have also established a Bond Project Oversight Committee (BPOC). 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.

FINANCIAL POLICIES AND PRACTICES

In addition to legal requirements set by state law and the City Charter, the budget is developed and adopted under the guidelines of a series of policies and practices. Some policies have been adopted by the Mayor and Council, while others are administrative in nature. These financial policies will be recommended to the Mayor and Council for adoption in October of this fiscal year.

Balanced Budget

The city shall adopt a balanced budget so that expenditures approved for city purposes will not exceed the estimate of income expected from all sources, including available balances from prior years. This policy applies to expenditures and revenues within each fund such that each fund is individually balanced. Furthermore, one-time funding sources will only be used for one-time expenditures to avoid a future imbalance that would be caused by funding recurring expenditures with one-time revenues or balances from prior years.

Fund Balance

In September of 2000, the Mayor and Council adopted a policy that the General Fund unreserved fund balance, previously referred to as the strategic reserve, be increased to 7.5% of expenditures by Fiscal Year 2006.

Revenue Diversification

The city cannot meet the growing demand for services without diversifying its revenue base. Although the state places certain restrictions on raising revenues, restrictions due to the City Charter can be lifted if approved by the voters. The city must continue in its efforts to expand revenues such as fees for services, and to remove limitations set by the City Charter where feasible.

Fees for Service Pricing Policy

In 1995 the city developed a pricing policy decision tree to categorize services that should be fully tax supported on one extreme to fully fee supported on the other. If a service benefits a large segment of the community and is considered a public service, then it should be funded with general tax dollars. If the service benefits individuals and is more of a private service, a market-based fee is appropriate. Services

that fall in between may be funded by a combination of taxes and fees.

Cost of Development

State legislation requires cities to include a cost of development element in the city's General Plan. Development is required to pay its fair share of the cost of additional public service and needs generated by new development. The General Plan provides a framework for public-private cost sharing of capital facilities needed to serve new development.

General Accounting Policies

The city complies with Generally Accepted Accounting Principles and Governmental Accounting Standards Board statements in accounting for and presenting financial information. The modified accrual basis of accounting is used for all governmental fund types while other fund types including enterprise funds comply with the full accrual basis of accounting. Encumbrance accounting records purchase orders and other contracts as reservations of balances in each fund and does not recognize outstanding encumbrances as expenditures at year end. Additional information on the basis of accounting as it compares to the budget is found on page E-9.

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

Debt Management Policy

The city's debt program includes a variety of financing mechanisms to meet long-term capital needs of the community. In all cases, the city aggressively manages the debt program with the assistance of a financial advisor and bond counsel. Restructuring, refinancing, and advance bond refunding are used to limit the city's debt service costs and to provide maximum future borrowing flexibility. Additional information is available in Volume II, Adopted Biennial Budget Detail, beginning on page 365.

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

**PRIMARY AND SECONDARY TAX LEVIES
FISCAL YEARS 2004, 2005, AND 2006 PROJECTED**

Property Tax	FY 2004 Levy	FY 2004 Revised (Estimated)	FY 2005 Levy	FY 2005 Levy Increase/ (Decrease)	FY 2006 Levy	FY 2006 Levy Increase/ (Decrease)	FY 2005 Maximum Levy Amount	FY 2006 Maximum Levy Amount
Primary	\$ 4,904,190	\$ 4,897,910	\$ 8,812,120	\$ 3,914,210	9,161,820	\$ 349,700	\$ 8,812,124 ¹	\$ 9,161,825 ¹
Secondary	23,055,320	23,009,110	21,336,520 ²	(1,672,590)	23,098,280 ²	1,761,760	21,336,520	23,098,280
Total	\$ 27,959,510	\$ 27,907,020	\$ 30,148,640	\$ 2,241,620	\$ 32,260,100	\$ 2,111,460	\$ 30,148,644	\$ 32,260,105

Property Tax	Actual FY 2004 Rate	Estimated FY 2005 Rate ³	FY 2005 Rate Increase/ (Decrease)	Estimated FY 2006 Rate ³	FY 2006 Rate Increase/ (Decrease)
Primary	\$ 0.2089	\$ 0.3531	\$ 0.1442	\$ 0.3480	\$ (0.0051)
Secondary	0.9480	0.8316	(0.1164)	0.8533	0.0217
Total	\$ 1.1569	\$ 1.1847	\$ 0.0278	\$ 1.2013	\$ 0.0166

¹ The 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 in the previous year, such as new construction and annexed property. The primary property tax levy is shown at the estimated maximum possible amount. The actual maximum amount may be less.

² General Obligation Bond sales of \$14.9 million and \$20.0 million are assumed for 2004 and 2005, respectively. In addition, debt service on outstanding bonds for Environmental Services will be defrayed by the proposed environmental services fee, thereby reducing the Fiscal Year 2005 secondary property tax rate requirement by \$0.0743.

³ Both rates may differ depending on the final actual assessed valuation for the respective purposes.

**CITY OF TUCSON
PROPERTY TAX SUMMARY**

Taxing Jurisdiction	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Property Tax Rates (Per \$100 of assessed value)										
State of Arizona	\$ 0.47	\$ 0.47	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Pima County ¹	5.27	5.28	5.24	5.34	5.41	5.74	5.72	5.68	5.60	5.57
Tucson Unified School District ²	6.16	6.29	6.99	6.46	6.26	6.03	6.05	5.86	5.74	5.69
Pima Community College	1.10	1.22	1.24	1.18	1.19	1.37	1.56	1.55	1.53	1.49
Flood Control District	0.46	0.36	0.36	0.33	0.32	0.30	0.30	0.35	0.35	0.35
Fire District	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.04
Central Arizona Project (CAP) - Conservation District	0.14	0.14	0.14	0.14	0.14	0.14	0.13	0.13	0.13	0.12
Sub-Total without the City of Tucson	\$ 13.65	\$ 13.81	\$ 14.02	\$ 13.50	\$ 13.37	\$ 13.63	\$ 13.81	\$ 13.62	\$ 13.39	\$ 13.26
City of Tucson	1.16	1.15	1.15	0.99	0.96	1.02	1.13	1.12	1.12	1.16
Total ³	\$ 14.81	\$ 14.96	\$ 15.17	\$ 14.49	\$ 14.33	\$ 14.65	\$ 14.94	\$ 14.74	\$ 14.51	\$ 14.42
Percent increase/(decrease) from prior year	2.1%	1.0%	1.4%	(4.5%)	(1.1%)	2.2%	2.0%	(1.3%)	(1.6%)	(0.6%)
Assessed Valuation										
Primary (billions)	\$ 1.498	\$ 1.530	\$ 1.582	\$ 1.727	\$ 1.830	\$ 1.887	\$ 1.999	\$ 2.088	\$ 2.203	\$ 2.344
Secondary (billions)	\$ 1.547	\$ 1.569	\$ 1.599	\$ 1.819	\$ 1.904	\$ 1.945	\$ 2.049	\$ 2.138	\$ 2.269	\$ 2.427

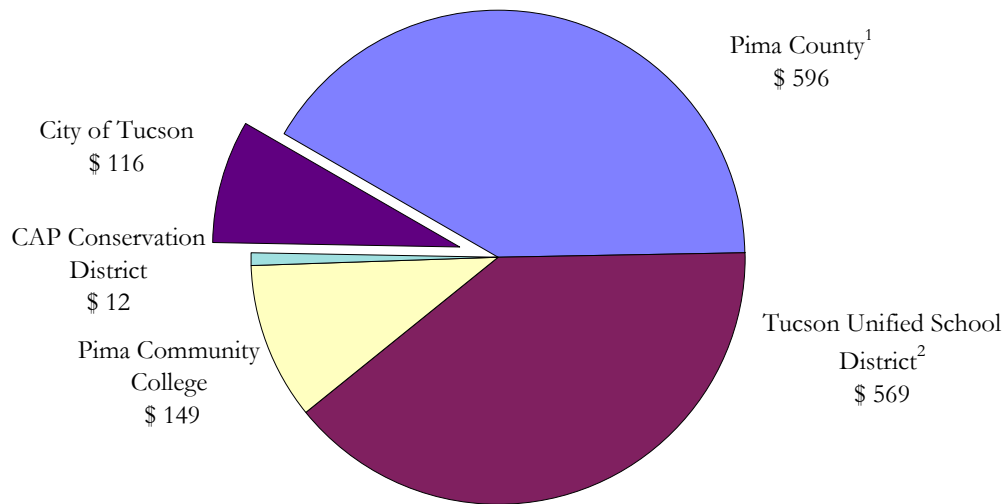
¹ Includes the Education Assistance rate (\$0.47 in Fiscal Year 2004).

² Tucson Unified School District tax levy reflects State Aid to Education reduction (\$3.07 in Fiscal Year 2004).

³ Does not include any special assessment districts.

City of Tucson
Residential Property Owner Tax Valuation
Fiscal Year 2004 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	\$ 5.96	\$ 596.00	41.3%
Tucson Unified School District ²	5.69	569.00	39.5%
Pima Community College	1.49	149.00	10.3%
Central Arizona Project (CAP) Conservation District	0.12	12.00	0.8%
Sub-Total	\$ 13.26	\$ 1,326.00	92.0%
City of Tucson	1.16	116.00	8.0%
Total	\$ 14.42	\$ 1,442.00	100.0%

¹ Includes Flood Control, Free Library District, and Fire District tax rates.

² Tucson Unified School District actual levy after decrease 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

June 21, 2004

RESOLUTION NO. 19854

RELATING TO FINANCE; FINALLY DETERMINING AND ADOPTING ESTIMATES OF PROPOSED EXPENDITURES BY THE CITY OF TUCSON FOR THE FISCAL YEAR BEGINNING JULY 1, 2004, AND ENDING JUNE 30, 2005; 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, 2004, and ending June 30, 2005, which was tentatively adopted on June 14, 2004, 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

City Clerk File Note:

This document reflects the updates adopted at the Mayor and Council meeting of 6/21/04. (KSD:jr)

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, 2004, and ending June 30, 2005, and such finally determined estimates are 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 2005 Fiscal Year:

<u>Purpose of Expenditure</u>	<u>Final 2005 Budget</u>
Elected and Official	\$ 16,799,260
Neighborhood Services	415,457,310
Environment and Development	440,593,400
Strategic Initiatives	15,058,530
Support Services	67,061,720
Non-Departmental	<u>77,356,990</u>
TOTAL	<u>\$ 1,032,327,210</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 2005 Fiscal Year which is subject to the State Budget Law:

<u>Purpose of Expenditure</u>	<u>Final 2005 Budget Subject to State Budget Law</u>
Elected and Official	\$ 16,421,130
Neighborhood Services	300,009,700
Environment and Development	334,824,580
Strategic Initiatives	13,249,980
Support Services	65,561,720
Non-Departmental	<u>77,223,000</u>
 TOTAL	 <u>\$ 807,290,110</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, Resolutions, or bond covenants.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Tucson, Arizona, this 21st day of June, 2004.


MAYOR

ATTEST:


CITY CLERK

APPROVED AS TO FORM:


CITY ATTORNEY
DD.dc

REVIEWED BY:


CITY MANAGER

**SCHEDULE A TO RESOLUTION NO. 19854
CITY OF TUCSON
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2004-05**

FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2003-04*	ACTUAL EXPENDITURES/ EXPENSES 2003-04**	FUND BALANCE/ NET ASSETS (1) July 1, 2004**	DIRECT PROPERTY TAX REVENUES 2004-05	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2004-05	OTHER FINANCING		INTERFUND TRANSFERS		TOTAL FINANCIAL RESOURCES AVAILABLE 2004-05	BUDGETED EXPENDITURES/ EXPENSES 2004-05
						2004-05 SOURCES	<USES>	2004-05 IN	<OUT>		
1. General Fund	\$ 331,397,570	\$ 305,069,660	\$ 4,326,620	Primary: \$ 8,812,120	\$ 375,047,670	\$ 48,723,580		\$	\$ 53,765,080	\$ 383,144,910	\$ 383,144,910
2. Special Revenue Funds	302,292,500	257,057,970	17,771,190	Secondary:	232,063,620	21,476,120		53,765,080		325,076,010	325,076,010
3. Debt Service Funds Available	39,349,870	39,349,870		21,336,520	16,548,380					37,884,900	37,884,900
4. Less: Designation for Future Debt Retirement											
5. Total Debt Service Funds	39,349,870	39,349,870		21,336,520	16,548,380					37,884,900	37,884,900
6. Capital Projects Funds	101,852,000	78,792,850				92,951,200				92,951,200	92,951,200
7. Permanent Funds											
8. Enterprise Funds Available	182,901,080	170,673,580			189,054,190	11,033,650			6,817,650	193,270,190	193,270,190
9. Less: Designation for Future Debt Retirement											
10. Total Enterprise Funds	182,901,080	170,673,580			189,054,190	11,033,650			6,817,650	193,270,190	193,270,190
11. Internal Service Funds											
TOTAL ALL FUNDS	\$ 957,793,020	\$ 850,943,930	\$ 22,097,810	\$ 30,148,640	\$ 812,713,860	\$ 174,184,550	\$	\$ 53,765,080	\$ 60,582,730	\$ 1,032,327,210	\$ 1,032,327,210

EXPENDITURE LIMITATION COMPARISON

1. Budgeted expenditures/expenses
2. Add/subtract: estimated net reconciling items
3. Budgeted expenditures/expenses adjusted for reconciling items
4. Less: estimated exclusions
5. Amount subject to the expenditure limitation
6. EEC or voter-approved alternative expenditure limitation

	2003-04	2004-05
1. Budgeted expenditures/expenses	\$ 957,793,020	\$ 1,032,327,210
2. Add/subtract: estimated net reconciling items		
3. Budgeted expenditures/expenses adjusted for reconciling items	957,793,020	1,032,327,210
4. Less: estimated exclusions	442,982,090	506,356,490
5. Amount subject to the expenditure limitation	\$ 514,810,930	\$ 525,970,720
6. EEC or voter-approved alternative expenditure limitation	\$ 516,031,479	\$ 527,063,475

☐ The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes Expenditure/Expense Adjustments Approved in 2003-04 from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

(1) Amounts in this column represent Fund Balance/Net Asset amounts except for amounts invested in capital assets, net of related debt, and reserved/restricted amounts established as offsets to assets presented for informational purposes (i.e., prepaids, inventory, etc.).

SCHEDULE B TO RESOLUTION NO. 19854
CITY OF TUCSON
Summary of Tax Levy and Tax Rate Information
Fiscal Year 2004-05

	<u>2003-04</u> <u>FISCAL YEAR</u>	<u>2004-05</u> <u>FISCAL YEAR</u>
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A).	\$ 8,477,331	\$ 8,812,124
2. Amount received from primary property taxation in the 2003-04 fiscal year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18).	\$	
3. Property tax levy amounts		
A. Primary property taxes	\$ 4,904,190	\$ 8,812,120
B. Secondary property taxes	23,055,320	21,336,520
C. Total property tax levy amounts	\$ 27,959,510	\$ 30,148,640
4. Property taxes collected*		
A. Primary property taxes		
(1) 2003-04 levy	\$ 4,897,910	
(2) Prior years' levy		
(3) Total primary property taxes	\$ 4,897,910	
B. Secondary property taxes		
(1) 2003-04 levy	\$ 23,009,110	
(2) Prior years' levy		
(3) Total secondary property taxes	\$ 23,009,110	
C. Total property taxes collected	\$ 27,907,020	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	0.2089	0.3531
(2) Secondary property tax rate	0.9480	0.8316
(3) Total city/town tax rate	1.1569	1.1847
B. Special assessment district tax rates		

Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating no special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.

*Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

SCHEDULE C TO RESOLUTION NO. 19854
CITY OF TUCSON
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2004-05

SOURCE OF REVENUES	ESTIMATED REVENUES 2003-04	ACTUAL REVENUES 2003-04*	ESTIMATED REVENUES 2004-05
GENERAL FUND			
Local taxes			
Business Privilege Tax	\$ 168,200,000	\$ 168,200,000	\$ 176,600,000
Public Utility Tax	7,951,500	7,915,000	8,370,000
Transient Occupancy Tax	8,953,600	8,891,000	9,240,000
Use Tax	4,000,000	4,000,000	4,490,000
Occupational Taxes	1,893,600	2,031,000	2,070,000
Liquor Taxes	775,800	746,000	760,000
Licenses and permits			
Utility Franchise Fees	10,331,000	11,452,000	11,680,000
Cable Television Licenses	4,370,580	3,272,500	3,766,940
Telecommunications Licenses	437,000	635,000	650,000
Sign Permits	280,000	283,000	285,000
Application Fees	201,880	212,000	260,000
Fire Inspection Fee			300,750
Temporary Workzone Traffic Control Fee			350,000
Other	360,420	371,000	376,000
Intergovernmental			
Auto Lieu Taxes	20,193,000	20,582,000	21,410,000
State Sales Tax	38,833,000	40,068,000	43,185,270
State Revenue Sharing	43,388,700	43,900,000	44,853,450
Grants-In-Aid	658,590	372,240	456,720
Other	553,740	696,000	741,000
Charges for services			
Public Safety	5,066,210	5,780,000	5,780,000
Development Services Charges	10,317,400	9,851,000	10,989,690
Recreation	4,861,420	4,829,000	5,430,000
General Government	117,150	63,000	462,980
Fines and forfeits			
Civil Traffic Diversion Program	2,324,000	2,300,000	2,346,000
Civil Traffic Violations	472,100	490,000	500,000
Criminal Traffic Violations	4,910,600	5,200,000	5,304,000
Forfeitures	1,979,240	1,899,040	1,982,160
Other	2,088,500	2,055,000	2,490,000
Interest on investments			
Interest Earnings	1,160,000	750,000	500,000
In-lieu property taxes			
Contributions			
Voluntary contributions			
Miscellaneous			
Rentals	1,530,820	1,333,720	1,380,230
Sale of Property	568,890	616,000	616,000
Recovered Expenditures	466,740	489,000	489,000
Other	7,376,350	5,749,570	6,932,480
Total General Fund	\$ 354,621,830	\$ 355,032,070	\$ 375,047,670

*Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

SCHEDULE C TO RESOLUTION NO. 19854
CITY OF TUCSON
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2004-05

SOURCE OF REVENUES	ESTIMATED REVENUES 2003-04	ACTUAL REVENUES 2003-04*	ESTIMATED REVENUES 2004-05
SPECIAL REVENUE FUNDS			
Highway User Revenue Fund			
State Grants-In-Aid	\$ 30,908,580	\$ 29,101,250	\$ 32,458,120
Non-Revenue Receipts			1,100,000
Interest Earnings	1,602,860	463,700	464,000
Total Highway User Revenue Fund	\$ 32,511,440	\$ 29,564,950	\$ 34,022,120
Local Transportation Assistance Fund			
State Grants-In-Aid	\$ 2,767,000	\$ 2,720,000	\$ 2,646,230
Total Local Transportation Assistance Fund	\$ 2,767,000	\$ 2,720,000	\$ 2,646,230
Mass Transit Fund			
Charges for Current Services	\$ 10,615,220	\$ 10,753,000	\$ 10,946,000
Federal Grants	45,724,150	32,834,830	32,459,730
Total Mass Transit Fund	\$ 56,339,370	\$ 43,587,830	\$ 43,405,730
Library Fund			
Pima County Library Support	\$ 10,339,310	\$ 10,135,790	\$ 9,840,330
Charges for Current Services	654,370	566,000	570,000
Total Library Fund	\$ 10,993,680	\$ 10,701,790	\$ 10,410,330
Intergovernmental Funds			
State Grants-In-Aid	\$ 7,602,990	\$ 5,372,710	\$ 8,129,360
County/Local	14,642,900	6,070,760	14,054,200
Pima Association of Governments	11,403,900	9,996,980	12,241,900
Total Intergovernmental Funds	\$ 33,649,790	\$ 21,440,450	\$ 34,425,460
Housing Assistance Funds			
Public Housing Local Revenue	\$ 2,027,660	\$ 2,027,660	\$ 2,680,860
Public Housing Federal Revenue	48,282,280	57,344,400	59,306,630
Total Housing Assistance Funds	\$ 50,309,940	\$ 59,372,060	\$ 61,987,490
Other Federal Funds			
Community Development Block Grant Fund	\$ 14,312,970	\$ 12,678,130	\$ 15,106,170
Other Federal Grant Funds	35,197,310	18,676,100	22,532,510
Total Other Federal Funds	\$ 49,510,280	\$ 31,354,230	\$ 37,638,680
Other Special Revenue Funds			
Public Safety Academy Fund	\$ 854,280	\$ 696,930	\$ 851,580
Tucson Convention Center Fund	3,753,070	3,173,000	3,820,000
Transportation Enterprise Area Management Fund	2,246,780	1,789,000	2,856,000
Total Other Special Revenue Funds	\$ 6,854,130	\$ 5,658,930	\$ 7,527,580
Total Special Revenue Funds	\$ 242,935,630	\$ 204,400,240	\$ 232,063,620
DEBT SERVICE FUNDS			
Street and Highway Debt Service			
State Grants-In-Aid	\$ 16,294,550	\$ 16,294,550	\$ 16,548,380
Total Street and Highway Debt Service	\$ 16,294,550	\$ 16,294,550	\$ 16,548,380
Total Debt Service Funds	\$ 16,294,550	\$ 16,294,550	\$ 16,548,380
CAPITAL PROJECTS FUNDS			
See Schedule D	\$	\$	\$
Total Capital Projects Funds	\$	\$	\$

*Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

SCHEDULE C TO RESOLUTION NO. 19854
CITY OF TUCSON
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2004-05

SOURCE OF REVENUES	ESTIMATED REVENUES 2003-04	ACTUAL REVENUES 2003-04*	ESTIMATED REVENUES 2004-05
PERMANENT FUNDS			
None	\$	\$	\$
	\$	\$	\$
Total Permanent Funds	\$	\$	\$
ENTERPRISE FUNDS			
Environmental Services Fund			
Operating Revenue	\$ 26,653,630	\$ 26,101,440	\$ 34,235,000
Non-Operating Revenue	2,594,900	953,400	1,839,600
Total Environmental Services Fund	\$ 29,248,530	\$ 27,054,840	\$ 36,074,600
Golf Course Fund			
Operating Revenue	\$ 9,463,410	\$ 9,463,410	\$ 11,024,300
Non-Operating Revenue	2,307,220	2,307,220	3,044,290
Total Golf Course Fund	\$ 11,770,630	\$ 11,770,630	\$ 14,068,590
Water Utility			
Operating Water Revenue	\$ 123,368,000	\$ 122,545,000	\$ 127,987,000
Non-Operating Water Revenue	10,659,000	8,677,000	10,274,000
Miscellaneous Grants	150,000	216,000	650,000
Total Water Utility Fund	\$ 134,177,000	\$ 131,438,000	\$ 138,911,000
Total Enterprise Funds	\$ 175,196,160	\$ 170,263,470	\$ 189,054,190
INTERNAL SERVICE FUNDS			
Not Applicable	\$	\$	\$
	\$	\$	\$
Total Internal Service Funds	\$	\$	\$
TOTAL ALL FUNDS	\$ 789,048,170	\$ 745,990,330	\$ 812,713,860

*Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

SCHEDULE D TO RESOLUTION NO. 19854
CITY OF TUCSON
Summary by Fund Type of Other Financing Sources/<Uses> and Interfund Transfers
Fiscal Year 2004-05

FUND	OTHER FINANCING 2004-05		INTERFUND TRANSFERS 2004-05	
	SOURCES	<USES>	IN	<OUT>
GENERAL FUND				
Certificates of Participation	\$ 48,723,580	\$	\$	\$
Business Privilege Tax				53,765,080
Total General Fund	\$ 48,723,580	\$	\$	\$ 53,765,080
SPECIAL REVENUE FUNDS				
Certificates of Participation	\$ 21,476,120	\$	\$	\$
Library Fund			9,005,120	
Public Safety Academy Fund			4,917,960	
Tucson Convention Center Fund			6,459,730	
Mass Transit Fund			33,382,270	
Total Special Revenue Funds	\$ 21,476,120	\$	\$ 53,765,080	\$
DEBT SERVICE FUNDS				
None	\$	\$	\$	\$
Total Debt Service Funds	\$	\$	\$	\$
CAPITAL PROJECTS FUNDS				
General Obligation Bond Funds	\$ 60,032,900	\$	\$	\$
Street and Highway Revenue Bond Funds	4,773,300			
Water Revenue Bond Funds	28,145,000			
Total Capital Projects Funds	\$ 92,951,200	\$	\$	\$
PERMANENT FUNDS				
None	\$	\$	\$	\$
Total Permanent Funds	\$	\$	\$	\$
ENTERPRISE FUNDS				
Certificates of Participation - Environmental Serv	\$ 9,733,650	\$	\$	\$
Certificates of Participation - Water Utility	1,300,000			
Transfers to Fund Balance				6,817,650
Total Enterprise Funds	\$ 11,033,650	\$	\$	\$ 6,817,650
INTERNAL SERVICE FUNDS				
Not Applicable	\$	\$	\$	\$
Total Internal Service Funds	\$	\$	\$	\$
TOTAL ALL FUNDS	\$ 174,184,550	\$	\$ 53,765,080	\$ 60,582,730

SCHEDULE E TO RESOLUTION NO. 19854
CITY OF TUCSON
Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2004-05

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2003-04	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2003-04	ACTUAL EXPENDITURES/ EXPENSES 2003-04*	BUDGETED EXPENDITURES/ EXPENSES 2004-05
GENERAL FUND				
Mayor & Council	\$ 2,745,000	\$	\$ 2,568,970	\$ 3,118,990
City Manager	2,040,770		1,895,600	2,250,840
City Clerk	4,694,190		4,431,820	3,785,520
City Attorney	6,564,680		6,397,250	7,127,480
City Court	9,644,510		8,745,640	10,355,380
Community Services	5,785,470		5,785,540	7,018,350
Fire	47,155,860		47,583,440	53,522,390
Neighborhood Resources	5,639,530		2,593,050	5,107,210
Parks and Recreation	36,851,750		35,296,890	42,919,810
Police	109,147,580		110,362,590	118,828,850
Office of Equal Opportuntiy Programs and Independent Police Review	738,770		574,790	650,090
Office of The Public Defender	2,333,440		2,371,630	2,712,910
Development Services	8,246,110		7,915,080	9,618,730
Urban Planning and Design	3,551,990		3,463,090	3,823,580
Transportation	2,434,570		2,153,110	28,514,680
Zoning Examiner	167,500		168,500	179,310
Office of Economic Development	1,081,050		1,020,220	1,286,430
Intergovernmental Relations	538,190		541,940	555,260
Tucson Mexico Trade Office	485,630		507,630	844,280
Budget and Research	2,023,890		1,853,890	2,064,920
Finance	7,937,630		7,882,510	9,130,520
Human Resources	2,523,140		2,501,110	2,692,100
Information Technology	11,066,070		10,779,150	13,450,060
General Services	20,865,540		14,701,770	23,583,530
Procurement	3,190,160		2,839,610	3,391,470
Non-Departmental	33,944,550		20,134,840	26,612,220
Total General Fund	\$ 331,397,570	\$	\$ 305,069,660	\$ 383,144,910

SCHEDULE E TO RESOLUTION NO. 19854
CITY OF TUCSON
Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2004-05

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2003-04	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2003-04	ACTUAL EXPENDITURES/ EXPENSES 2003-04*	BUDGETED EXPENDITURES/ EXPENSES 2004-05
SPECIAL REVENUE FUNDS				
Highway User Revenue Fund				
Neighborhood Resources	\$ 4,352,400	\$	\$ 552,410	\$ 5,592,400
Urban Planning and Design	130,250		130,250	137,630
Transportation	35,776,390		33,383,820	42,277,890
Non-Departmental	1,440,840		1,571,350	749,110
Local Transportation Assistance Fund				
Transportation	2,767,000		2,720,000	2,646,230
Mass Transit Fund				
Transportation	86,687,860		70,455,510	78,607,800
Library Fund				
Library	19,283,980		18,770,540	19,415,450
Intergovernmental Funds				
City Attorney	133,390		92,010	138,300
City Court	359,060		144,460	399,140
Community Services	650,000		650,000	800,000
Fire	350,000			350,000
Library	500,000		472,470	1,000,000
Parks and Recreation	12,495,240		4,874,590	8,802,550
Police	1,053,200		1,053,220	1,142,390
Urban Planning and Design	210,000		210,000	210,000
Transportation	11,998,900		9,411,200	18,968,800
Tucson Mexico Trade Office				284,280
Information Technology				30,000
General Services	1,500,000			1,500,000
Non-Departmental	4,400,000		4,532,500	800,000
Housing Assistance Funds				
Community Services	50,181,790		59,243,910	61,891,430
Non-Departmental	128,150		128,150	96,060
Community Development Block Grant Fund				
Community Services	10,960,010		10,641,110	12,125,340
Neighborhood Resources	3,190,000		1,874,060	2,775,000
Office of Economic Development	125,000		125,000	167,900
Non-Departmental	37,960		37,960	37,930

SCHEDULE E TO RESOLUTION NO. 19854
CITY OF TUCSON
Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2004-05

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2003-04	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2003-04	ACTUAL EXPENDITURES/ EXPENSES 2003-04*	BUDGETED EXPENDITURES/ EXPENSES 2004-05
Other Federal Grant Funds				
City Attorney	383,980		266,980	378,130
Community Services	1,366,810		1,295,860	1,179,470
Fire			200,430	
Library			36,290	
Parks and Recreation	619,560		683,660	708,990
Police	6,250,450		6,250,490	5,797,280
Urban Planning and Design	80,000		80,000	130,000
Transportation	23,654,460		8,116,590	12,225,990
Office of Economic Development	542,050		542,050	342,050
Tucson Mexico Trade Office			198,030	270,600
General Services	1,500,000		205,720	1,500,000
Non-Departmental	800,000		800,000	
Public Safety Academy Fund				
Fire	1,981,080		1,567,680	2,833,410
Police	2,470,010		2,495,010	2,684,820
Non-Departmental	254,010		254,010	251,310
Tucson Convention Center Fund				
Tucson Convention Center	10,880,110		10,525,110	10,279,730
Transportation Enterprise Area Management Fund				
City Court				105,960
Transportation	2,696,480		2,363,460	3,098,060
Non-Departmental	102,080		102,080	10,925,460
Fleet Services Fund				
Fire				1,700,000
General Services				9,719,120
Total Special Revenue Funds	\$ 302,292,500	\$	\$ 257,057,970	\$ 325,076,010
DEBT SERVICE FUNDS				
General Obligation Debt Service				
Non-Departmental	\$ 23,055,320	\$	\$ 23,055,320	\$ 21,336,520
Street and Highway Debt Service				
Non-Departmental	16,294,550		16,294,550	16,548,380
Total Debt Service Funds	\$ 39,349,870	\$	\$ 39,349,870	\$ 37,884,900

SCHEDULE E TO RESOLUTION NO. 19854
CITY OF TUCSON
Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2004-05

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2003-04	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2003-04	ACTUAL EXPENDITURES/ EXPENSES 2003-04*	BUDGETED EXPENDITURES/ EXPENSES 2004-05
CAPITAL PROJECTS FUNDS				
General Obligation Bonds				
Fire	\$ 7,645,700	\$	\$ 1,209,470	\$ 7,414,000
Library	2,464,000		3,226,780	1,978,600
Parks and Recreation	19,928,900		10,171,400	14,889,300
Police	3,738,700		410,200	6,688,200
Environmental Services	9,322,500		2,786,810	11,038,000
Transportation	16,357,000		16,207,030	16,996,800
Tucson Convention Center				1,028,000
General Services			231,690	
Street and Highway Revenue Bonds				
Transportation	11,189,200		11,752,890	4,773,300
Water Revenue Bonds				
Tucson Water	31,206,000		32,796,580	28,145,000
Total Capital Projects Funds	\$ 101,852,000	\$	\$ 78,792,850	\$ 92,951,200
PERMANENT FUNDS				
None	\$	\$	\$	\$
Total Permanent Funds	\$	\$	\$	\$
ENTERPRISE FUNDS				
Environmental Services	\$ 38,625,230	\$	\$ 30,793,840	\$ 41,872,320
Tucson City Golf	12,109,530		12,109,530	14,068,590
Tucson Water	132,166,320		127,770,210	137,329,280
Total Enterprise Funds	\$ 182,901,080	\$	\$ 170,673,580	\$ 193,270,190
INTERNAL SERVICE FUNDS				
Not Applicable	\$	\$	\$	\$
Total Internal Service Funds	\$	\$	\$	\$
TOTAL ALL FUNDS	\$ 957,793,020	\$	\$ 850,943,930	\$ 1,032,327,210

*Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

EXHIBIT I TO RESOLUTION NO. 19854

<u>Purpose of Expenditure</u>	<u>Final 2005 Budget</u>	<u>Final 2005 Budget Subject to State Budget Law</u>
Elected and Official		
Mayor and Council	\$ 3,118,990	\$ 3,118,990
City Manager	2,250,840	2,250,840
City Clerk	3,785,520	3,785,520
City Attorney	7,643,910	7,265,780
Elected and Official Sub-Total	16,799,260	16,421,130
Neighborhood Services		
City Court	10,860,480	10,860,480
Community Services	83,014,590	7,818,350
Fire	65,819,800	58,405,800
Library	22,394,050	20,415,450
Neighborhood Resources	13,474,610	10,699,610
Parks and Recreation	67,320,650	51,722,360
Tucson City Golf	14,068,590	14,068,590
Police	135,141,540	122,656,060
Office of Equal Opportunity Programs and Independent Police Review	650,090	650,090
Public Defender	2,712,910	2,712,910
Neighborhood Services Sub-Total	415,457,310	300,009,700
Environment and Development		
Development Services	9,618,730	9,618,730
Environmental Services	52,910,320	41,872,320
Transportation	208,109,550	141,653,730
Tucson Water	165,474,280	137,329,280
Urban Planning and Design	4,301,210	4,171,210
Zoning Examiner	179,310	179,310
Environment and Development Sub-Total	440,593,400	334,824,580
Strategic Initiatives		
Tucson Convention Center	11,307,730	10,279,730
Economic Development	1,796,380	1,286,430
Intergovernmental Relations	555,260	555,260
Tucson-Mexico Trade Office	1,399,160	1,128,560
Strategic Initiatives Sub-total	15,058,530	13,249,980
Support Services		
Budget and Research	2,064,920	2,064,920
Finance	9,130,520	9,130,520
General Services	36,302,650	34,802,650
Human Resources	2,692,100	2,692,100
Information Technology	13,480,060	13,480,060
Procurement	3,391,470	3,391,470
Support Services Sub-Total	67,061,720	65,561,720
Non-Departmental		
Outside Agencies	3,921,340	3,921,340
General Expense	25,193,000	25,193,000
Debt Service	48,242,650	48,108,660
Non-Departmental	77,356,990	77,223,000
TOTAL	\$ 1,032,327,210	\$ 807,290,110

ADOPTED BY THE
MAYOR AND COUNCIL

August 2, 2004

ORDINANCE NO. 10015

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, 2005; ~~AND DECLARING AN EMERGENCY.~~

WHEREAS, the truth in property taxation public hearing was held on June 21, 2004; and

WHEREAS, the public hearing for the purpose of hearing taxpayers was held on June 21, 2004, 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 2005; 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, 2005 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 of \$ 0.3531, the rate necessary to raise the sum of **EIGHT MILLION, EIGHT HUNDRED TWELVE THOUSAND, ONE HUNDRED TWENTY DOLLARS (\$8,812,120)** 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, 2005. The City Manager is authorized to modify this rate as necessary to raise the sum identified in this section based upon the final total net assessed valuation of the City submitted to the City by the County Assessor.

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 of \$ 0.8316, the rate necessary to raise the sum of **TWENTY ONE MILLION, THREE HUNDRED THIRTY SIX THOUSAND, FIVE HUNDRED TWENTY DOLLARS (\$21,336,520)**, 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, 2005. The City Manager is authorized to modify this rate as necessary to raise the sum identified in this section based upon the final total net assessed valuation of the City submitted to the City by the County Assessor.

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, August 2, 2004.


MAYOR

ATTEST:


CITY CLERK

APPROVED AS TO FORM:


CITY ATTORNEY

REVIEWED BY:

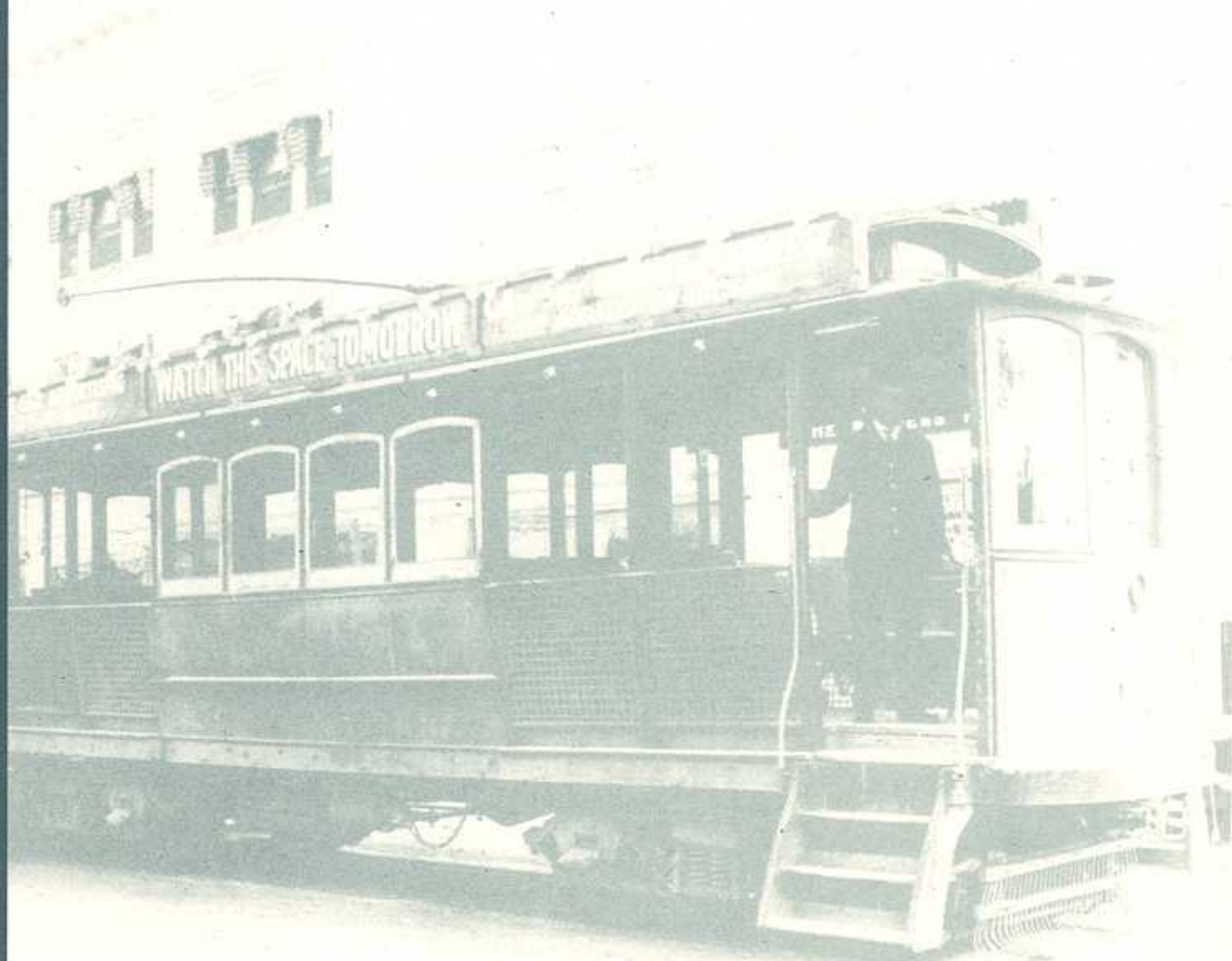

CITY MANAGER

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7/16/04 2:30 PM

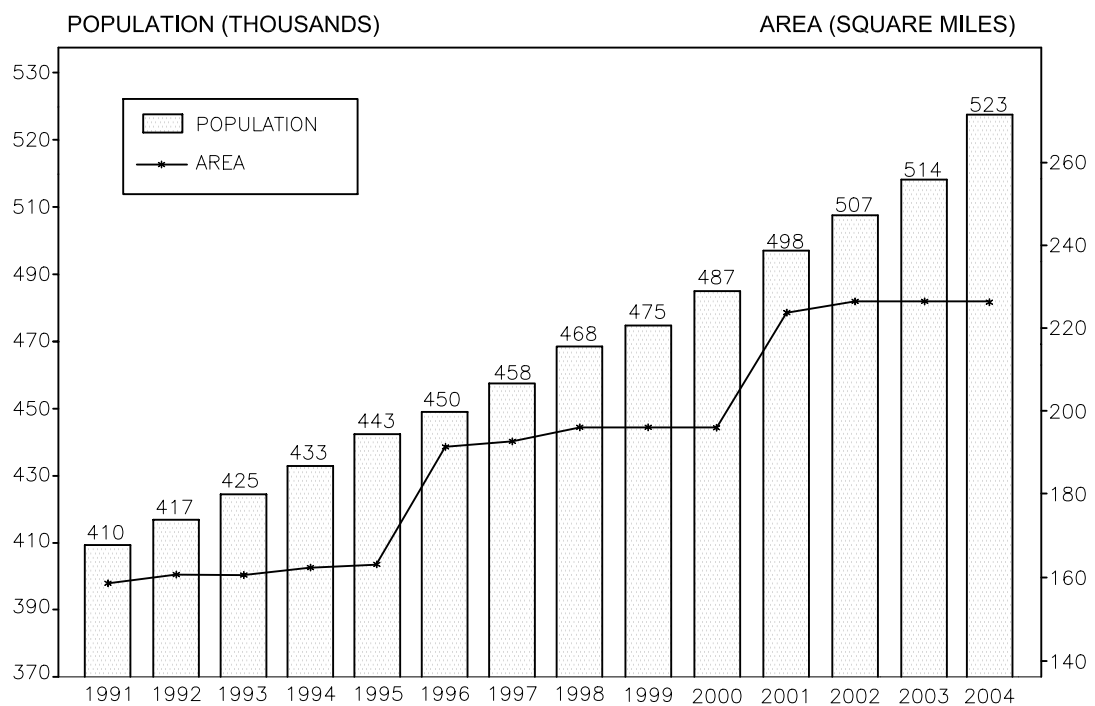
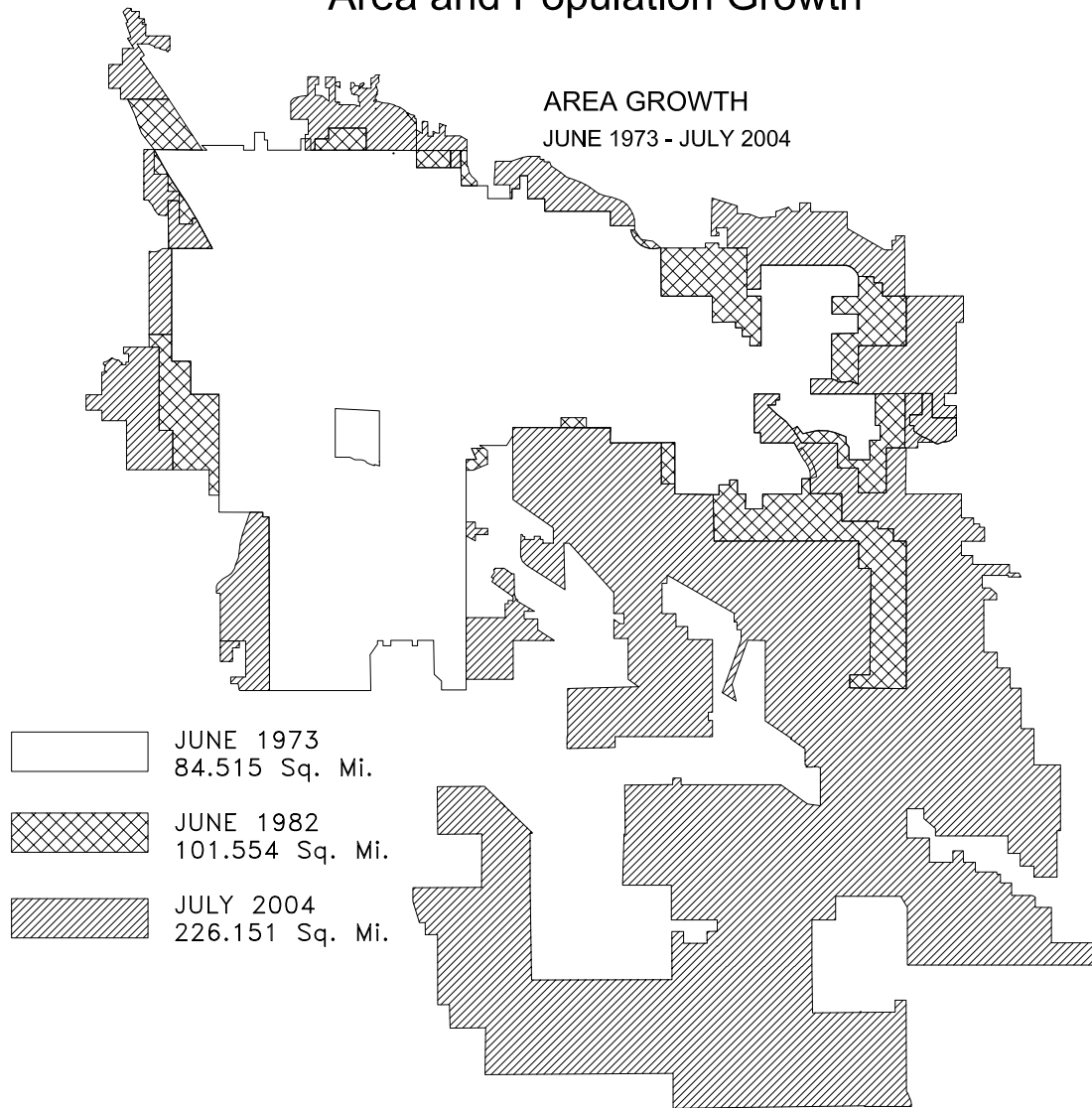
***NOTE:** The City Attorney has advised that this ordinance takes effect and goes into operation immediately upon majority vote and without the Emergency Clause. (8/3/04) KSD:jr

SECTION D

COMMUNITY STATISTICAL PROFILE



City of Tucson Area and Population Growth

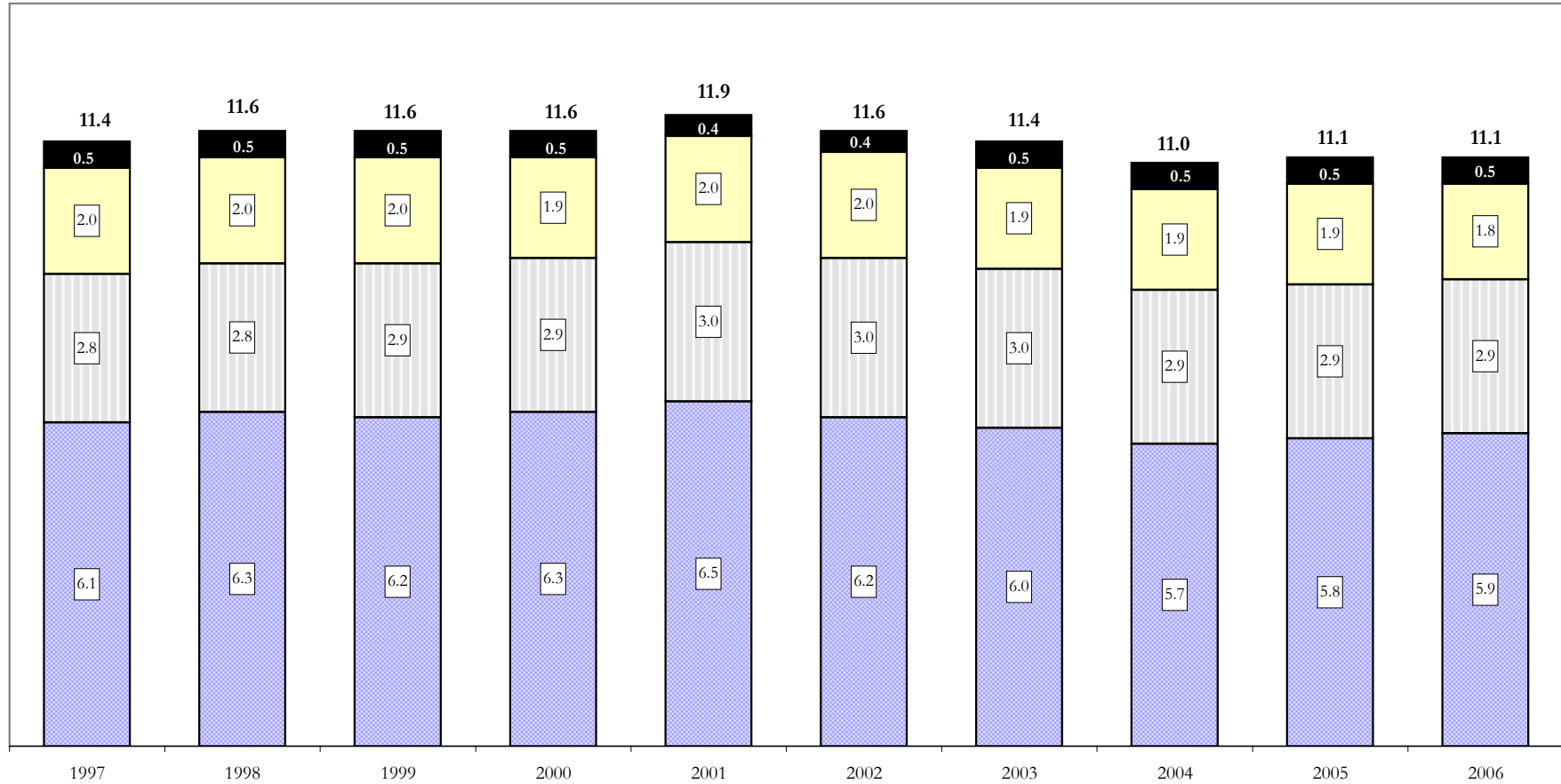


NOTE: Population figures are for July 1 of each year.

NUMBER OF CITY EMPLOYEES PER 1,000 POPULATION

Recurring Revenues
 Enterprise*

Commissioned Public Safety Personnel
 Grant-Funded Positions



* Includes Environmental Services, Golf, and Water. Beginning in Fiscal Year 2005 Environmental Services will become an enterprise department, however, prior year data has been revised for consistency.

SELECTED ECONOMIC INDICATORS

Tucson Metro Area

Description	2003	Calendar Year		2006
		2004	2005	
Personal Income (Billions of Dollars)	\$ 22.831	\$ 24.213	\$ 25.760	\$ 27.774
Percentage Change from Prior Year	3.9	6.1	6.4	7.8
Retail Sales Without Food (Billions of Dollars)*	\$ 7.305	\$ 7.816	\$ 8.261	\$ 8.743
Percentage Change from Prior Year	3.7	7.0	5.7	5.8
Residential Building Permits (Units)	8,311	8,568	8,770	8,993
Percentage Change from Prior Year	3.9	3.1	2.3	2.5
Population (000)**	911.0	933.0	955.6	979.4
Percentage Change from Prior Year	2.3	2.4	2.4	2.5
Wage and Salary Employment (000)	347.8	358.6	373.2	388.4
Percentage Change from Prior Year	0.6	3.1	4.1	4.1
Employment/Population Ratio	.382	.384	.391	.397
Real Per Capita Disposable Income (2002 Dollars)	\$ 12,029	\$ 12,267	\$ 12,526	\$ 12,929
Percentage Change from Prior Year	0.5	2.0	2.1	3.2
Annual Earnings Per Worker	\$ 31,293	\$ 32,391	\$ 33,510	\$ 34,671
Percentage Change from Prior Year	2.8	3.5	3.5	3.5
Consumer Price Index (CPI) Western Region (percent change)	2.1	1.8	1.3	1.5
Personal Consumption Deflator (percent change)	1.8	1.6	1.4	1.7
Gross Domestic Product (GDP) Implicit Price Deflator (percent change)	1.7	1.6	1.4	1.6
Gasoline Sales (Millions of Gallons)	384.7	403.8	420.4	438.5
Percentage Change from Prior Year	(5.4)	5.0	4.1	4.3

Source: Economic Outlook, May 2004, Economics and Business Research Program, Eller College of Business and Public Administration, The University of Arizona.

*Calculated by combining retail sales (less food) with restaurant and bar sales.

**Population projections were made prior to Census 2000 using different base data than the 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. The Tucson Sidewinders, a AAA affiliate of the Arizona Diamondbacks, offers a full schedule of summer baseball. In addition, Tucson is the new home of the Arizona Heat, National Pro Fast Pitch softball league.



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 520,000 in 2004. 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

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. Tucson is the county seat for Pima County. Pima County is the second largest county in population in Arizona.

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	843,746
2002	507,085	890,545
2003	514,725	910,950
2004*	522,850	932,500
2005*	532,350	955,800

Land Area

1990	158.30 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	226.10 square miles
2003	226.13 square miles
2004*	226.15 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 Department of Urban Planning and Design 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, 2003*

(Based on number of full-time equivalent positions)

U.S. Army Fort Huachuca	11,939
Raytheon Systems Company	10,171
University of Arizona	10,078
State of Arizona	9,753
Davis-Monthan Air Force Base	7,692
Tucson Unified School District	7,690
Pima County	6,987
City of Tucson	5,495**
Wal-Mart	4,420
Tohono O'Odham Nation	3,515
Phelps Dodge Mining Company	3,400
University Medical Center	2,700
Carondelet Health Network	2,689
Tucson Medical Center (TMC) HealthCare	2,562
Pascua Yaqui Tribe	2,427
Amphitheatre Public Schools	2,255
Pima Community College	2,204

Total Employment

(Pima County)

1990	321,900
2000	444,100
2001	445,050
2002	445,150
2003	451,950
2004	467,276

Unemployment Rates

(Pima County)

1990	4.6%
2000	2.8%
2001	3.5%
2002	4.6%
2003	4.2%
2004	3.9%

Annual Rate of Earnings

(Per worker in current dollars)

1990	\$20,015
1999	\$28,247
2000	\$29,136
2001	\$30,044
2002	\$30,461
2003	\$31,148

Building Permits Issued

	Residential	Commercial	Industrial
1999	2,740	302	7
2000	2,689	236	17
2001	2,712	140	8
2002	2,719	191	17
2003	2,497	208	7

*Source: "Star Two Hundred," The Arizona Daily Star, March 14, 2004.

**The City of Tucson's Fiscal Year 2005 Adopted Budget includes 5,897.26 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)	130
Recreation Centers	9
Neighborhood/Senior Centers	7
Regional Centers	4
After-School Program Sites	34
Senior Citizen Program Sites	13
Municipal Swimming Pools	28
Municipal Golf Courses	5
Tennis Court Sites	17
Playfields	203
Libraries	23
Bookmobiles	2

Environmental Services

Tons of Waste Collected	506,372
Tons of Material Recycled	43,655
Number of Christmas Trees Mulched or Composted	31,171

Transportation

Number of Street Miles Maintained	1,736
Miles of Bikeways	434
Miles of Drainageway	1,154
Number of Street Lights	15,924
Annual Miles of Fixed-Route Bus Service	7,972,000
Annual Miles of Paratransit Service	3,114,528
Traffic Signals	464

Tucson Water

Miles of Water Lines	4,300
Number of Water Connections	210,000
Millions of gallons of potable water storage capacity	287
Billions of gallons of potable water delivered annually	36

Public Safety

Number of Commissioned Law Enforcement Personnel	1,001
Average Police Emergency Response Time (in minutes)	4.3
Average Police Response Time for All Emergency, Critical, Urgent, and General Response Calls (in minutes)	37.9
Number of Commissioned Fire Personnel	565
Annual Number of Structural Fire Runs	700
Annual Number of Paramedic Runs	31,400
Annual Number of Other Emergency Responses	43,400
Number of Paramedic Personnel	131

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 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 that allows the comparison of similar and dissimilar urban elements. 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 2002 Average Annual Wage, page D-11
- Metro Area 2002 Wage and Salary Employment, Number of Jobs Per 1,000 Population, page D-11
- Metro Area 2000 Percent of Population Below Poverty Level, page D-12
- Metro Area 2003 Cost of Living Index (adjusted for Tucson's cost of living), page D-12
- Metro Area 2003 Cost of Groceries Index (adjusted for Tucson's cost of groceries), page D-13
- Metro Area 2003 Cost of Housing Index (adjusted for Tucson's cost of housing), page D-13
- Metro Area 2003 Cost of Transportation Index (adjusted for Tucson's cost of transportation), page D-14
- Metro Area 2003 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 2000 Mean Travel Time to Work, In Minutes, page D-15

Demographic Benchmarks

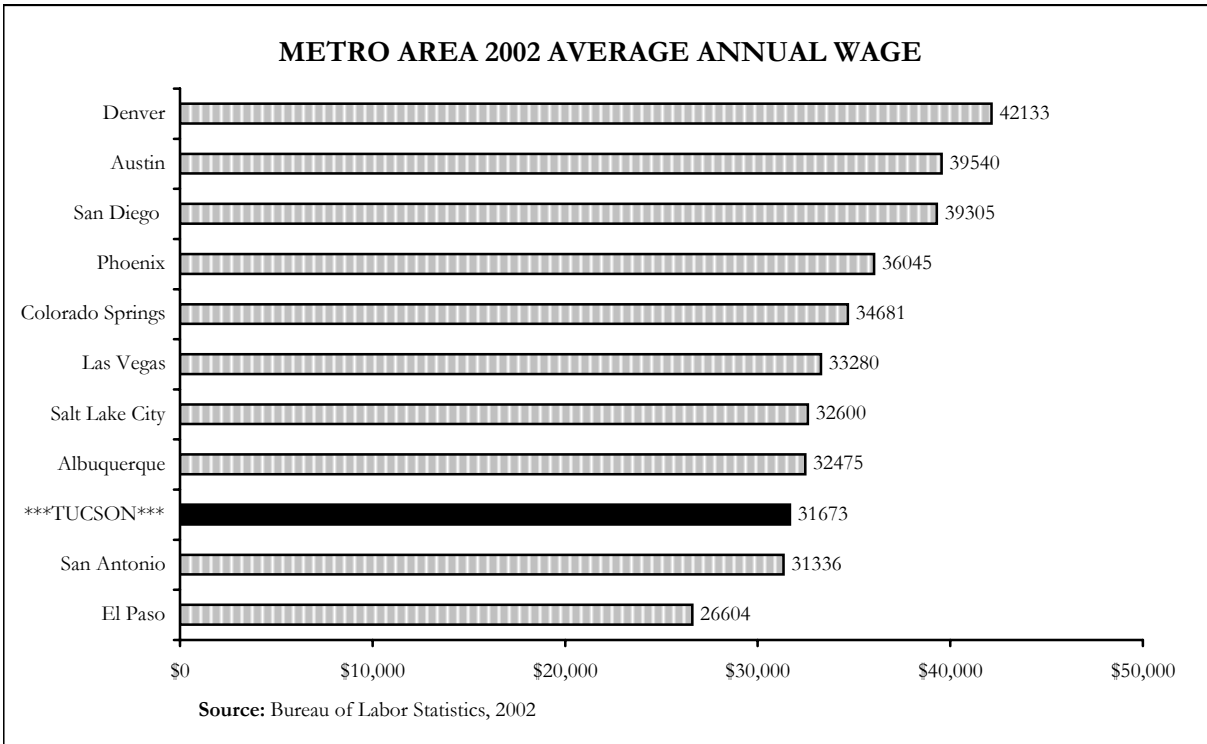
- Percent of 2000 Metro Population Less Than 18 Years Old, page D-16
- Percent of 2000 Metro Population Greater Than 64 Years Old, page D-16
- Average Number of Persons Per Household, page D-17
- 2000 Infant Death Rate Per 1,000 Population, page D-17
- High School Diploma, Percent of Population 25 Years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

Benchmark Metropolitan Cities and 2002 Populations



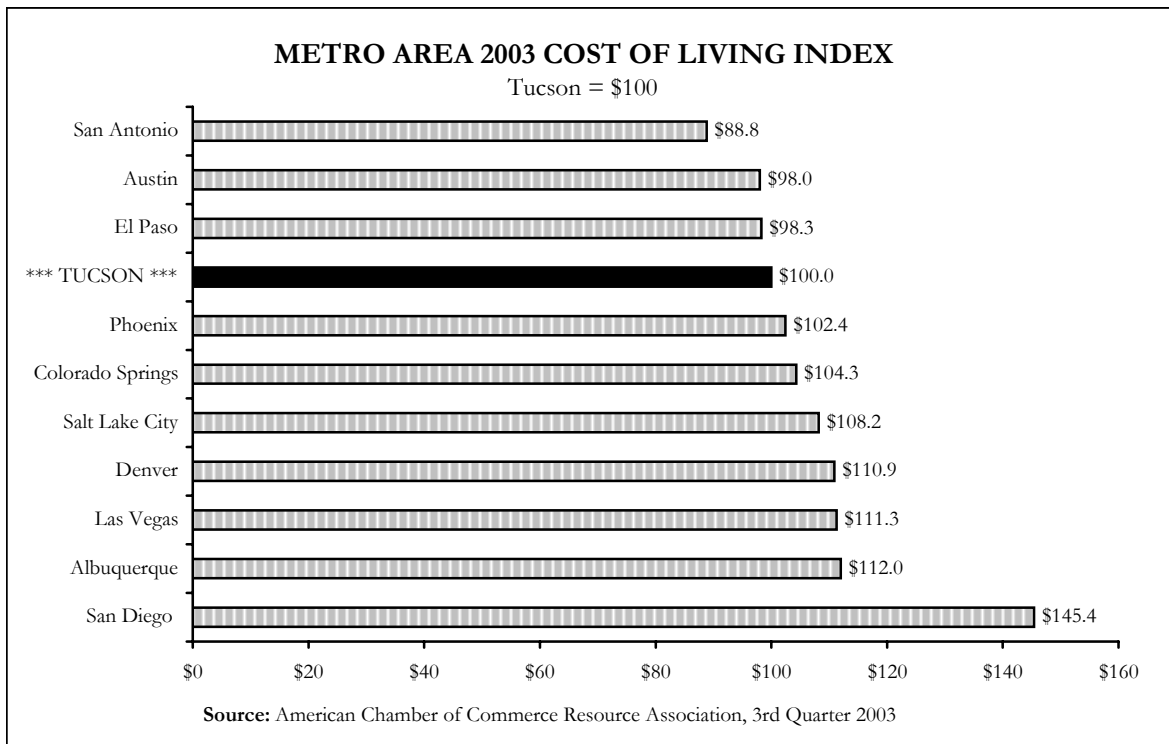
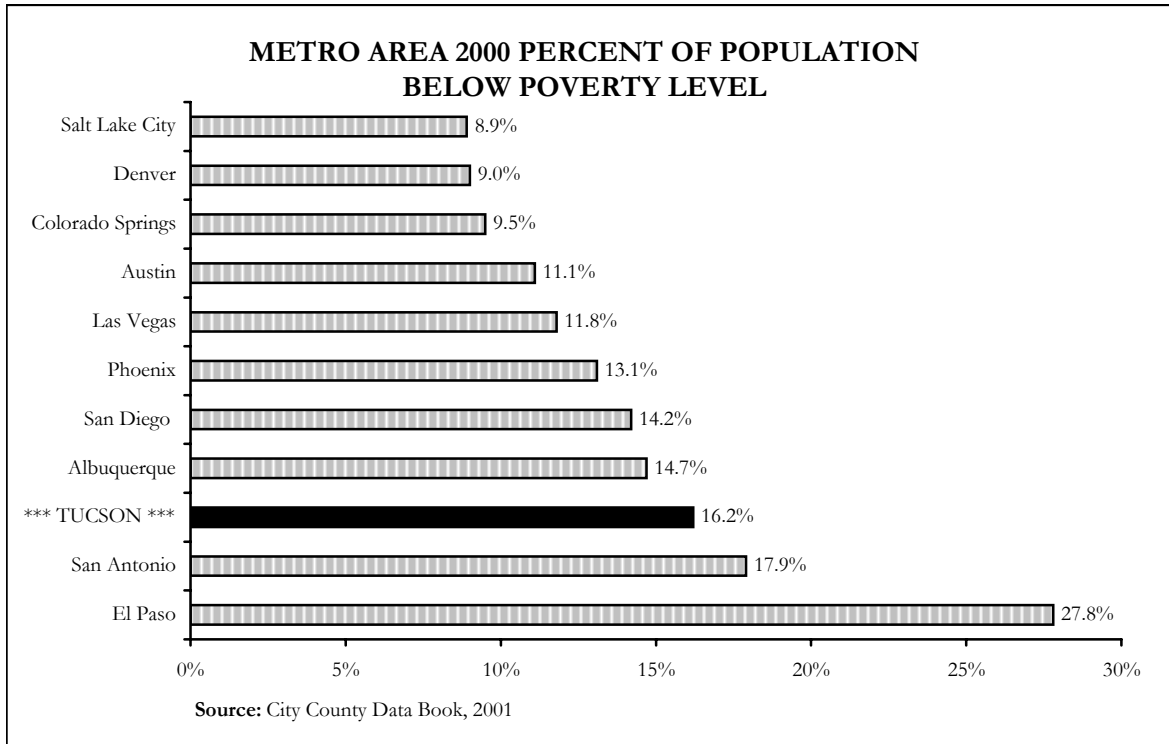
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



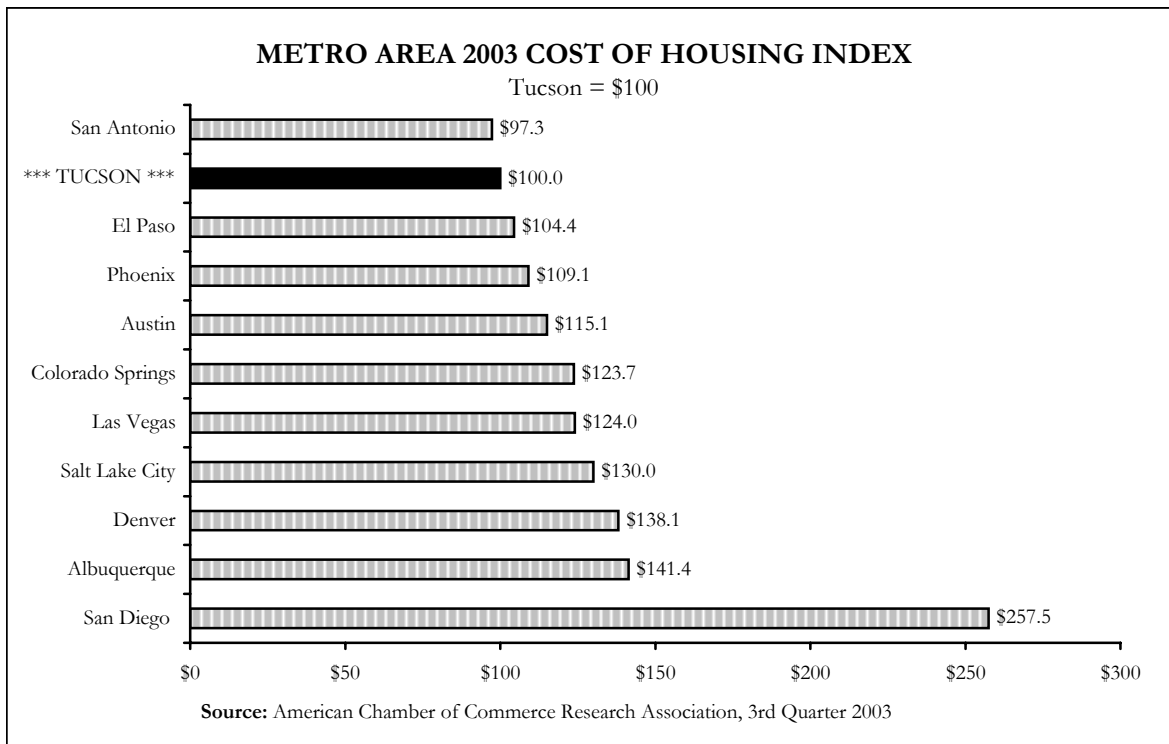
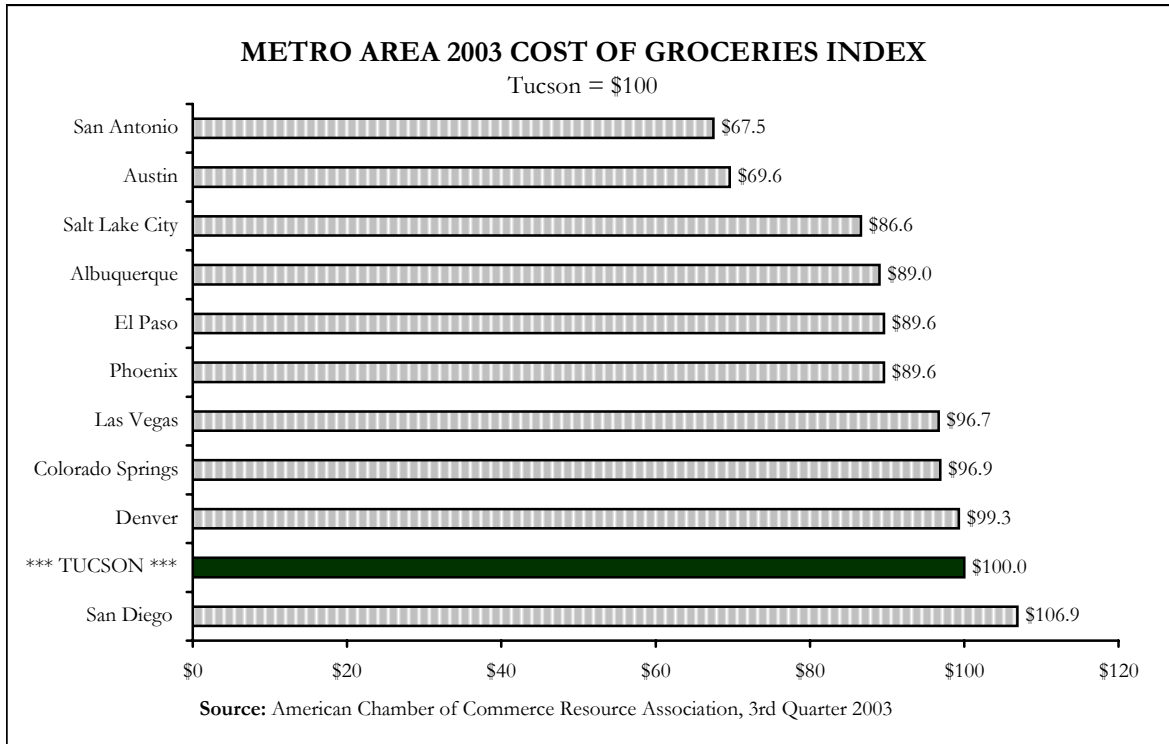
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



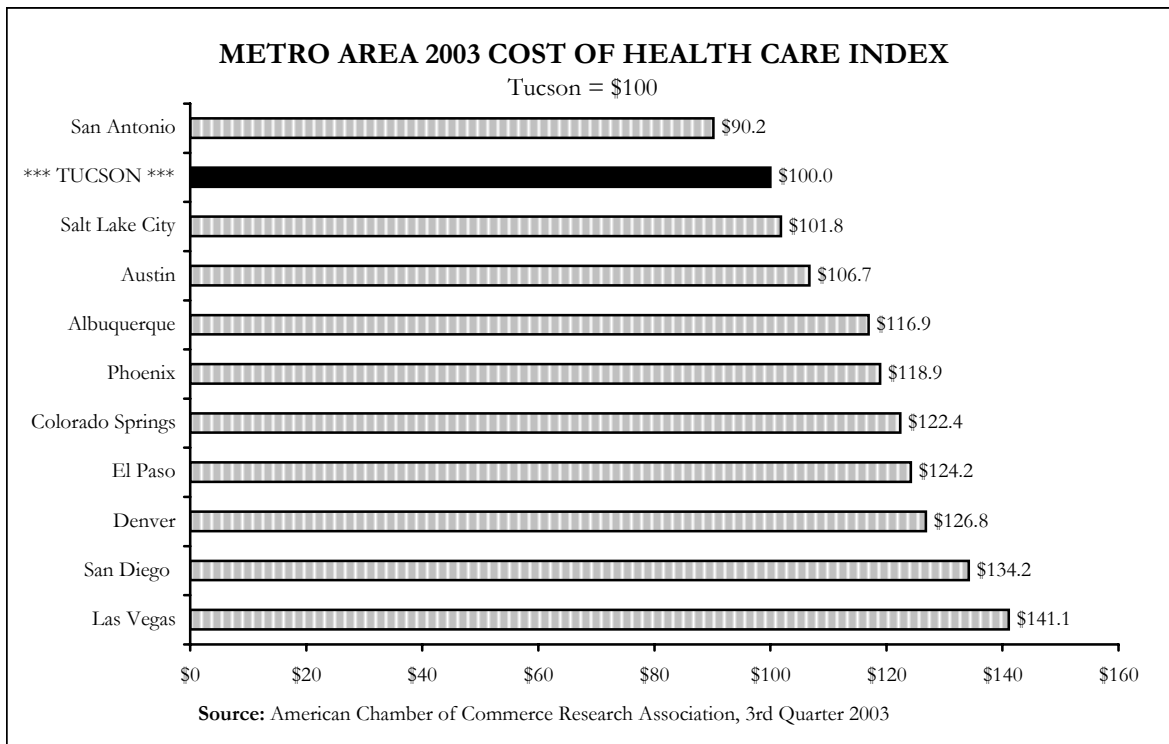
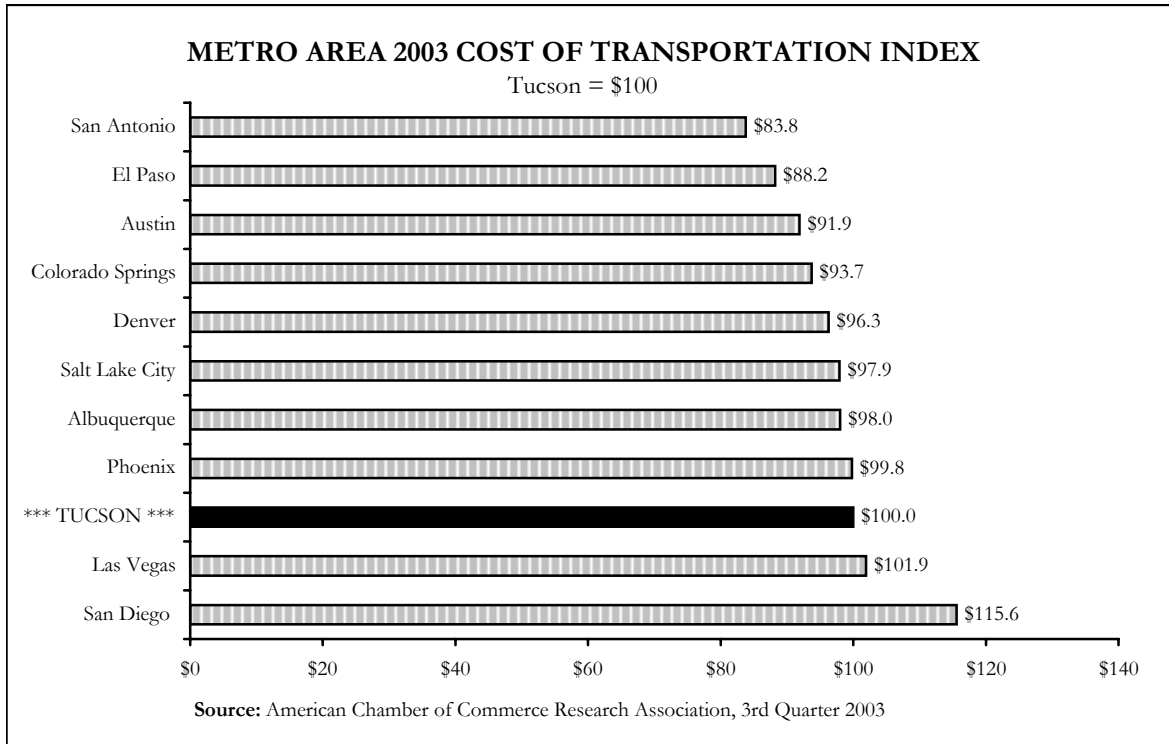
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



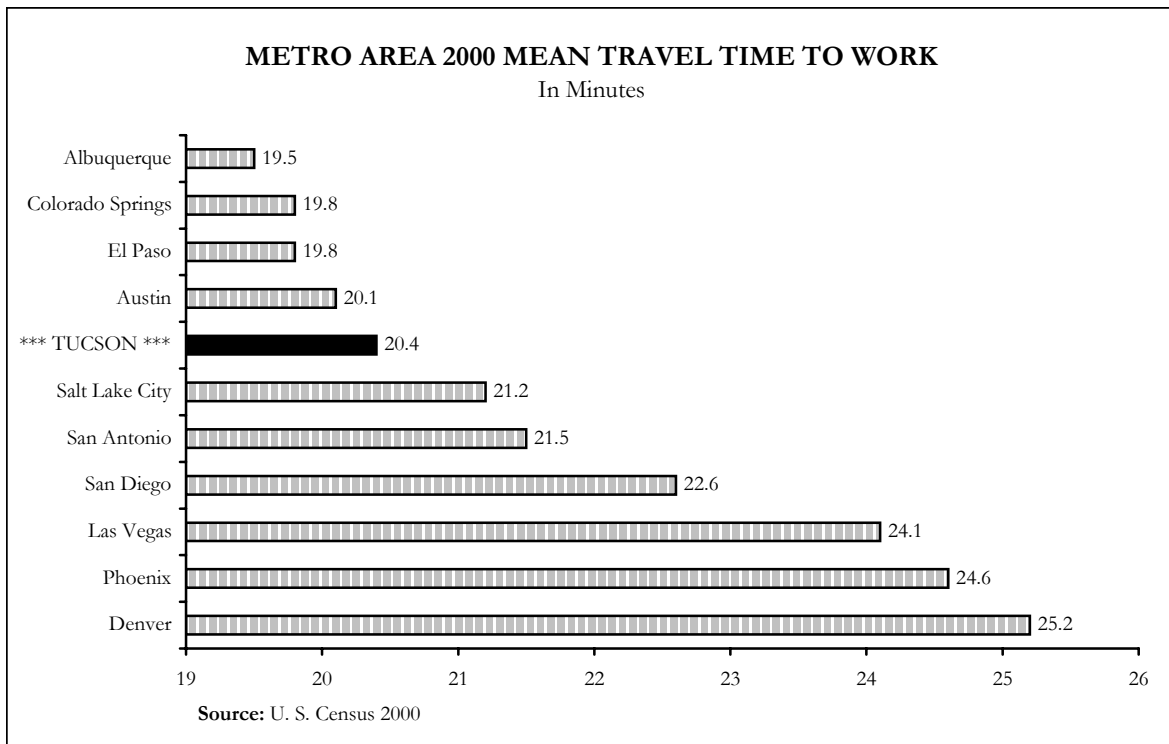
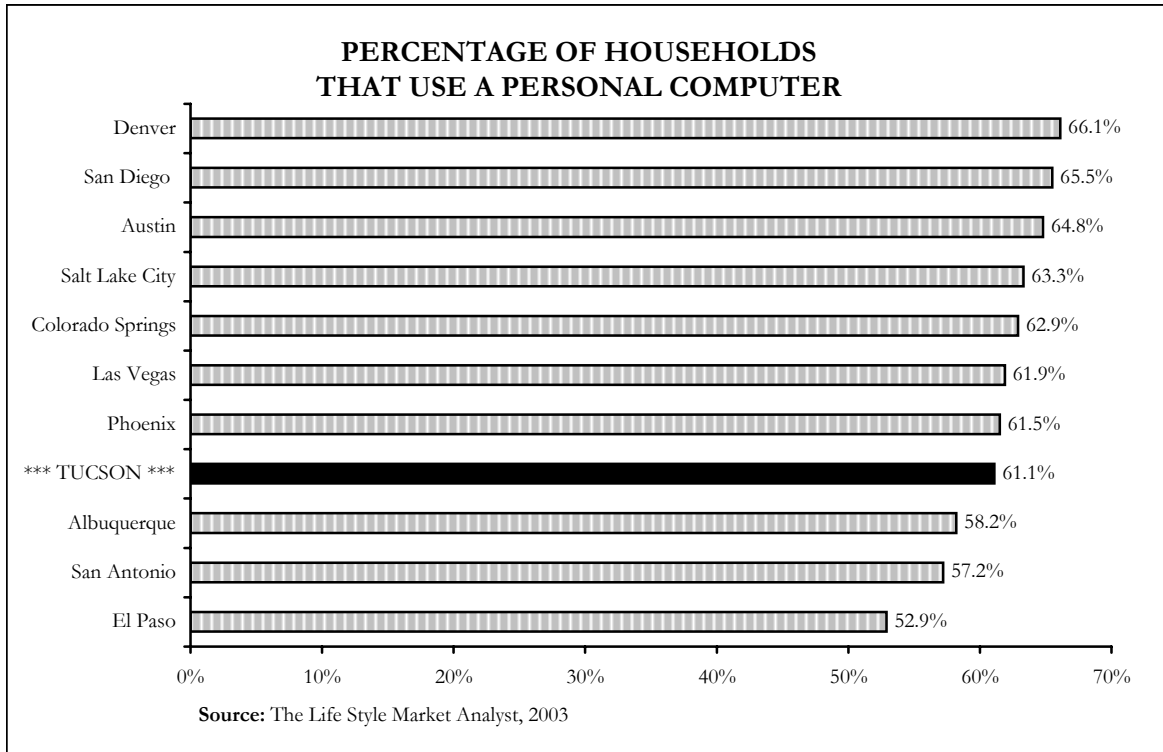
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



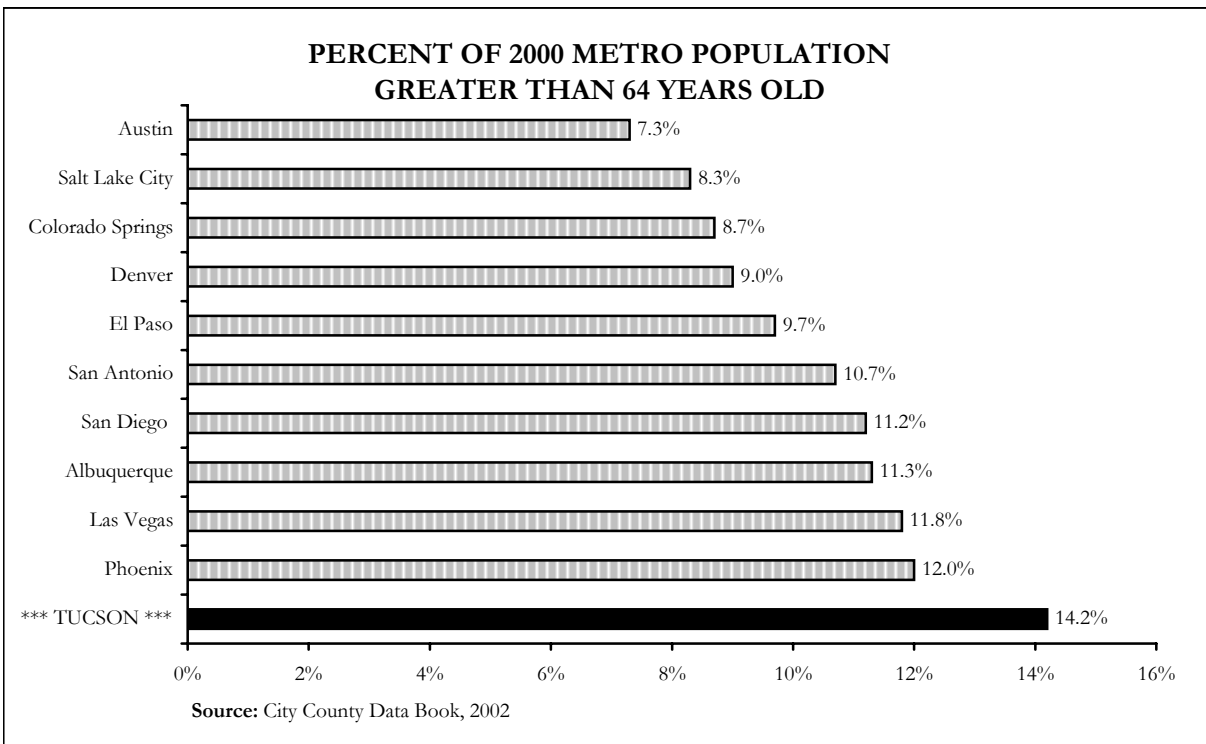
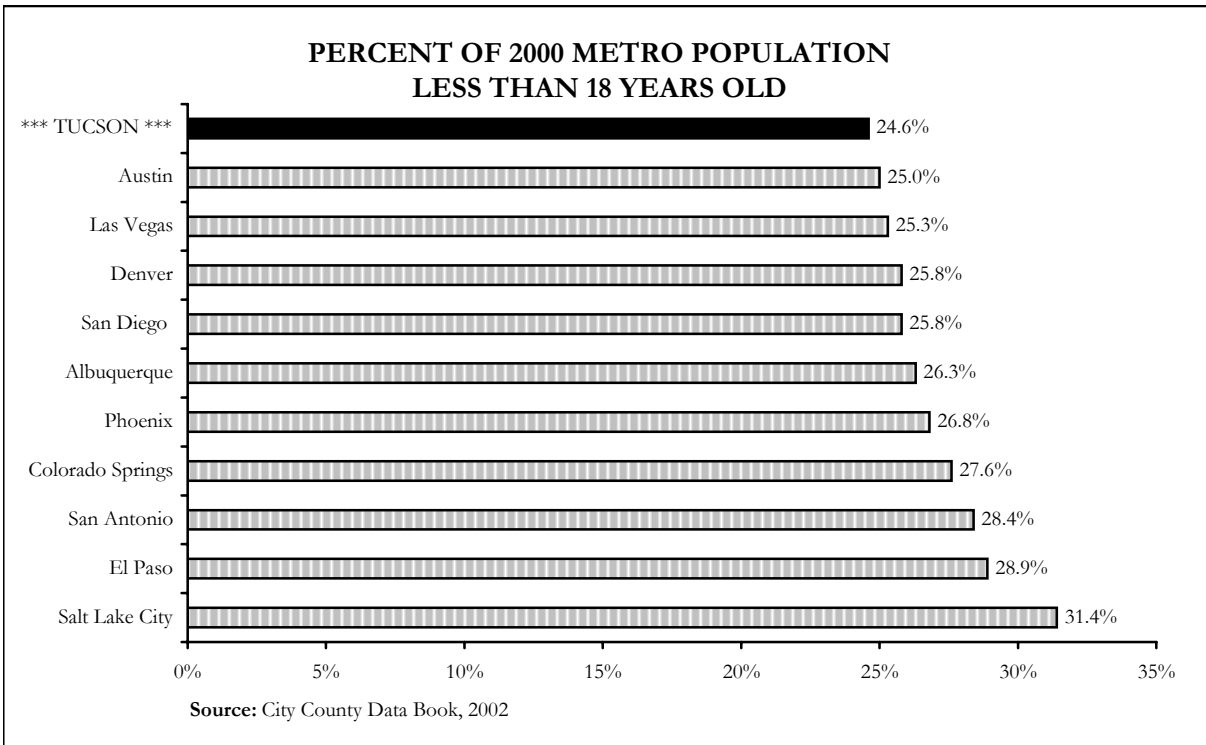
ECONOMIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



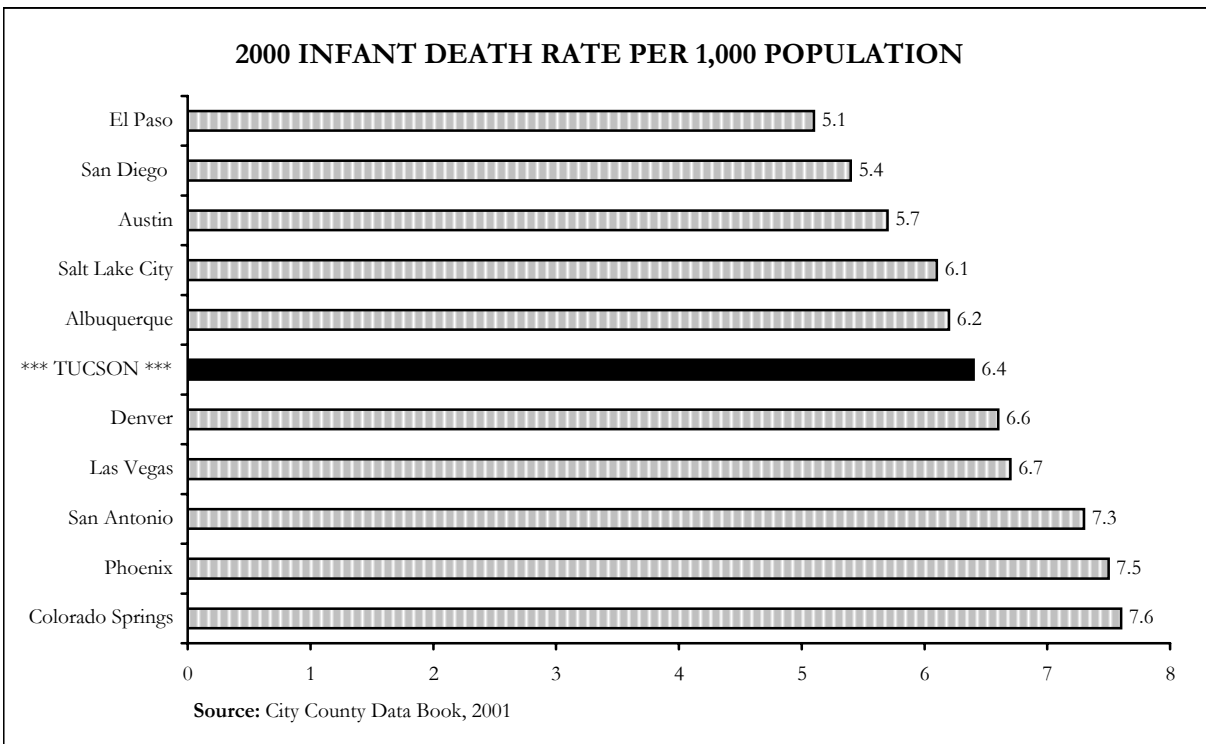
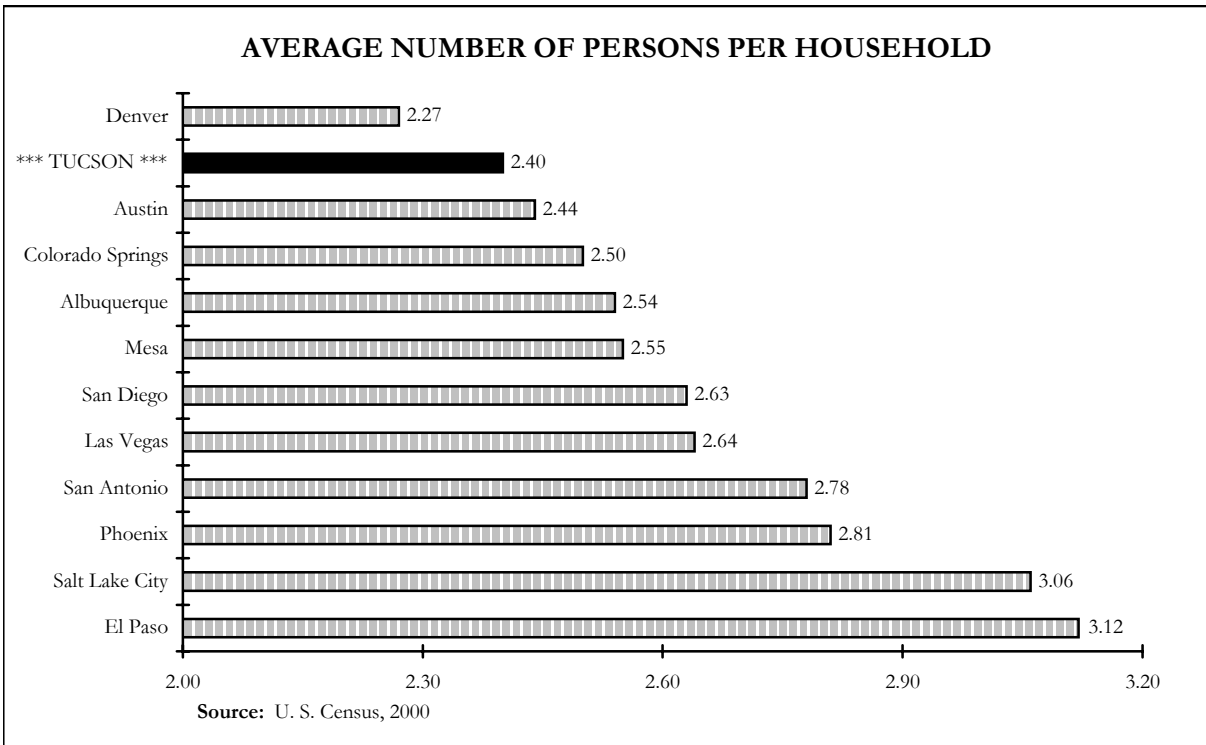
DEMOGRAPHIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



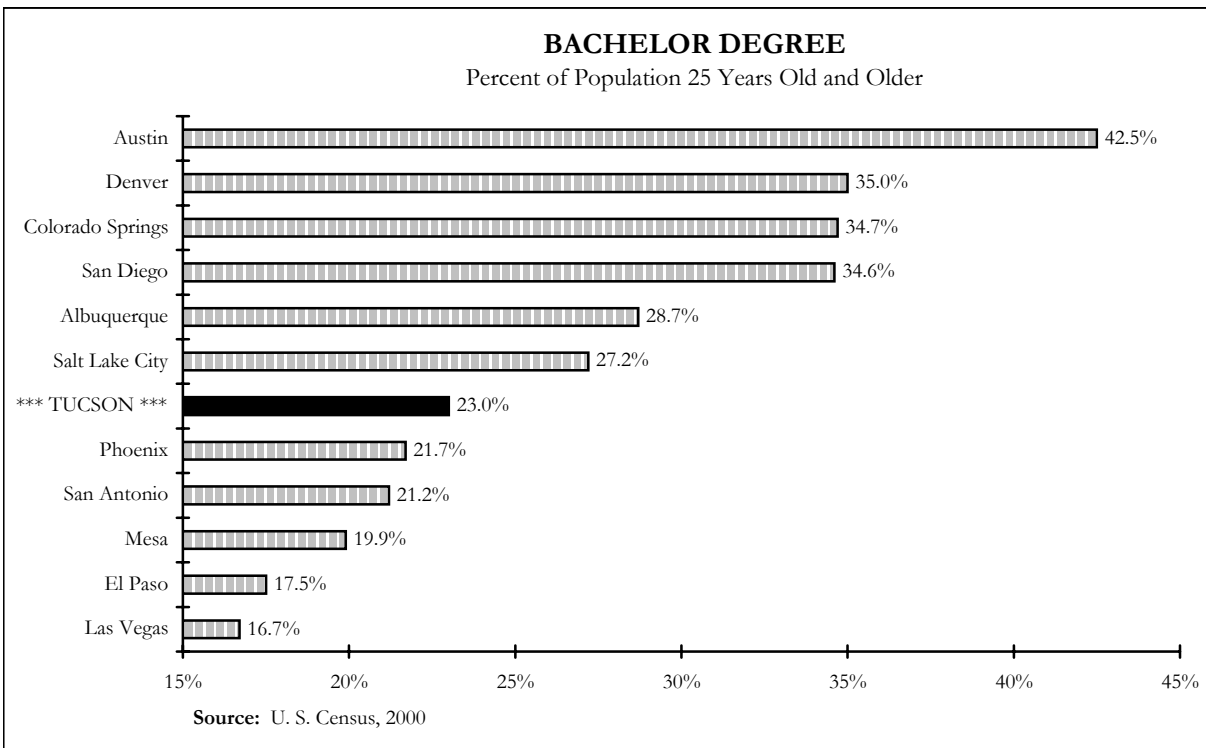
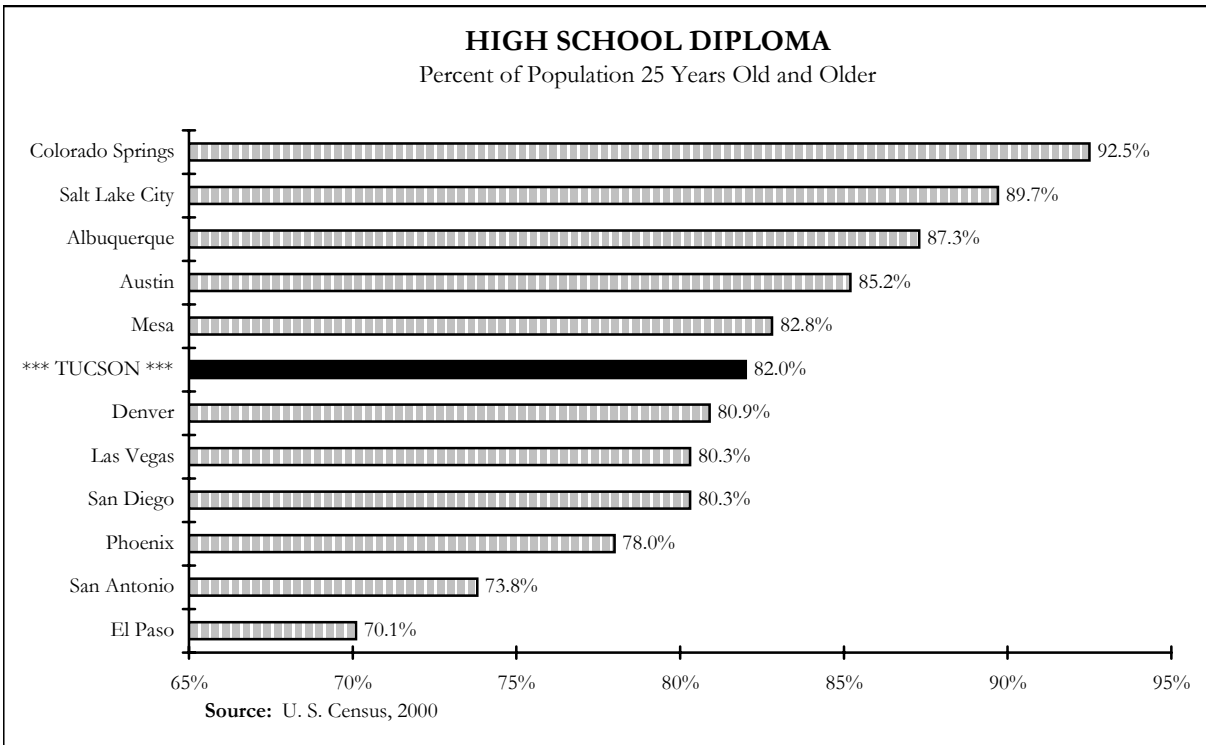
DEMOGRAPHIC BENCHMARKS

Selected Regional Cities Benchmarked With Tucson



DEMOGRAPHIC BENCHMARKS

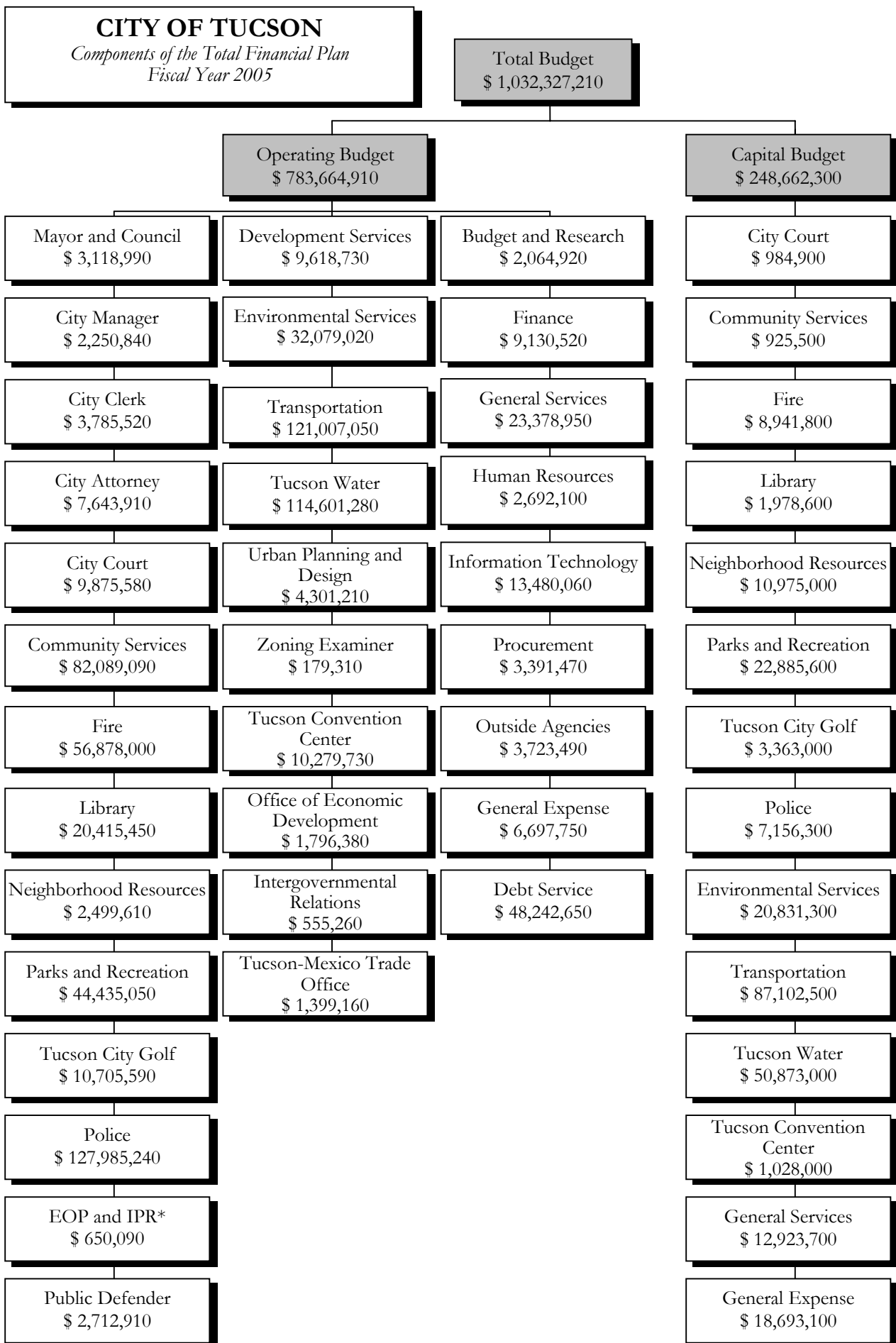
Selected Regional Cities Benchmarked With Tucson



SECTION E

SUMMARY INFORMATION

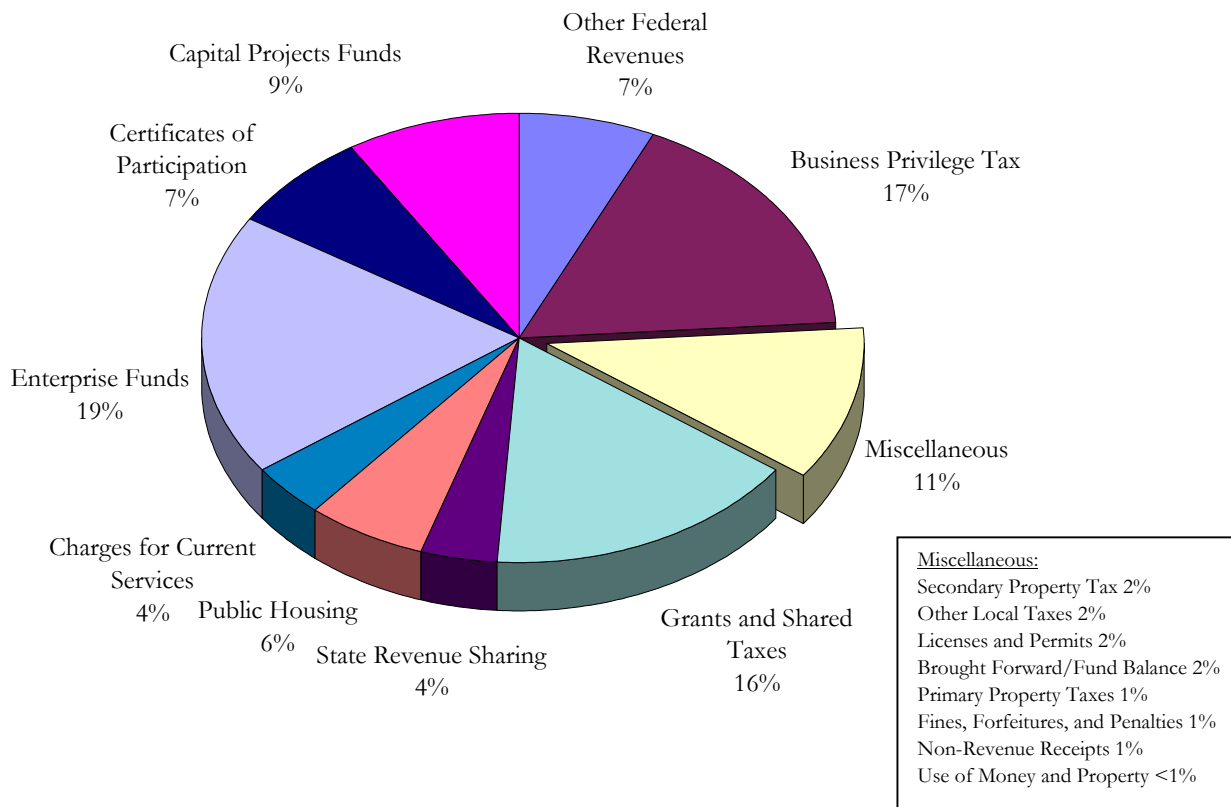




*Equal Opportunity Programs and Independent Police Review

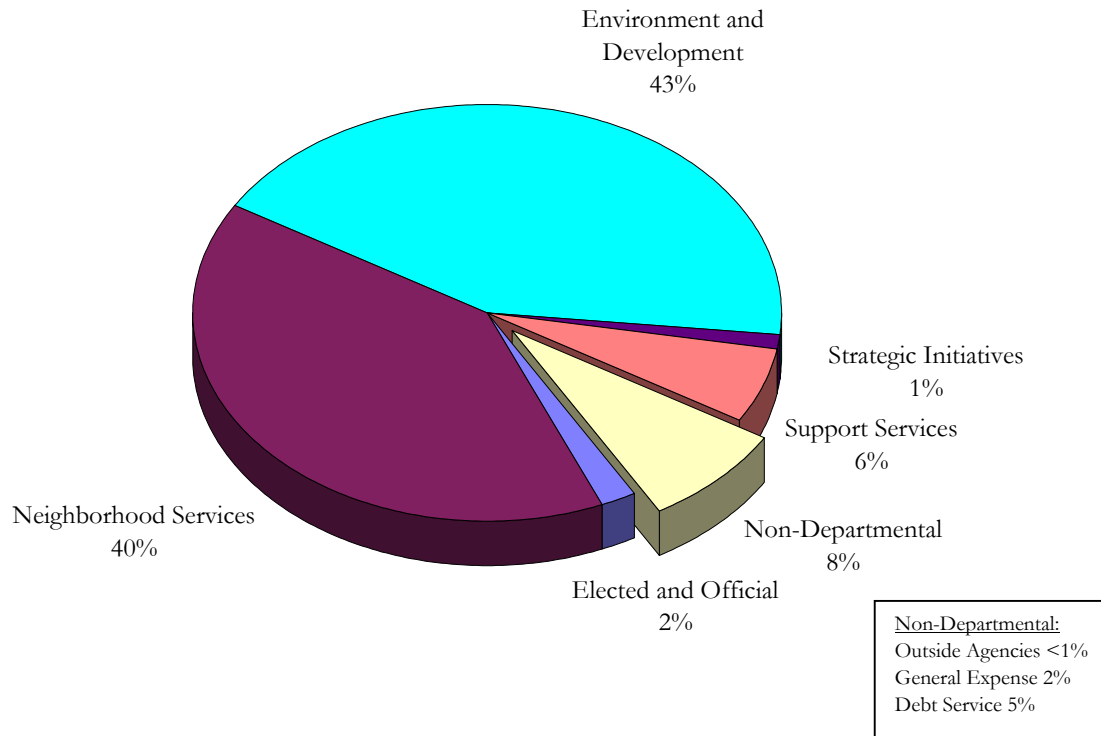
REVENUES

FISCAL YEAR 2005 ADOPTED



Funds Available	Annual Budget Total	Percent of Total
Primary Property Tax	\$ 8,812,120	1%
Secondary Property Tax	21,336,520	2%
Business Privilege Tax	176,600,000	17%
Other Local Taxes	24,930,000	2%
Licenses and Permits	18,143,690	2%
Fines, Forfeitures, and Penalties	12,948,160	1%
Use of Money and Property	3,559,230	<1%
Grants and Shared Taxes	160,970,510	16%
State Revenue Sharing	44,853,450	4%
Charges for Current Services	39,591,250	4%
Non-Revenue Receipts	9,977,480	1%
Public Housing	61,987,490	6%
Other Federal Revenues	70,098,410	7%
Enterprise Funds	193,270,190	19%
Certificates of Participation	70,199,700	7%
Capital Projects Funds	92,951,200	9%
Brought Forward/Fund Balance	22,097,810	2%
Total Funds Available	\$1,032,327,210	100%

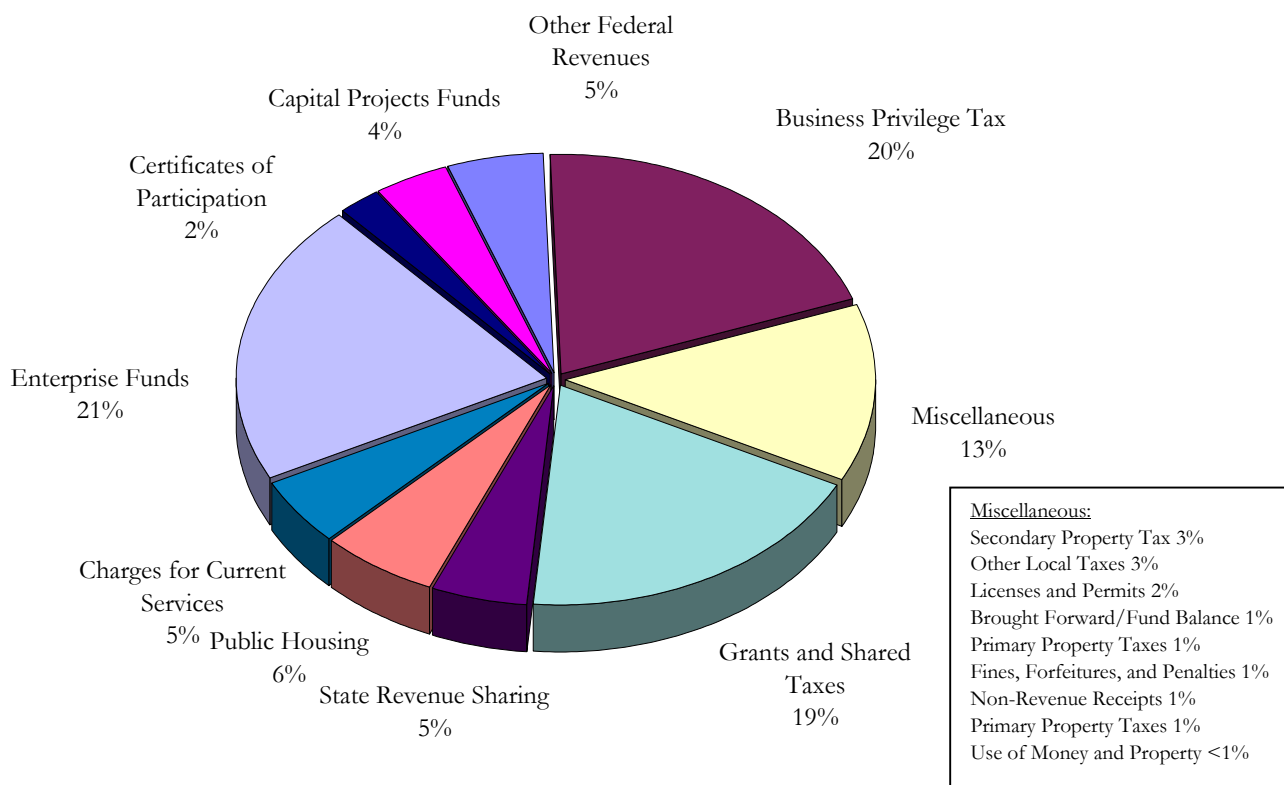
APPROPRIATIONS FISCAL YEAR 2005 ADOPTED



Funds Available	Annual Budget Total	Percent of Total
Elected and Official	\$ 16,799,260	2%
Neighborhood Services	415,457,310	40%
Environment and Development	440,593,400	43%
Strategic Initiatives	15,058,530	1%
Support Services	67,061,720	6%
Non-Departmental		
Outside Agencies	3,723,490	<1%
General Expense	25,390,850	2%
Debt Service	48,242,650	5%
Total Funds Available	<u>\$1,032,327,210</u>	<u>100%</u>

REVENUES

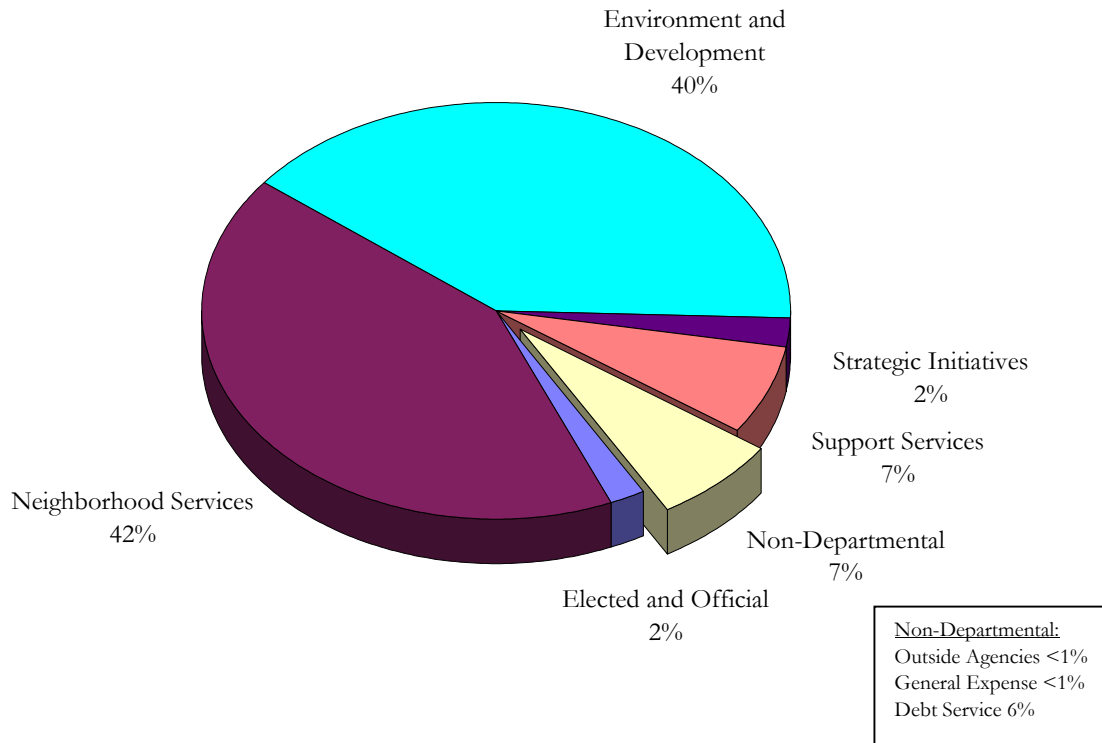
FISCAL YEAR 2006 APPROVED



Funds Available	Annual Budget Total	Percent of Total
Primary Property Tax	\$ 9,161,820	1%
Secondary Property Tax	23,098,280	3%
Business Privilege Tax	185,400,000	20%
Other Local Taxes	25,680,000	3%
Licenses and Permits	19,466,300	2%
Fines, Forfeitures, and Penalties	13,155,160	1%
Use of Money and Property	3,820,760	<1%
Grants and Shared Taxes	172,875,000	19%
State Revenue Sharing	49,230,000	5%
Charges for Current Services	41,402,260	5%
Non-Revenue Receipts	9,232,050	1%
Public Housing	59,215,130	6%
Other Federal Revenues	47,933,420	5%
Enterprise Funds	192,451,030	21%
Certificates of Participation	19,314,700	2%
Capital Projects Funds	37,382,900	4%
Brought Forward/Fund Balance	9,732,550	1%
Total Funds Available	\$ 918,551,360	100%

APPROPRIATIONS

FISCAL YEAR 2006 APPROVED



Funds Available	Annual Budget Total	Percent of Total
Elected and Official	\$ 18,676,090	2%
Neighborhood Services	387,178,620	42%
Environment and Development	372,006,140	40%
Strategic Initiatives	14,381,590	2%
Support Services	60,260,160	7%
Non-Departmental		
Outside Agencies	3,723,490	<1%
General Expense	4,888,930	<1%
Debt Service	57,436,340	6%
Total Funds Available	\$ 918,551,360	100%

SUMMARY OF EXPENDITURES BY DEPARTMENT

	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Elected and Official					
Mayor and Council	\$ 2,472,973	\$ 2,745,000	\$ 2,568,970	\$ 3,118,990	\$ 3,311,160
City Manager	2,127,111	2,040,770	1,895,600	2,250,840	2,305,900
City Clerk	2,941,338	4,694,190	4,431,820	3,785,520	4,952,160
City Attorney	6,834,642	7,082,050	6,756,240	7,643,910	8,106,870
Sub-Total	14,376,064	16,562,010	15,652,630	16,799,260	18,676,090
Neighborhood Services					
City Court	9,630,526	10,003,570	8,890,100	10,860,480	10,319,980
Community Services	63,958,729	68,944,080	77,616,420	83,014,590	78,401,770
Fire	48,525,921	57,132,640	50,561,020	65,819,800	62,604,510
Library	18,982,475	22,247,980	22,506,080	22,394,050	23,635,080
Neighborhood Resources	7,102,201	13,181,930	5,019,520	13,474,610	5,547,230
Parks and Recreation	42,258,095	69,895,450	51,026,540	67,320,650	53,076,790
Tucson City Golf	8,954,080	12,109,530	12,109,530	14,068,590	10,987,510
Police	119,355,657	122,659,940	120,571,510	135,141,540	139,038,440
Office of Equal Opportunity Programs and Independent Police Review	916,999	738,770	574,790	650,090	686,010
Office of the Public Defender	2,238,530	2,333,440	2,371,630	2,712,910	2,881,300
Sub-Total	321,923,213	379,247,330	351,247,140	415,457,310	387,178,620
Environment and Development					
Development Services	7,411,945	8,246,110	7,915,080	9,618,730	10,496,460
Environmental Services	38,949,537	47,947,730	33,580,650	52,910,320	41,545,470
Transportation	117,049,495	193,561,860	156,563,610	208,109,550	144,234,370
Tucson Water	150,982,701	163,372,320	160,566,790	165,474,280	170,825,050
Urban Planning and Design	3,257,984	3,972,240	3,883,340	4,301,210	4,713,040
Zoning Examiner	158,848	167,500	168,500	179,310	191,750
Sub-Total	317,810,510	417,267,760	362,677,970	440,593,400	372,006,140
Strategic Initiatives					
Tucson Convention Center	10,816,396	10,880,110	10,525,110	11,307,730	10,530,620
Office of Economic Development	1,730,908	1,748,100	1,687,270	1,796,380	1,850,470
Intergovernmental Relations	538,706	538,190	541,940	555,260	567,480
Tucson-Mexico Trade Office	582,673	485,630	705,660	1,399,160	1,433,020
Sub-Total	13,668,683	13,652,030	13,459,980	15,058,530	14,381,590

Summary of Expenditures by Department (Continued)

	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Support Services					
Budget and Research	\$ 1,972,419	\$ 2,023,890	\$ 1,853,890	\$ 2,064,920	\$ 2,115,750
Finance	7,371,390	7,937,630	7,882,510	9,130,520	10,910,640
General Services	17,048,856	23,865,540	15,139,180	36,302,650	26,987,740
Human Resources	2,923,756	2,523,140	2,501,110	2,692,100	2,816,080
Information Technology	10,314,869	11,066,070	10,779,150	13,480,060	13,965,420
Procurement	3,423,974	3,190,160	2,839,610	3,391,470	3,464,530
Sub-Total	43,055,264	50,606,430	40,995,450	67,061,720	60,260,160
Non-Departmental					
Outside Agencies	6,689,552	7,553,340	7,549,430	3,723,490	3,723,490
General Expense	9,673,024	20,443,120	8,547,300	25,390,850	4,888,930
Debt Service	41,530,340	52,414,030	50,814,030	48,242,650	57,436,340
Contingency Fund	-0-	46,970	-0-	-0-	-0-
Sub-Total	57,892,916	80,457,460	66,910,760	77,356,990	66,048,760
Total All Departments	\$ 768,726,650	\$ 957,793,020	\$ 850,943,930	\$ 1,032,327,210	\$ 918,551,360

SUMMARY BY CHARACTER OF EXPENDITURES

	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Personal Services	\$ 322,827,539	\$ 329,420,997	\$ 322,467,820	\$ 358,272,410	\$ 387,497,580
Services	187,137,612	191,763,690	192,965,850	233,769,710	210,355,790
Commodities	54,572,812	59,017,610	55,939,220	64,480,230	63,081,610
Equipment	19,414,397	22,449,430	26,320,900	22,208,600	21,798,430
Debt Service	70,037,843	83,693,560	82,319,570	81,428,470	92,584,970
Other	45,721,856	33,855,710	40,388,730	37,911,440	40,591,480
Inter-Activity Transfers	(62,642,131)	(24,096,777)	(46,699,840)	(14,405,950)	(20,468,900)
Operating Total	637,069,928	696,104,220	673,702,250	783,664,910	795,440,960
Capital Improvements	131,656,722	261,688,800	177,241,680	248,662,300	123,110,400
Total All Expenditures	\$ 768,726,650	\$ 957,793,020	\$ 850,943,930	\$ 1,032,327,210	\$ 918,551,360

REVENUES AND EXPENDITURES COMPARISONS

CLASSIFICATION	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
FUNDS AVAILABLE					
Primary Property Tax	\$ 3,766,181	\$ 4,904,190	\$ 4,897,910	\$ 8,812,120	\$ 9,161,820
Secondary Property Tax	20,933,523	23,055,320	23,055,320	21,336,520	23,098,280
Business Privilege Tax	160,781,152	168,200,000	168,200,000	176,600,000	185,400,000
Other Local Taxes	18,508,562	23,574,500	23,583,000	24,930,000	25,680,000
Licenses and Permits	17,087,321	16,353,140	16,694,500	18,143,690	19,466,300
Fines, Forfeitures, and Penalties	10,016,095	12,437,440	12,264,040	12,948,160	13,155,160
Use of Money and Property	3,489,977	5,505,200	3,547,420	3,559,230	3,820,760
Grants and Shared Taxes	125,994,438	153,643,820	140,714,280	160,970,510	172,875,000
State Revenue Sharing	50,485,945	43,388,700	43,900,000	44,853,450	49,230,000
Charges for Current Services	33,567,863	36,792,860	36,407,930	39,591,250	41,402,260
Non-Revenue Receipts	5,465,025	8,411,980	6,854,570	9,977,480	9,232,050
Public Housing	51,311,063	50,309,940	59,372,060	61,987,490	59,215,130
Other Federal Revenues	27,144,295	95,234,430	64,189,060	70,098,410	47,933,420
Enterprise Funds	161,383,422	182,901,080	170,673,580	193,270,190	192,451,030
Less General Fund Contribution	(17,728,367)	(12,643,530)	(12,138,200)	-0-	-0-
Certificates of Participation	7,351,961	23,723,800	4,226,720	70,199,700	19,314,700
Capital Projects Funds	73,335,871	101,852,000	78,792,850	92,951,200	37,382,900
Brought Forward/Fund Balance	19,840,014	20,148,150	8,708,890	22,097,810	9,732,550
TOTAL FUNDS AVAILABLE	\$ 772,734,341	\$ 957,793,020	\$ 853,943,930	\$ 1,032,327,210	\$ 918,551,360
EXPENDITURES					
Elected and Official	\$ 14,376,064	\$ 16,562,010	\$ 15,652,630	\$ 16,799,260	\$ 18,676,090
Neighborhood Services	321,923,213	379,247,330	351,247,140	415,457,310	387,178,620
Environment and Development	317,810,510	417,267,760	362,677,970	440,593,400	372,006,140
Strategic Initiatives	13,668,683	13,652,030	13,459,980	15,058,530	14,381,590
Support Services	43,055,264	50,606,430	40,995,450	67,061,720	60,260,160
Non-Departmental	57,892,916	80,457,460	66,910,760	77,356,990	66,048,760
TOTAL EXPENDITURES	\$ 768,726,650	\$ 957,793,020	\$ 850,943,930	\$ 1,032,327,210	\$ 918,551,360

EXPLANATION OF CITY FUNDS

FUND GROUPS

The city budget consists of five fund groups. Funds are accounting entities that the city uses to track specific revenue sources and expenditures. Some funds are required by State law or by bond covenants, while other funds are established for management purposes. The city does not include budgets for internal service funds and other fiduciary funds as the expenditures are reflected in the funds of departments using those services. The major funds included in the budget are as follows:

General Fund

The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government that are not accounted for in other funds. Revenues accounted for in the general fund include local taxes and state taxes distributed to the city, license and permit fees, fines and penalties, charges for services, certificates of participation, and other miscellaneous funding sources. These funds are expended in Elected and Official, Neighborhood Services, Environment and Development, Strategic Initiatives, Support Services, and Non-Departmental program categories.

Special Revenue Funds

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

Enterprise Funds

Enterprise Funds are established to account for city functions 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. The three enterprise funds of the city are Environmental Services, Tucson City Golf, and Tucson Water.

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. The two funds in this group are for general obligation bonds paid with proceeds from the secondary property tax and street and highway bonds paid with Highway User Revenue Funds.

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. Voter authorized bonds are the primary source of funds in this group. Special assessment funds are not included in the budget, as they are not considered a city fund for budget purposes. Proceeds from bond sales are reflected in the year that they are expended.

FUND BALANCE

The budget treats Fund Balance as the unreserved fund balance defined in the Comprehensive Annual Financial Report (CAFR) as “available spendable resources”.

GENERAL PURPOSE FUNDS

Throughout the budget a distinction is made between general purpose funds and restricted funds. General purpose funds include funding that has no restrictions on its use and may be either General Funds or Special Revenue Funds. This is a concept used in developing and managing the budget. Although most General Funds can be classified as general purpose funds, certain sources such as certificates of participation or any revenues collected for a specific purpose are not. Any general fund contributions reflected in Special Revenue Funds are also considered general

Explanation of City Funds (Continued)

purpose in that the original sources are unrestricted revenues. In addition, certain user fees in Special Revenues are classified as general purpose where there is no legal restriction and those funds close out against the general fund. Restricted funds would include State and Federal funds awarded for a specific purpose as well as Enterprise Funds, Capital Projects Funds, and Debt Service Funds.

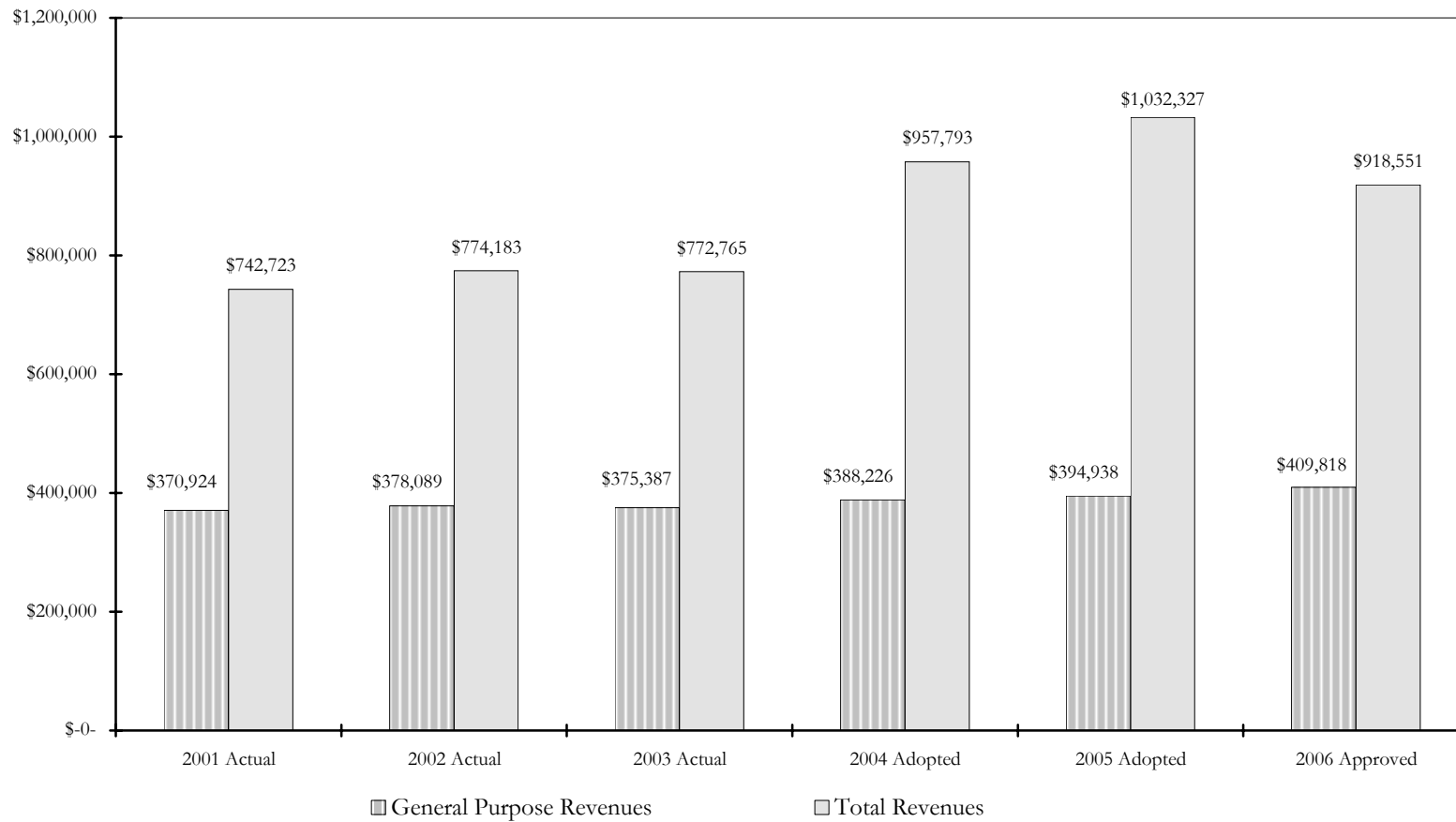
BASIS OF BUDGETING

The basis of budgeting is best described as a modified cash basis in that funds are budgeted in the year expended. As a result, revenues that may be received in a prior year are budgeted in the year that they will be expended.

Comparison to the Basis of Accounting for the Comprehensive Annual Financial Report

The structure of city funds is generally the same in the budget and the CAFR; however, because the CAFR uses either a modified accrual or full accrual basis of accounting, there are differences in how revenues and expenses are treated in specific areas. As indicated above, there are certain funds such as internal service funds and other fiduciary funds that are reported in the CAFR but not the budget. In the budget, expenses for these funds are reflected in the funds and programs that use services that are internal to the city organization. Where the general fund contributes to a special revenue fund, those special revenue funds do not carry an unreserved fund balance as only the amount of general fund required to cover expenses and obligations are transferred. This treatment is the essentially the same in both the budget and the CAFR. The budget matches revenues to expenditures in the year expended for funds other than the general fund. This may result in differences with the CAFR where a revenue may be received prior to the start of the fiscal year such as is the case with bond funds and other financing while the CAFR would report the proceeds in the year received. The budget does not record expenditures such as depreciation that are accrued under Generally Accepted Accounting Principles.

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



Note: Beginning in Fiscal Year 2005, general purpose funds no longer include Environmental Services based on the decision to make it an enterprise fund.

REVENUES AND APPROPRIATIONS SUMMARY
FISCAL YEARS 2005 AND 2006 BIENNIAL BUDGET

CLASSIFICATION	FY 2005 FUNDING			FY 2006 FUNDING		
	GENERAL PURPOSE	RESTRICTED	TOTAL	GENERAL PURPOSE	RESTRICTED	TOTAL
FUNDS AVAILABLE						
Primary Property Tax	\$ 8,812,120	\$ -0-	\$ 8,812,120	\$ 9,161,820	\$ -0-	\$ 9,161,820
Secondary Property Tax	-0-	21,336,520	21,336,520	-0-	23,098,280	23,098,280
Business Privilege Tax	176,600,000	-0-	176,600,000	185,400,000	-0-	185,400,000
Other Local Taxes	24,930,000	-0-	24,930,000	25,680,000	-0-	25,680,000
Licenses and Permits	17,135,990	1,007,700	18,143,690	18,293,200	1,173,100	19,466,300
Fines, Forfeitures, and Penalties	10,390,000	2,558,160	12,948,160	10,590,000	2,565,160	13,155,160
Use of Money and Property	1,110,000	2,449,230	3,559,230	1,110,000	2,710,760	3,820,760
Grants and Shared Taxes	67,241,500	93,729,010	160,970,510	70,260,000	102,615,000	172,875,000
State Revenue Sharing	44,853,450	-0-	44,853,450	49,230,000	-0-	49,230,000
Charges for Current Services	36,975,690	2,615,560	39,591,250	38,783,150	2,619,110	41,402,260
Non-Revenue Receipts	1,310,000	8,667,480	9,977,480	1,310,000	7,922,050	9,232,050
Public Housing	-0-	61,987,490	61,987,490	-0-	59,215,130	59,215,130
Other Federal Revenues	-0-	70,098,410	70,098,410	-0-	47,933,420	47,933,420
Enterprise Funds	-0-	193,270,190	193,270,190	-0-	192,451,030	192,451,030
Certificates of Participation	-0-	70,199,700	70,199,700	-0-	19,314,700	19,314,700
Capital Projects Funds	-0-	92,951,200	92,951,200	-0-	37,382,900	37,382,900
Brought Forward/Fund Balance	5,579,220	16,518,590	22,097,810	-0-	9,732,550	9,732,550
TOTAL FUNDS AVAILABLE	\$ 394,937,970	\$ 637,389,240	\$ 1,032,327,210	\$ 409,818,170	\$ 508,733,190	\$ 918,551,360
APPROPRIATIONS						
Elected and Official	\$ 16,068,910	\$ 730,350	\$ 16,799,260	\$ 17,910,940	\$ 765,150	\$ 18,676,090
Neighborhood Services	242,934,170	172,523,140	415,457,310	246,241,980	140,936,640	387,178,620
Environment and Development	65,930,600	374,662,800	440,593,400	69,081,840	302,924,300	372,006,140
Strategic Initiatives	11,897,720	3,160,810	15,058,530	12,237,420	2,144,170	14,381,590
Support Services	40,648,180	26,413,540	67,061,720	43,747,540	16,512,620	60,260,160
Non-Departmental	17,458,390	59,898,600	77,356,990	20,598,450	45,450,310	66,048,760
TOTAL APPROPRIATIONS	\$ 394,937,970	\$ 637,389,240	\$ 1,032,327,210	\$ 409,818,170	\$ 508,733,190	\$ 918,551,360

REVENUES AND APPROPRIATIONS SUMMARY
FISCAL YEAR 2005 BY OPERATING AND CAPITAL

CLASSIFICATION	TOTAL BUDGET	GENERAL PURPOSE FUNDS			RESTRICTED FUNDS		
		OPERATING	CAPITAL	TOTAL	OPERATING	CAPITAL	TOTAL
FUNDS AVAILABLE							
Primary Property Tax	\$ 8,812,120	\$ 8,812,120	\$ -0-	\$ 8,812,120	\$ -0-	\$ -0-	\$ -0-
Secondary Property Tax	21,336,520	-0-	-0-	-0-	21,336,520	-0-	21,336,520
Business Privilege Tax	176,600,000	174,979,600	1,620,400	176,600,000	-0-	-0-	-0-
Other Local Taxes	24,930,000	24,930,000	-0-	24,930,000	-0-	-0-	-0-
Licenses and Permits	18,143,690	17,135,990	-0-	17,135,990	1,007,700	-0-	1,007,700
Fines, Forfeitures, and Penalties	12,948,160	10,390,000	-0-	10,390,000	2,558,160	-0-	2,558,160
Use of Money and Property	3,559,230	1,110,000	-0-	1,110,000	1,927,530	521,700	2,449,230
Grants and Shared Taxes	160,970,510	67,241,500	-0-	67,241,500	53,415,410	40,313,600	93,729,010
State Revenue Sharing	44,853,450	44,853,450	-0-	44,853,450	-0-	-0-	-0-
Charges for Current Services	39,591,250	36,975,690	-0-	36,975,690	2,615,560	-0-	2,615,560
Non-Revenue Receipts	9,977,480	1,310,000	-0-	1,310,000	6,727,480	1,940,000	8,667,480
Public Housing	61,987,490	-0-	-0-	-0-	61,463,490	524,000	61,987,490
Other Federal Revenues	70,098,410	-0-	-0-	-0-	31,403,310	38,695,100	70,098,410
Enterprise Funds	193,270,190	-0-	-0-	-0-	158,485,890	34,784,300	193,270,190
Certificates of Participation	70,199,700	-0-	-0-	-0-	38,299,400	31,900,300	70,199,700
Capital Projects Funds	92,951,200	-0-	-0-	-0-	-0-	92,951,200	92,951,200
Brought Forward/Fund Balance	22,097,810	1,152,420	4,426,800	5,579,220	15,533,690	984,900	16,518,590
TOTAL FUNDS AVAILABLE	\$ 1,032,327,210	\$ 388,890,770	\$ 6,047,200	\$ 394,937,970	\$ 394,774,140	\$ 242,615,100	\$ 637,389,240
APPROPRIATIONS							
Elected and Official	\$ 16,799,260	\$ 16,068,910	\$ -0-	\$ 16,068,910	\$ 730,350	\$ -0-	\$ 730,350
Neighborhood Services	415,457,310	239,954,170	2,980,000	242,934,170	118,292,440	54,230,700	172,523,140
Environment and Development	440,593,400	63,735,800	2,194,800	65,930,600	218,050,800	156,612,000	374,662,800
Strategic Initiatives	15,058,530	11,897,720	-0-	11,897,720	2,132,810	1,028,000	3,160,810
Support Services	67,061,720	40,575,780	72,400	40,648,180	13,562,240	12,851,300	26,413,540
Non-Departmental	77,356,990	16,658,390	800,000	17,458,390	42,005,500	17,893,100	59,898,600
TOTAL APPROPRIATIONS	\$ 1,032,327,210	\$ 388,890,770	\$ 6,047,200	\$ 394,937,970	\$ 394,774,140	\$ 242,615,100	\$ 637,389,240

REVENUES AND APPROPRIATIONS SUMMARY
FISCAL YEAR 2006 BY OPERATING AND CAPITAL

CLASSIFICATION	TOTAL BUDGET	GENERAL PURPOSE FUNDS			RESTRICTED FUNDS		
		OPERATING	CAPITAL	TOTAL	OPERATING	CAPITAL	TOTAL
FUNDS AVAILABLE							
Primary Property Tax	\$ 9,161,820	\$ 9,161,820	\$ -0-	\$ 9,161,820	\$ -0-	\$ -0-	\$ -0-
Secondary Property Tax	23,098,280	-0-	-0-	-0-	23,098,280	-0-	23,098,280
Business Privilege Tax	185,400,000	184,389,400	1,010,600	185,400,000	-0-	-0-	-0-
Other Local Taxes	25,680,000	25,680,000	-0-	25,680,000	-0-	-0-	-0-
Licenses and Permits	19,466,300	18,293,200	-0-	18,293,200	1,173,100	-0-	1,173,100
Fines, Forfeitures, and Penalties	13,155,160	10,590,000	-0-	10,590,000	2,565,160	-0-	2,565,160
Use of Money and Property	3,820,760	1,110,000	-0-	1,110,000	2,586,060	124,700	2,710,760
Grants and Shared Taxes	172,875,000	70,260,000	-0-	70,260,000	73,726,200	28,888,800	102,615,000
State Revenue Sharing	49,230,000	49,230,000	-0-	49,230,000	-0-	-0-	-0-
Charges for Current Services	41,402,260	38,783,150	-0-	38,783,150	2,619,110	-0-	2,619,110
Non-Revenue Receipts	9,232,050	1,310,000	-0-	1,310,000	6,697,050	1,225,000	7,922,050
Public Housing	59,215,130	-0-	-0-	-0-	59,215,130	-0-	59,215,130
Other Federal Revenues	47,933,420	-0-	-0-	-0-	26,683,320	21,250,100	47,933,420
Enterprise Funds	192,451,030	-0-	-0-	-0-	165,864,030	26,587,000	192,451,030
Certificates of Participation	19,314,700	-0-	-0-	-0-	12,673,400	6,641,300	19,314,700
Capital Projects Funds	37,382,900	-0-	-0-	-0-	-0-	37,382,900	37,382,900
Brought Forward/Fund Balance	9,732,550	-0-	-0-	-0-	9,732,550	-0-	9,732,550
TOTAL FUNDS AVAILABLE	\$ 918,551,360	\$ 408,807,570	\$ 1,010,600	\$ 409,818,170	\$ 386,633,390	\$ 122,099,800	\$ 508,733,190
APPROPRIATIONS							
Elected and Official	\$ 18,676,090	\$ 17,910,940	\$ -0-	\$ 17,910,940	\$ 765,150	\$ -0-	\$ 765,150
Neighborhood Services	387,178,620	246,241,980	-0-	246,241,980	127,220,840	13,715,800	140,936,640
Environment and Development	372,006,140	68,071,240	1,010,600	69,081,840	197,737,600	105,186,700	302,924,300
Strategic Initiatives	14,381,590	12,237,420	-0-	12,237,420	2,144,170	-0-	2,144,170
Support Services	60,260,160	43,747,540	-0-	43,747,540	13,315,320	3,197,300	16,512,620
Non-Departmental	66,048,760	20,598,450	-0-	20,598,450	45,450,310	-0-	45,450,310
TOTAL ALL APPROPRIATIONS	\$ 918,551,360	\$ 408,807,570	\$ 1,010,600	\$ 409,818,170	\$ 386,633,390	\$ 122,099,800	\$ 508,733,190

REVENUES AND EXPENDITURES COMPARISONS AND FUND BALANCE GENERAL FUND

	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Beginning Fund Balance	\$ 9,260,000	\$ 3,481,000	\$ 3,481,000	\$ 10,790,477	\$ 28,790,477
Revenues and Other Sources					
Primary Property Tax	3,766,181	4,904,190	4,897,910	8,812,120	9,161,820
Business Privilege Tax	160,781,152	168,200,000	168,200,000	176,600,000	185,400,000
Less Transfers	(61,356,511)	(60,004,380)	(57,610,510)	(53,765,080)	(47,945,950)
Other Local Taxes	18,508,562	23,574,500	23,583,000	24,930,000	25,680,000
Licenses and Permits	16,671,441	15,980,880	16,225,500	17,668,690	18,974,300
Fines, Forfeitures, and Penalties	9,697,352	11,774,440	11,944,040	12,622,160	12,822,160
Use of Money and Property	1,788,999	2,690,820	2,083,720	1,880,230	1,926,760
Grants and Shared Taxes	58,253,180	59,684,590	61,022,240	65,051,990	68,022,360
State Revenue Sharing	50,485,945	43,388,700	43,900,000	44,853,450	49,230,000
Charges for Current Services	18,792,741	20,915,920	21,219,000	23,403,670	24,928,880
Non-Revenue Receipts	4,693,085	8,411,980	6,854,570	8,037,480	8,007,050
Certificates of Participation	7,351,961	23,723,800	4,226,720	48,723,580	7,748,300
Brought Forward/Fund Balance	9,627,922	8,152,130	1,523,470	4,326,620	-0-
Total Sources	299,062,010	331,397,570	308,069,660	383,144,910	363,955,680
Less Unbudgeted Fund Balance Requirements	(9,260,000)	(3,481,000)	(3,481,000)	(10,790,477)	(28,790,477)
Total Funds Available	299,062,010	331,397,570	308,069,660	383,144,910	363,955,680
Expenditures					
Elected and Official	\$ 14,045,460	\$ 16,044,640	\$ 15,293,640	\$ 16,282,830	\$ 18,120,950
Neighborhood Services	207,584,825	217,296,910	213,313,570	241,114,990	254,434,800
Environment and Development	12,898,506	14,400,170	13,699,780	42,136,300	19,005,470
Strategic Initiatives	2,424,424	2,104,870	2,069,790	2,685,970	2,776,530
Support Services	42,679,817	47,606,430	40,558,040	54,312,600	47,418,760
Non-Departmental	19,428,978	33,944,550	20,134,840	26,612,220	22,199,170
Total Expenditures	\$ 299,062,010	\$ 331,397,570	\$ 305,069,660	\$ 383,144,910	\$ 363,955,680
Available Funds Over/(Under)					
Expenditures	-0-	-0-	3,000,000	-0-	-0-
Unbudgeted Fund Balance Requirements					
From Prior year	\$ 9,260,000	\$ 3,481,000	\$ 3,481,000	\$ 10,790,477	\$ 28,790,477
From Available Funds	-0-	-0-	3,000,000	-0-	-0-
Transfers from/ (to) other Funds or Reserves	(5,779,000)	-0-	4,309,477	18,000,000	-0-
Total	\$ 3,481,000	\$ 3,481,000	\$ 10,790,477	\$ 28,790,477	\$ 28,790,477

Notes on Changes to Fund Balance:

FY 2003 - Due to the transfer to reserves related to advances to the Rio Nuevo fund.

FY 2004 - Based on recent court findings the \$7,309,477 net Qwest settlement received in FY 2002 will be included in fund balance. It is anticipated that much of the available funds estimated for FY 2004 will be transferred to reserves.

FY 2005 - Funds previously reserved for Environmental Mandates will be transferred to fund balance based on the establishment of Environmental Services as an enterprise fund.

REVENUES AND EXPENDITURES COMPARISONS AND FUND BALANCE OTHER FUNDS

	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
SPECIAL REVENUE FUNDS					
Beginning Fund Balance	\$ 35,213,000	\$ 18,738,000	\$ 18,738,000	\$ 18,738,000	\$ 18,738,000
Revenues and Other Sources	203,434,335	302,292,500	257,057,970	325,076,010	284,264,740
Expenditures	(199,426,653)	(302,292,500)	(257,057,970)	(325,076,010)	(284,264,740)
Surplus/(Deficit)	4,007,682	-0-	-0-	-0-	-0-
Transfers from/(to) other Funds or Reserves	(20,482,682)	-0-	-0-	-0-	-0-
Ending Fund Balance	<u>\$ 18,738,000</u>	<u>\$ 18,738,000</u>	<u>\$ 18,738,000</u>	<u>\$ 18,738,000</u>	<u>\$ 18,738,000</u>
ENTERPRISE FUNDS					
Beginning Fund Balance	\$ 32,169,000	\$ 36,165,073	\$ 38,175,753	\$ 41,843,543	\$ 48,661,193
Revenues and Other Sources	164,572,722	184,911,760	174,341,370	200,087,840	196,054,320
Expenditures	(161,383,422)	(182,901,080)	(170,673,580)	(193,270,190)	(192,451,030)
Surplus/(Deficit)	3,189,300	2,010,680	3,667,790	6,817,650	3,603,290
Transfers from/(to) other Funds or Reserves	806,773	-0-	-0-	-0-	-0-
Ending Fund Balance	<u>\$ 36,165,073</u>	<u>\$ 38,175,753</u>	<u>\$ 41,843,543</u>	<u>\$ 48,661,193</u>	<u>\$ 52,264,483</u>
DEBT SERVICE FUNDS					
Beginning Fund Balance	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Revenues and Other Sources	35,518,703	39,349,870	39,349,870	37,884,900	40,497,010
Expenditures	(35,518,703)	(39,349,870)	(39,349,870)	(37,884,900)	(40,497,010)
Surplus/(Deficit)	-0-	-0-	-0-	-0-	-0-
Ending Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
CAPITAL PROJECTS FUND					
Beginning Fund Balance	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Revenues and Other Sources	73,335,871	101,852,000	78,792,850	92,951,200	37,382,900
Expenditures	(73,335,871)	(101,852,000)	(78,792,850)	(92,951,200)	(37,382,900)
Surplus/(Deficit)	-0-	-0-	-0-	-0-	-0-
Ending Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Notes on Changes to Fund Balance:

Enterprise Funds - Changes in fund balance each year are based on a policy to increase working capital to meet future infrastructure requirements.

ALL FUNDS SUMMARY

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
GENERAL FUND	\$ 299,062,010	\$ 331,397,570	\$ 308,069,660	\$ 383,144,910	\$ 363,955,680
SPECIAL REVENUE FUNDS	203,434,335	302,292,500	257,057,970	325,076,010	284,264,740
ENTERPRISE FUNDS	161,383,422	182,901,080	170,673,580	193,270,190	192,451,030
DEBT SERVICE FUNDS	35,518,703	39,349,870	39,349,870	37,884,900	40,497,010
CAPITAL PROJECTS FUNDS	73,335,871	101,852,000	78,792,850	92,951,200	37,382,900
TOTAL ALL FUNDS	\$ 772,734,341	\$ 957,793,020	\$ 853,943,930	\$ 1,032,327,210	\$ 918,551,360
General Fund					
Primary Property Tax	\$ 3,766,181	\$ 4,904,190	\$ 4,897,910	\$ 8,812,120	\$ 9,161,820
Business Privilege Tax	160,781,152	168,200,000	168,200,000	176,600,000	185,400,000
less Contributions to Other Funds	(61,356,511)	(60,004,380)	(57,610,510)	(53,765,080)	(47,945,950)
Other Local Taxes	18,508,562	23,574,500	23,583,000	24,930,000	25,680,000
Licenses and Permits	16,671,441	15,980,880	16,225,500	17,668,690	18,974,300
Fines, Forfeitures, and Penalties	9,697,352	11,774,440	11,944,040	12,622,160	12,822,160
Use of Money and Property	1,788,999	2,690,820	2,083,720	1,880,230	1,926,760
Grants and Shared Taxes	58,253,180	59,684,590	61,022,240	65,051,990	68,022,360
State Revenue Sharing	50,485,945	43,388,700	43,900,000	44,853,450	49,230,000
Charges for Current Services	18,792,741	20,915,920	21,219,000	23,403,670	24,928,880
Non-Revenue Receipts	4,693,085	8,411,980	6,854,570	8,037,480	8,007,050
Certificates of Participation	7,351,961	23,723,800	4,226,720	48,723,580	7,748,300
Brought Forward	6,061,710	4,899,690	905,370	3,994,320	-0-
Use of Fund Balance	3,566,212	3,252,440	618,100	332,300	-0-
Total General Fund	\$ 299,062,010	\$ 331,397,570	\$ 308,069,660	\$ 383,144,910	\$ 363,955,680
Special Revenue Funds					
General Fund Contributions	\$ 43,628,144	\$ 47,360,850	\$ 45,472,310	\$ 53,765,080	\$ 47,945,950
Licenses and Permits	415,880	372,260	469,000	475,000	492,000
Fines and Forfeitures	318,743	663,000	320,000	326,000	333,000
Use of Money and Property	1,700,978	2,814,380	1,463,700	1,679,000	1,894,000
Grants and Shared Taxes	53,156,078	77,664,680	63,397,490	79,370,140	87,453,910
Charges for Current Services	14,775,122	15,876,940	15,188,930	16,187,580	16,473,380
Public Housing Local Revenue	2,027,660	2,027,660	2,027,660	2,680,860	2,680,860
Federal Grants	76,427,698	143,516,710	121,533,460	129,405,040	104,467,690
Non-Revenue Receipts	771,940	-0-	-0-	1,940,000	1,225,000
Certificates of Participation	-0-	-0-	-0-	21,476,120	11,566,400
Brought Forward	5,037,500	9,039,800	706,000	6,516,100	-0-
Use of Fund Balance	5,174,592	2,956,220	6,479,420	11,255,090	9,732,550
Total Special Revenue Funds	\$ 203,434,335	\$ 302,292,500	\$ 257,057,970	\$ 325,076,010	\$ 284,264,740

ALL FUNDS SUMMARY

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Enterprise Funds					
Environmental Services	\$ 35,086,363	\$ 38,625,230	\$ 30,793,840	\$ 41,872,320	\$ 38,712,470
Golf Course	9,705,443	12,109,530	12,109,530	14,068,590	10,987,510
Water Utility	\$ 116,591,616	\$ 132,166,320	\$ 127,770,210	\$ 137,329,280	\$ 142,751,050
Total Enterprise Funds	<u>\$ 161,383,422</u>	<u>\$ 182,901,080</u>	<u>\$ 170,673,580</u>	<u>\$ 193,270,190</u>	<u>\$ 192,451,030</u>
Debt Service Funds					
Secondary Property Tax	\$ 20,933,523	\$ 23,055,320	\$ 23,055,320	\$ 21,336,520	\$ 23,098,280
State Shared Taxes	14,585,180	16,294,550	16,294,550	16,548,380	17,398,730
Total Debt Service Funds	<u>\$ 35,518,703</u>	<u>\$ 39,349,870</u>	<u>\$ 39,349,870</u>	<u>\$ 37,884,900</u>	<u>\$ 40,497,010</u>
Capital Projects Funds					
Bond Funds Proceeds	\$ 73,335,871	\$ 101,852,000	\$ 78,792,850	\$ 92,951,200	\$ 37,382,900
Total Capital Projects Funds	<u>\$ 73,335,871</u>	<u>\$ 101,852,000</u>	<u>\$ 78,792,850</u>	<u>\$ 92,951,200</u>	<u>\$ 37,382,900</u>

GENERAL FUND

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Primary Property Tax	\$ 3,766,181	\$ 4,904,190	\$ 4,897,910	\$ 8,812,120	\$ 9,161,820
Business Privilege Tax	\$ 160,781,152	\$ 168,200,000	\$ 168,200,000	\$ 176,600,000	\$ 185,400,000
Less Contributions to Special Revenue Funds ¹	(61,356,511)	(60,004,380)	(57,610,510)	(53,765,080)	(47,945,950)
Business Privilege Tax	\$ 99,424,641	\$ 108,195,620	\$ 110,589,490	\$ 122,834,920	\$ 137,454,050
Other Local Taxes					
Public Utility Tax	\$ 9,267,002	\$ 7,951,500	\$ 7,915,000	\$ 8,370,000	\$ 8,600,000
Transient Occupancy Tax	4,608,568	7,104,600	7,069,000	7,350,000	7,640,000
Room Tax	1,786,753	1,849,000	1,822,000	1,890,000	1,970,000
Occupational Taxes ²	2,115,059	1,893,600	2,031,000	2,070,000	2,110,000
Liquor Taxes	731,180	775,800	746,000	760,000	780,000
Use Tax	-0-	4,000,000	4,000,000	4,490,000	4,580,000
Total	\$ 18,508,562	\$ 23,574,500	\$ 23,583,000	\$ 24,930,000	\$ 25,680,000
Licenses and Permits					
Application Fees ²	\$ 5	\$ 201,880	\$ 212,000	\$ 260,000	\$ 320,000
Sign Permits	279,714	280,000	283,000	285,000	290,000
Parking Meter Collections	270,430	304,720	306,000	310,000	320,000
Vehicle Permits	52,932	50,700	60,000	60,000	65,000
Developer In Lieu Fees	172,660	-0-	-0-	-0-	-0-
Fire Inspection Fee	-0-	-0-	-0-	300,750	623,620
Temporary Workzone Traffic Control Fee	-0-	-0-	-0-	350,000	500,000
Cable Television Licenses	3,388,162	3,676,080	2,751,000	3,234,240	3,598,580
Public, Educational, Government Capital Support (PEG) ³	642,343	694,500	521,500	532,700	681,100
Telecommunications Applications Fee	3,000	5,000	5,000	6,000	6,000
Telecommunications Licenses and Franchise Fees	635,097	437,000	635,000	650,000	660,000
Utility Franchise Fees	11,227,098	10,331,000	11,452,000	11,680,000	11,910,000
Total	\$ 16,671,441	\$ 15,980,880	\$ 16,225,500	\$ 17,668,690	\$ 18,974,300

¹ Contributions to Special Revenue Funds is now used to reflect the full amount of Business Privilege Tax as a General Fund revenue, with amounts required to support other revenue funds as transfers to those funds, consistent with accounting practices. Fiscal Years 2003 and 2004 amounts have been revised for consistency.

² Occupational Taxes previously included certain application fees which have been moved to Licenses and Permits (all years revised for consistency).

³ PEG funding, previously included in Cable Television Licenses, now shown separately due to restrictions on use (all years revised for consistency).

GENERAL FUND

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Fines, Forfeitures, and Penalties					
Civil Traffic Diversion Program	\$ 2,051,605	\$ 2,324,000	\$ 2,300,000	\$ 2,346,000	\$ 2,393,000
Prosecutor's Diversion Program	133,801	149,400	135,000	138,000	141,000
Civil Traffic Violations	484,441	472,100	490,000	500,000	510,000
Criminal Traffic Violations	5,187,500	4,910,600	5,200,000	5,304,000	5,410,000
Driving Under the Influence	105,121	58,300	105,000	107,000	110,000
Filing Fees-Domestic Violence	17,593	43,100	20,000	20,000	20,000
Probation Fees	340,925	321,000	340,000	347,000	354,000
City Court Miscellaneous	438,628	948,900	785,000	1,201,000	1,217,000
Time Payment Fees	208,656	187,800	250,000	250,000	250,000
Sub-Total	8,968,270	9,415,200	9,625,000	10,213,000	10,405,000
Other Fines/Forfeitures					
Parking Violations	\$ 318,742	\$ 332,400	\$ 320,000	\$ 326,000	\$ 333,000
Zoning Code Violations	34,253	21,200	35,000	36,000	37,000
Fire Code Violations	900	500	1,000	1,000	1,000
Building Code Violations	17,760	2,500	18,000	18,000	18,000
Other Fines/Violations	5,871	2,400	6,000	6,000	6,000
Forfeitures/Assessments ¹	314,098	1,979,240	1,899,040	1,982,160	1,982,160
False Alarm Violations	16,901	5,000	17,000	17,000	17,000
Offroad Vehicle Violations	2,340	5,000	3,000	3,000	3,000
Dishonored Check	18,217	11,000	20,000	20,000	20,000
Sub-Total	729,082	2,359,240	2,319,040	2,409,160	2,417,160
Total	\$ 9,697,352	\$ 11,774,440	\$ 11,944,040	\$ 12,622,160	\$ 12,822,160
Use of Money and Property					
Rentals	400,474	708,540	595,000	592,000	592,000
Tenant Rent	707,692	804,280	720,720	770,230	816,760
Telephone Pay Booths	16,604	18,000	18,000	18,000	18,000
Interest Earnings	664,229	1,160,000	750,000	500,000	500,000
Total	\$ 1,788,999	\$ 2,690,820	\$ 2,083,720	\$ 1,880,230	\$ 1,926,760
Grants and Shared Taxes					
Shared State Taxes					
Auto Lieu Taxes	\$ 19,790,256	\$ 20,193,000	\$ 20,582,000	\$ 21,410,000	\$ 22,270,000
State Sales Tax	38,160,832	38,833,000	40,068,000	43,185,270	45,340,000
Sub-Total	57,951,088	59,026,000	60,650,000	64,595,270	67,610,000

¹ Forfeitures and other assessments, previously included in Grants and Shared Taxes, have been moved consistent with accounting practices (all years revised for consistency).

GENERAL FUND

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Grants and Shared Taxes (Continued)					
State and Local Grants					
City Manager's Office	\$ -0-	\$ -0-	\$ 3,590	\$ 3,910	\$ -0-
City Attorney Grants ¹	71,308	-0-	-0-	-0-	-0-
City Court Grants	2,253	250,000	-0-	-0-	-0-
Parks and Recreation Grants	104,828	408,590	295,730	403,900	412,360
Police Grants ¹	21,320	-0-	-0-	-0-	-0-
General Services Grants	102,383	-0-	72,920	48,910	-0-
Sub-Total	302,092	658,590	372,240	456,720	412,360
Total	\$ 58,253,180	\$ 59,684,590	\$ 61,022,240	\$ 65,051,990	\$ 68,022,360
State Revenue Sharing	\$ 50,485,945	\$ 43,388,700	\$ 43,900,000	\$ 44,853,450	\$ 49,230,000
Charges for Current Services					
General Government					
Mutual Aid Communication System	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000
Dispatch Intergovernmental Agreement	571,350	419,580	570,000	615,000	615,000
Sale of Codes, Regulations, and Maps	18,492	25,000	18,000	18,000	18,000
Tucson-Mexico Trade Office	36,662	80,000	18,000	317,980	319,730
Other	27,502	12,150	27,000	127,000	127,000
Sub-Total	680,006	562,730	659,000	1,103,980	1,105,730
Public Safety					
University of Arizona Fire Services	100,000	108,160	100,000	100,000	100,000
Emergency Medical Transport	4,966,174	5,000,000	5,700,000	5,700,000	5,700,000
Police Charges	78,546	65,200	79,000	79,000	79,000
Police Protection	123	1,010	1,000	1,000	1,000
Sub-Total	5,144,843	5,174,370	5,880,000	5,880,000	5,880,000
Development Services Charges					
Permit Inspection Fee	7,523,914	7,743,020	7,724,000	7,956,950	8,646,480
Review Fees	1,359,087	1,476,750	1,559,000	1,751,800	1,895,920
Zoning Adjustments ²	206,024	803,000	535,000	535,000	625,000
Other	28,369	294,630	33,000	745,940	745,750
Sub-Total	9,117,394	10,317,400	9,851,000	10,989,690	11,913,150

¹ Forfeitures and other assessments, previously included in Grants and Shared Taxes, have been moved to Fines, Forfeitures, and Penalties consistent with accounting practices (all years revised for consistency).

² Zoning Adjustments, previously included in General Government, have been moved consistent with accounting practices (all years revised for consistency).

GENERAL FUND

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Charges for Current Services (Continued)					
Recreation					
Fee Classes	\$ 1,249,144	\$ 997,600	\$ 998,000	\$ 998,000	\$ 998,000
Facility Reservations	310,087	388,960	389,000	389,000	389,000
Permits	100,181	109,100	109,000	109,000	109,000
Civic Events Equipment	69,889	90,000	90,000	90,000	90,000
General Recreation Programs	71,373	533,000	533,000	533,000	533,000
Sports Programs	164,416	240,000	240,000	240,000	240,000
Udall Center Programs	214,556	242,500	242,000	242,000	242,000
Randolph Center Programs	34,529	31,710	32,000	32,000	32,000
Tennis Centers	48,522	57,080	57,000	57,000	57,000
Aquatics Fees	212,056	304,000	304,000	304,000	304,000
El Pueblo Center Programs	163,033	170,800	171,000	171,000	171,000
Zoo Concessions	953,707	1,271,070	1,271,000	1,271,000	1,271,000
Baseball Revenues	150,708	190,000	190,000	190,000	190,000
El Rio Center Programs	14,224	11,100	11,000	11,000	11,000
Quincie Douglas Center	17,187	20,000	20,000	20,000	20,000
Clements Center	17,897	19,500	20,000	20,000	20,000
Rodeo Grounds	46,197	20,000	20,000	20,000	20,000
Miscellaneous	12,792	165,000	132,000	733,000	1,333,000
Sub-Total	3,850,498	4,861,420	4,829,000	5,430,000	6,030,000
Total	\$ 18,792,741	\$ 20,915,920	\$ 21,219,000	\$ 23,403,670	\$ 24,928,880
Non-Revenue Receipts					
Sale of Property					
Real Property	\$ 785,408	\$ 416,160	\$ 500,000	\$ 500,000	\$ 500,000
Vehicles	21,200	72,830	21,000	21,000	21,000
Scrap Material	32,193	17,480	32,000	32,000	32,000
Unclaimed Property	20,935	29,130	21,000	21,000	21,000
Other	41,965	33,290	42,000	42,000	42,000
Sub-Total	901,701	568,890	616,000	616,000	616,000
Recovered Expenditures					
Uninsured Damages	54,882	72,830	55,000	55,000	55,000
Industrial Insurance	125,338	114,440	126,000	126,000	126,000
Payroll Deductions Charges	2,310	2,080	3,000	3,000	3,000
Other	302,889	277,390	305,000	305,000	305,000
Sub-Total	485,419	466,740	489,000	489,000	489,000

GENERAL FUND

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Non-Revenue Receipts (Continued)					
Sundry Income					
Reimbursement Court Attorney Fees	\$ 88,850	\$ 72,830	\$ 90,000	\$ 90,000	\$ 90,000
Employee Fees	8,619	5,200	9,000	9,000	9,000
Other	295,332	44,320	317,000	127,000	127,000
Sub-Total	392,801	122,350	416,000	226,000	226,000
Other General Revenues	-0-	2,000,000	-0-	1,000,000	1,000,000
Off Duty Police Program	2,385,620	3,000,000	3,000,000	3,129,170	3,131,680
Other Funding Sources	527,544	2,254,000	2,333,570	2,577,310	2,544,370
Total	\$ 4,693,085	\$ 8,411,980	\$ 6,854,570	\$ 8,037,480	\$ 8,007,050
Certificates of Participation	\$ 7,351,961	\$ 23,723,800	\$ 4,226,720	\$ 48,723,580	\$ 7,748,300
Brought Forward	\$ 6,061,710	\$ 4,899,690	\$ 905,370	\$ 3,994,320	\$ -0-
Use/Transfers to Fund Balance ¹					
Uses of Fund Balance	3,566,212	3,252,440	618,100	332,300	-0-
Use/Transfers to Fund Balance	\$ 3,566,212	\$ 3,252,440	\$ 618,100	\$ 332,300	\$ -0-
Total General Fund	\$ 299,062,010	\$ 331,397,570	\$ 308,069,660	\$ 383,144,910	\$ 363,955,680

¹ Use of Fund Balance revised to include Transfers to Fund Balance. In addition, all prior year amounts related to Environmental Services have been moved to Enterprise Funds.

GENERAL FUND

HIGHLIGHTS

Primary Property Tax

The city's Fiscal Year 2005 projected primary property tax revenue is \$3,907,930 higher than the Fiscal Year 2004 Adopted Budget. The tax rate is increased from \$0.2089 to \$0.3531 per \$100 of assessed valuation. This increase raises the Fiscal Year 2005 revenue to the maximum allowed by state statute, \$8,812,120. Fiscal Year 2006 is increased an additional \$349,700 due to increased valuations.

Business Privilege Tax

Revenue from the business privilege tax, or sales tax, is a funding source for the general fund and various special revenue funds. For Fiscal Year 2005 the total projected sales tax collections are \$176,600,000, an increase of 5% or \$8,400,000 over the Fiscal Year 2004 adopted amount due to the continuing economic recovery. The general fund is reduced by contributions to special revenue funds, which decrease \$6,239,300 in Fiscal Year 2005. Approval of a residential refuse fee eliminates the transfer to Environmental Services, however this decrease is partially offset by increased transfers to Mass Transit and Public Safety Academy funds. A total of \$53,765,080 is allocated to special revenue funds. Fiscal Year 2006 revenues are projected to increase an additional \$8,800,000 due to 5% economic growth projections. Contributions to other funds decrease due to anticipated increases in funding from the Pima County Library District. This decrease is partially offset by increased transfers to Mass Transit and other funds.

Other Local Taxes

Other local tax revenues for Fiscal Year 2005 are projected to increase \$1,355,500 over adopted Fiscal Year 2004 amounts, a 5.7% increase. Improved collection of the use tax initiated in Fiscal Year 2004 is projected to add \$490,000. Other increases are based on the economic recovery. Fiscal Year 2006 revenues are projected to increase \$750,000 consistent with continued economic growth.

Licenses and Permits

This revenue source increased by \$1,687,810 from adopted Fiscal Year 2004 revenues. In addition to an increase of \$1,349,000 in Utility Franchise Fees based on economic growth, new revenues have been added for fire inspections (\$300,750) and Temporary Workzone Traffic Control (\$350,000). Continued growth in these areas will add \$1,305,610 in Fiscal Year 2006.

Fines, Forfeitures, and Penalties

Total revenues from all fines, forfeitures, and penalties are forecast to increase \$847,720 from Fiscal Year 2004 adopted revenues. This is mostly due to increased collection rates of court fines and an increase in the default fine for failure to appear in court. Fiscal Year 2006 revenues are projected to increase \$200,000.

Use of Money and Property

A decrease of \$810,590 for Fiscal Year 2005 from Fiscal Year 2004 adopted revenues is projected for these revenue sources primarily due to a \$660,000 decrease in interest earnings resulting from lower fund balances and interest rates. The remaining decrease is due to lower rental income estimates. Fiscal Year 2006 revenues are anticipated to grow slightly by \$46,530.

GENERAL FUND

Grants and Shared Taxes

State shared taxes and other state and local grant funds increased \$5,367,400 for Fiscal Year 2005 over Fiscal Year 2004 adopted revenues. Auto lieu taxes are projected to increase \$1,217,000 based on 4% growth on top of higher estimated Fiscal Year 2004 revenues. The State Department of Revenue is projecting state sales tax distributions of \$43,185,270 in Fiscal Year 2005, an increase of \$4,352,270 over the Fiscal Year 2004 Adopted Budget. Other grants decreased due to a correction to City Court Grants. Continued Fiscal Year 2006 growth of 4% and 5% for auto lieu and state sales taxes respectively are anticipated.

State Revenue Sharing

An increase in state income taxes of \$1,464,750 is forecast for Fiscal Year 2005 compared to the Fiscal Year 2004 Adopted Budget primarily due to anticipated economic growth. The Fiscal Year 2005 distribution is based on Fiscal Year 2003 state income tax collections which grew approximately 2%. Fiscal Year 2006 revenues are projected to grow \$4,376,550.

Charges for Current Services

Total charges for current services for Fiscal Year 2005 are projected to increase \$2,487,750 over Fiscal Year 2004 adopted revenues. The following major increases are included:

- ♦ Tucson-Mexico Trade Office increased \$237,980 from expanded trade show and marketing revenues from other agencies.
- ♦ Emergency dispatch payments from other agencies increased \$195,420.
- ♦ Emergency medical transport increased \$700,000 due to increased collections.
- ♦ Development Services charges increased \$672,290 primarily based on anticipated development activity.
- ♦ Parks and Recreation increased \$568,580, the net result of \$600,000 in fee increases and lower Fiscal Year 2004 revenues.
- ♦ Payments from other agencies for use of the city's I-Net and fiber optics add \$100,000.

Fiscal Year 2006 revenues are projected to grow \$1,525,210, including an additional \$923,460 in development revenues and \$600,000 in Parks and Recreation fees.

Non-Revenue Receipts

These sources are projected to decrease \$374,500 for Fiscal Year 2005 primarily due to a \$1,000,000 reduction in capacity for Other General Revenues offset by moderate increases in other 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 \$24,999,780 based on financing requirements of \$48,723,580 in Fiscal Year 2005. Major uses include capital improvements such as the new Emergency Communications System, resurfacing of streets, installation of sidewalks, streetlights, and landscaping, and purchases of capital equipment.

Brought Forward

Brought Forward funding will decrease \$905,370 from the Fiscal Year 2004 adopted amount based on Fiscal Year 2005 carryforward requirements of \$3,994,320. No Brought Forward funds are anticipated for Fiscal Year 2006.

Use/Transfers to Fund Balances

Use of fund balance is budgeted at \$332,300 for Fiscal Year 2005 based on the use of restricted reserves primarily for City Court structural improvements. No Uses/Transfers to Fund Balance are anticipated for Fiscal Year 2006.

SPECIAL REVENUE FUNDS

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
General Fund Contributions ¹					
Library Fund	\$ 8,771,271	\$ 8,278,300	\$ 8,056,750	\$ 9,005,120	\$ -0-
Public Safety Academy Fund	3,046,672	3,850,820	3,619,770	4,917,960	5,038,960
Tucson Convention Center Fund	8,096,230	7,127,040	7,352,110	6,459,730	6,710,620
Mass Transit Fund	23,713,971	28,104,690	26,443,680	33,382,270	36,196,370
Total	\$ 43,628,144	\$ 47,360,850	\$ 45,472,310	\$ 53,765,080	\$ 47,945,950
Licenses and Permits					
Transportation Enterprise Area Management (TEAM) Parking Meter Collections	\$ 405,646	\$ 348,000	\$ 459,000	\$ 465,000	\$ 480,000
Hooded Meter Fees ²	10,234	24,260	10,000	10,000	12,000
Total	\$ 415,880	\$ 372,260	\$ 469,000	\$ 475,000	\$ 492,000
Fines, Forfeitures, and Penalties					
TEAM Parking Violations	\$ 318,743	\$ 663,000	\$ 320,000	\$ 326,000	\$ 333,000
Total	\$ 318,743	\$ 663,000	\$ 320,000	\$ 326,000	\$ 333,000
Use of Money and Property					
TEAM Parking Revenues	\$ 810,053	\$ 1,211,520	\$ 1,000,000	\$ 1,215,000	\$ 1,430,000
Interest Earnings					
Public Safety Fund	3,657	-0-	-0-	-0-	-0-
Convention Center Fund	36,000	-0-	-0-	-0-	-0-
Highway User Revenue Fund	851,268	1,602,860	463,700	464,000	464,000
Total	\$ 1,700,978	\$ 2,814,380	\$ 1,463,700	\$ 1,679,000	\$ 1,894,000
Grants and Shared Taxes					
Shared State Taxes					
Highway User Revenue Fund	\$ 30,067,520	\$ 30,908,580	\$ 29,101,250	\$ 32,458,120	\$ 33,900,070
Local Transit Assistance Fund	2,720,606	2,767,000	2,720,000	2,646,230	2,650,000
Sub-Total	32,788,126	33,675,580	31,821,250	35,104,350	36,550,070

¹ General Fund contributions previously titled Business Privilege Tax. All prior year amounts related to Environmental Services have been moved to Enterprise Funds.

² Hooded Meter Fees previously included in General Funds (all years revised for consistency).

SPECIAL REVENUE FUNDS

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Grants and Shared Taxes (Continued)					
State and Local Grants ¹					
City Attorney Grants	\$ 71,566	\$ 133,390	\$ 92,010	\$ 138,300	\$ 145,580
City Court Grants	107,686	359,060	144,460	399,140	402,900
Community Services Grants	472,303	650,000	650,000	650,000	650,000
Fire Grants	-0-	350,000	-0-	350,000	350,000
Pima County Library Support	9,202,091	10,339,310	10,135,790	9,840,330	21,940,080
State/Local Library Grants	890,826	500,000	472,470	1,000,000	1,000,000
Parks and Recreation Grants ²	44,935	3,069,340	1,045,970	3,205,250	1,092,160
Police Grants	875,031	1,053,200	1,053,220	1,142,390	1,154,150
Transportation Grants ²	7,196,160	11,998,900	9,411,200	17,968,800	15,975,000
Urban Planning	6,718	210,000	210,000	210,000	210,000
Information Technology	-0-	-0-	-0-	30,000	30,000
General Services Grants	-0-	1,500,000	-0-	1,500,000	1,500,000
Economic Development	65,549	-0-	-0-	-0-	-0-
Tucson-Mexico Trade Office	-0-	-0-	-0-	284,280	286,170
General Expense	74,194	-0-	132,500	-0-	-0-
Debt Service	800,000	4,400,000	4,400,000	800,000	1,300,000
Pima County Bonds ²	560,893	9,425,900	3,828,620	6,747,300	4,867,800
Sub-Total	20,367,952	43,989,100	31,576,240	44,265,790	50,903,840
Total	\$ 53,156,078	\$ 77,664,680	\$ 63,397,490	\$ 79,370,140	\$ 87,453,910
Charges for Current Services ¹					
Public Safety Academy	\$ 954,217	\$ 854,280	\$ 696,930	\$ 851,580	\$ 853,380
Library Charges	548,150	654,370	566,000	570,000	570,000
Public Transportation					
Adult Fares	5,805,019	5,599,000	5,800,000	5,900,000	6,000,000
Special Reduced Rates	1,613,201	1,532,860	1,610,000	1,700,000	1,800,000
Shuttle Service	41,882	219,070	42,000	45,000	50,000
Advertising Revenue	-0-	271,120	200,000	200,000	200,000
County/Other Local Operating Assistance	2,703,873	2,620,030	2,700,000	2,700,000	2,750,000
Special Needs	280,706	266,460	280,000	280,000	300,000
Other	107,908	106,680	121,000	121,000	130,000
Sub-Total	10,552,589	10,615,220	10,753,000	10,946,000	11,230,000

¹ All revenues related to Environmental Services have been moved to Enterprise Funds, including prior years.

² Pima County Bonds previously included as Parks and Recreation Grants or Capital Contribution Agreements (Brought Forward) are now shown separately in this section for all years.

SPECIAL REVENUE FUNDS

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Charges for Current Services (Continued)					
Tucson Convention Center					
Room and Space Rental	\$ 1,045,520	\$ 1,409,930	\$ 1,300,000	\$ 1,500,000	\$ 1,500,000
Box Office Fees	197,886	169,000	200,000	200,000	200,000
Parking	528,000	772,500	600,000	650,000	650,000
Recovered Expenditures	83,232	41,130	83,000	100,000	100,000
Catering and Concessions	380,909	502,670	440,000	440,000	440,000
Program Sales	38,675	63,970	50,000	80,000	80,000
Commission Revenues	98,558	43,870	100,000	100,000	100,000
Facility User Fees	346,759	750,000	400,000	750,000	750,000
Miscellaneous	627	-0-	-0-	-0-	-0-
Sub-Total	2,720,166	3,753,070	3,173,000	3,820,000	3,820,000
Total	\$ 14,775,122	\$ 15,876,940	\$ 15,188,930	\$ 16,187,580	\$ 16,473,380
Public Housing Local Revenue	\$ 2,027,660	\$ 2,027,660	\$ 2,027,660	\$ 2,680,860	\$ 2,680,860
Federal Grants					
Public Housing Federal Revenue					
Conventional/Development Fund	\$ 3,744,850	\$ 3,990,200	\$ 3,990,210	\$ 3,217,360	\$ 3,217,360
HOME Fund	5,470,527	7,535,000	9,318,340	9,344,710	8,762,410
Section 8 Fund	26,286,304	23,861,110	23,861,110	28,083,930	28,162,640
Comprehensive Housing Fund	2,886,279	3,340,450	3,900,560	2,488,320	2,490,940
Miscellaneous Federal Housing Funds	3,861,924	5,841,020	5,176,180	3,099,260	2,565,960
HOPE VI Fund	7,033,519	3,714,500	11,098,000	13,073,050	11,334,960
Sub-Total	49,283,403	48,282,280	57,344,400	59,306,630	56,534,270
Other Federal Revenue					
Community Development Block Grant Entitlement	6,951,747	14,312,970	12,678,130	15,106,170	12,778,750
City Attorney Grants	259,038	383,980	266,980	378,130	409,560
Community Services Grants	1,116,471	1,366,810	1,295,860	1,179,470	261,540
Fire Grants	442,095	-0-	200,430	-0-	-0-
Library Grants	79,102	-0-	36,290	-0-	-0-
Parks and Recreation Grants	292,751	619,560	683,660	708,990	725,370
Police Grants	5,449,802	6,250,450	6,250,490	5,797,280	5,317,020
Urban Planning Grants	6,878	80,000	80,000	130,000	80,000
Mass Transit Grants	6,562,050	45,724,150	32,834,830	32,459,730	11,472,930
Transportation Grants	5,489,519	23,654,460	8,116,590	12,225,990	14,772,850

SPECIAL REVENUE FUNDS

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Federal Grants					
Other Federal Revenue (Continued)					
Economic Development	\$ 358,749	\$ 542,050	\$ 542,050	\$ 342,050	\$ 342,050
Tucson-Mexico Trade Office	-0-	-0-	198,030	270,600	273,350
General Services Grant	131,118	1,500,000	205,720	1,500,000	1,500,000
General Expense	4,975	-0-	-0-	-0-	-0-
Debt Service	-0-	800,000	800,000	-0-	-0-
Sub-Total	27,144,295	95,234,430	64,189,060	70,098,410	47,933,420
Total	\$ 76,427,698	\$ 143,516,710	\$ 121,533,460	\$ 129,405,040	\$ 104,467,690
Non-Revenue Receipts					
Sale of Property					
Highway User Revenue Fund	\$ 13,666	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Sub-Total	13,666	-0-	-0-	-0-	-0-
Other Non-Revenue Receipts					
Library Fund	1,056	-0-	-0-	-0-	-0-
Highway User Revenue Fund	49,866	-0-	-0-	1,100,000	1,225,000
TEAM	-0-	-0-	-0-	840,000	-0-
Tucson Convention Center	736	-0-	-0-	-0-	-0-
Capital Agreement Funds	706,616	-0-	-0-	-0-	-0-
Sub-Total	758,274	-0-	-0-	1,940,000	1,225,000
Total	\$ 771,940	\$ -0-	\$ -0-	\$ 1,940,000	\$ 1,225,000
Certificates of Participation					
Highway User Revenue Fund	\$ -0-	\$ -0-	\$ -0-	\$ 557,000	\$ -0-
TEAM	-0-	-0-	-0-	9,500,000	-0-
Fleet Services Fund	-0-	-0-	-0-	11,419,120	11,566,400
Total	\$ -0-	\$ -0-	\$ -0-	\$ 21,476,120	\$ 11,566,400
Brought Forward ¹					
Library Fund	\$ -0-	\$ 12,000	\$ 12,000	\$ -0-	\$ -0-
TEAM	-0-	270,000	270,000	95,300	-0-
Highway User Revenue Fund	3,890,300	6,514,000	-0-	4,601,000	-0-
Mass Transit Fund	1,147,200	2,243,800	424,000	1,819,800	-0-
Total	\$ 5,037,500	\$ 9,039,800	\$ 706,000	\$ 6,516,100	\$ -0-

¹ Pima County Bonds previously included in this section as Capital Contribution Agreements have been moved to Grants and Shared Taxes for all years.

SPECIAL REVENUE FUNDS

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Use of Fund Balance ¹					
Highway User Revenue Fund	\$ 5,054,441	\$ 2,674,440	\$ 6,072,880	\$ 9,576,910	\$ 8,330,310
TEAM	120,151	281,780	406,540	1,678,180	1,402,240
Total	\$ 5,174,592	\$ 2,956,220	\$ 6,479,420	\$ 11,255,090	\$ 9,732,550
Total Special Revenue Funds	\$ 203,434,335	\$ 302,292,500	\$ 257,057,970	\$ 325,076,010	\$ 284,264,740

¹ All revenues related to Environmental Services have been moved to Enterprise Funds, including prior years.

SPECIAL REVENUE FUNDS

HIGHLIGHTS

General Fund Contributions

Changes from Fiscal Year 2004 reflect increases and decreases necessary to offset the expenditures of these funds based on their projected budgets and revenues. For Fiscal Year 2005, general fund contributions increase \$6,404,230 because expenditures in the Public Safety Academy, Tucson Convention Center, and Mass Transit funds are growing faster than revenues. In Fiscal Year 2006, contributions decrease \$5,819,130. General Fund contributions to the Library Fund are anticipated to be eliminated through full funding of the library system from the Pima County Library District Tax. Funding requirements continue to increase in the other funds.

Licenses and Permits

This revenue consists of parking meter collections and fees, which are projected to increase \$102,740 in Fiscal Year 2005 and \$17,000 in Fiscal Year 2006.

Fines, Forfeitures, and Penalties

Parking violations are projected to decrease \$337,000 from the adopted Fiscal Year 2004 budget, which included capacity for expanded enforcement that was not implemented. Fiscal Year 2006 revenues are projected to increase \$7,000.

Use of Money and Property

The majority of the projected \$1,135,380 decrease is due to lower interest earnings in Fiscal Year 2005. Parking revenues are also projected to grow based on increased charges in both Fiscal Years 2005 and 2006.

Grants and Shared Taxes

For Fiscal Year 2005, state shared taxes and other state and local grants increased \$1,705,460 from the Fiscal Year 2004 Adopted Budget based on implementation of funded programs and projects. Major changes include the following:

- ◆ Highway User Revenue Fund distributions from the state are projected to increase \$1,549,540 due to economic growth.
- ◆ Grant funding for transportation purposes increased \$5,969,900 for street and public transportation projects.
- ◆ Debt service decreases \$3,600,000 due to postponed projects funded through the Highway Expansion and Extension Loan program.
- ◆ Pima County bonds decreased \$2,678,600 based on the completion of projects.

Fiscal Year 2006 revenues are projected to increase \$8,083,770 with increased Pima County library support based on full funding of the library system, offset by completion of Transportation Grants and Pima County Bonds projects.

Charges for Current Services

User fees are projected to increase \$310,640 in Fiscal Year 2005 based on recent trends and anticipated usage of the services in this group. In Fiscal Year 2006, revenues are projected to grow \$285,800. No rate increases are included in either year.

Public Housing Local Revenue

Local revenues restricted to public housing are anticipated to increase \$653,200 for Fiscal Year 2005, but will not increase for Fiscal Year 2006.

SPECIAL REVENUE FUNDS

Federal Grants

Federal funding is anticipated to be \$14,111,670 lower for Fiscal Year 2005 based on completion of projects and anticipated grant awards. Major changes are as follows:

- ◆ HOME funds increase \$1,809,710.
- ◆ Section 8 funding increases \$4,222,820.
- ◆ HOPE VI funding increased \$9,358,550.
- ◆ Other federal housing funds decreased \$4,366,730.
- ◆ Community Development Block Grant (CDBG) funds increase \$793, 200.
- ◆ Mass Transit and other transportation grants for capital projects decreased \$24,692,890 for capital projects.

Fiscal Year 2006 revenues are anticipated to fall another \$24,937,350.

Non-Revenue Receipts

The \$21,476,120 increase is for certificates of participation and other financing for street equipment, parking improvements, and fleet replacement. Contributions for street and parking projects add \$1,940,000. A \$9,909,720 decrease in financing is anticipated for Fiscal Year 2006.

Brought Forward

Brought forward funding decreased \$2,523,700 from Fiscal Year 2004 based on project completion. No requirements are anticipated for Fiscal Years 2005 or 2006.

Use of Fund Balance

Use of fund balances increased \$8,298,870 for Fiscal Year 2005 based primarily on continued use of reserves to cover expenditures that exceed State Shared Highway User Revenue funds and capacity for TEAM programs. Fiscal Year 2006 requirements will decrease \$1,522,540 for both programs.

ENTERPRISE FUNDS

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Environmental Services Fund ¹					
Operating Revenue					
General Fund Contribution	\$ 17,728,367	\$ 12,643,530	\$ 12,138,200	\$ -0-	\$ -0-
Refuse Hauling Fees	-0-	10,000	-0-	-0-	-0-
Commercial Refuse Services	5,412,977	5,780,000	5,762,980	5,900,000	6,069,500
Residential Refuse Services	-0-	-0-	-0-	18,199,000	20,307,170
Landfill Services Charges	3,792,781	4,022,780	4,092,780	4,800,000	4,800,000
Tucson Clean Program	-0-	2,916,000	2,916,000	3,396,000	3,453,600
Self Haul Fee	683,904	651,020	683,910	1,100,000	1,113,000
Refuse Penalties	128,231	128,380	128,230	140,000	142,800
Recycling	279,334	501,920	379,340	700,000	721,000
Sub-Total	28,025,594	26,653,630	26,101,440	34,235,000	36,607,070
Non-Operating Revenue					
Interest Earnings	2,593	-0-	-0-	-0-	-0-
State and Local Grants	1,571,954	2,274,900	764,900	1,510,000	860,000
Federal Grants	41,621	-0-	8,500	-0-	-0-
Recovered Expenditures	59,817	320,000	180,000	329,600	339,490
Certificates of Participation and Debt Financing	-0-	-0-	-0-	9,733,650	3,313,250
Environmental Mandate Reserve	5,384,784	9,376,700	3,739,000	-0-	-0-
Transfers to Reserves	-0-	-0-	-0-	(3,935,930)	(2,407,340)
Sub-Total	7,060,769	11,971,600	4,692,400	7,637,320	2,105,400
Total	\$ 35,086,363	\$ 38,625,230	\$ 30,793,840	\$ 41,872,320	\$ 38,712,470
Golf Course Fund					
Green Fees	\$ 5,979,800	\$ 5,208,000	\$ 5,208,000	\$ 5,848,800	\$ 5,832,800
Cart Rentals	1,065,630	2,000,000	2,000,000	2,420,000	2,411,300
Pro Shop Operations	491,920	580,000	580,000	638,000	641,410
Driving Range	518,230	545,000	545,000	599,500	597,000
Club House Operations	1,280,160	1,130,410	1,130,410	1,518,000	1,505,000
Other	367,170	2,307,220	2,307,220	3,044,290	-0-
Certificates of Participation	2,533	338,900	338,900	-0-	-0-
Total	\$ 9,705,443	\$ 12,109,530	\$ 12,109,530	\$ 14,068,590	\$ 10,987,510

¹ All revenues related to Environmental Services have been moved to Enterprise Funds, including prior years for comparison purposes.

ENTERPRISE FUNDS

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
Water Utility					
Operating Water Revenue					
Potable Water Sales	\$ 92,683,243	\$ 100,107,000	\$ 98,165,000	\$ 101,982,000	\$ 105,135,000
Central Arizona Project Surcharge	1,272,167	1,498,000	1,498,000	1,532,000	1,573,000
Connection Fees	3,382,370	3,168,000	3,700,000	3,200,000	3,200,000
Miscellaneous Revenue	3,245,720	2,589,000	2,664,000	2,964,000	2,964,000
Billing Services	1,445,943	1,475,000	1,877,000	1,877,000	1,877,000
Reclaimed Water Sales	5,577,719	5,397,000	5,507,000	6,152,000	6,971,000
Sales/Use Tax	8,631,000	9,134,000	9,134,000	10,280,000	10,609,000
Sub-Total	116,238,162	123,368,000	122,545,000	127,987,000	132,329,000
Non-Operating Water Revenue					
Interest Earnings	869,193	795,000	996,000	1,055,000	1,066,000
Tucson Airport Remediation Project Reimbursement	849,687	783,000	783,000	933,000	984,000
Metropolitan Water Company Reserve Account	370,000	494,000	494,000	414,000	-0-
Water System Equity Fees	-0-	8,587,000	5,500,000	6,933,000	7,081,000
Area Development Fees	1,090,985	-0-	904,000	939,000	907,000
Certificates of Participation	-0-	-0-	-0-	1,300,000	1,180,000
Transfers to Working Capital	(3,189,300)	(2,010,680)	(3,667,790)	(2,881,720)	(1,195,950)
Miscellaneous Grants	362,889	150,000	216,000	650,000	400,000
Sub-Total	353,454	8,798,320	5,225,210	9,342,280	10,422,050
Total	\$ 116,591,616	\$ 132,166,320	\$ 127,770,210	\$ 137,329,280	\$ 142,751,050
Total Enterprise Funds	\$ 161,383,422	\$ 182,901,080	\$ 170,673,580	\$ 193,270,190	\$ 192,451,030

ENTERPRISE FUNDS

HIGHLIGHTS

Environmental Services

The Environmental Services fund is included in this group for the first time in Fiscal Year 2005. The Fiscal Year 2005 budget includes a residential environmental services fee of \$12.00 in addition to the existing \$2.00 Tucson Clean Program Fee that will generate \$18,199,000 beginning August 1, 2004. This new revenue will replace approximately \$16 million of General Purpose Fund Revenues that would have subsidized residential services and long-term landfill costs. Included is a transfer to build a capital reserve for future landfill costs. The total increase of \$3,247,090 includes certificates of participation for one-time capital costs. Fiscal Year 2006 requirements decrease \$3,159,850 as those projects are completed.

Golf Course Fund

Golf revenues projected for Fiscal Year 2005 reflect an increase of \$1,959,060 from Fiscal Year 2004 adopted revenues including \$1,053,000 carried forward for the Trini Alvarez golf course project. Projects completed in Fiscal Year 2005 result in a \$3,081,080 decrease in Fiscal Year 2006.

Water Utility

The adopted revenue for Fiscal Year 2005 reflects an increase of \$5,162,960 over the Fiscal Year 2004 adopted amount. This includes a 1.5% general rate increase as well as growth in service demand, which are repeated in Fiscal Year 2006 for a \$5,421,770 increase.

DEBT SERVICE FUNDS

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
General Obligation Debt Service					
Secondary Property Tax	\$ 20,933,523	\$ 23,055,320	\$ 23,055,320	\$ 21,336,520	\$ 23,098,280
Total	\$ 20,933,523	\$ 23,055,320	\$ 23,055,320	\$ 21,336,520	\$ 23,098,280
Street and Highway Debt Service					
State Shared Taxes	\$ 14,585,180	\$ 16,294,550	\$ 16,294,550	\$ 16,548,380	\$ 17,398,730
Total	\$ 14,585,180	\$ 16,294,550	\$ 16,294,550	\$ 16,548,380	\$ 17,398,730
Total Debt Service Funds	\$ 35,518,703	\$ 39,349,870	\$ 39,349,870	\$ 37,884,900	\$ 40,497,010

DEBT SERVICE FUNDS

HIGHLIGHTS

General Obligation Debt Service

General obligation debt service is funded from the secondary property tax, which decreased \$1,718,800 for Fiscal Year 2005. In addition to lower interest costs due to refinancing, debt service related to environmental bonds was transferred to Environmental Services. Fiscal Year 2006 requirements will increase \$1,761,760 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. This debt service will increase \$253,830 in Fiscal Year 2005, and an additional \$850,360 in Fiscal Year 2006 based on bond sales.

CAPITAL PROJECTS FUNDS

FINANCIAL RESOURCES	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
General Obligation Bond Funds Proceeds	\$ 27,962,498	\$ 59,456,800	\$ 34,243,380	\$ 60,032,900	\$ 8,562,000
Street and Highway Revenue Bond Funds Proceeds	10,982,292	11,189,200	11,752,890	4,773,300	746,900
Water Revenue Bond Funds Proceeds	34,391,081	31,206,000	32,796,580	28,145,000	28,074,000
Total Capital Projects Funds	\$ 73,335,871	\$ 101,852,000	\$ 78,792,850	\$ 92,951,200	\$ 37,382,900

CAPITAL PROJECTS FUNDS

HIGHLIGHTS

General Obligation Bonds

General obligation bonds are used to finance capital projects other than street and water projects. Fiscal Year 2005 uses increase \$576,100 based on project implementation. Fiscal Year 2006 will decrease \$51,470,900 as the voter approved bond program nears completion.

Street and Highway Revenue Bonds

Street and highway revenue bonds are used to finance Transportation street and right of way capital projects. Fiscal Year 2005 uses decrease \$6,415,900 and Fiscal Year 2006 will decrease an additional \$4,026,400 based on project implementation.

Water Revenue Bonds

Water revenue bonds used to finance water capital projects decreased \$3,061,000 in Fiscal Year 2005 as the voter approved bond program nears completion. Fiscal Year 2006 amounts are based on a future authorization.

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.

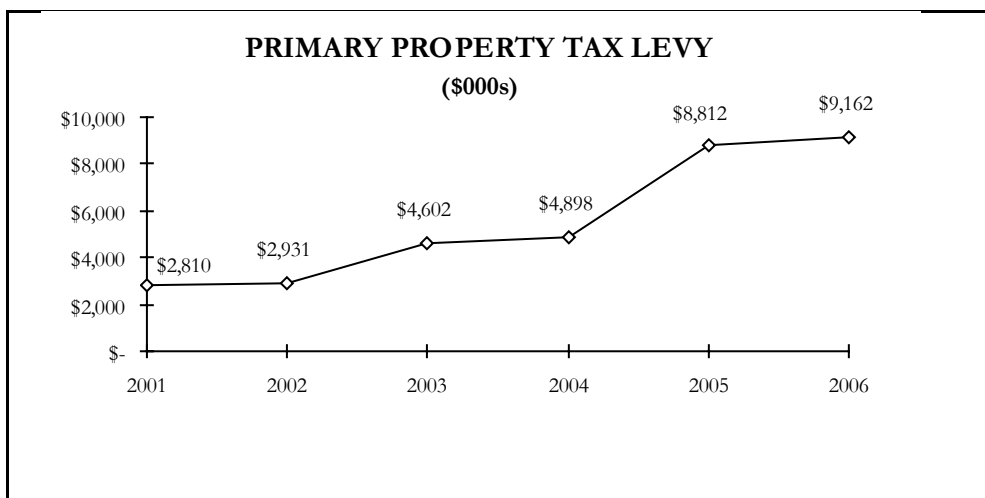
The Arizona State Constitution limits the amount of ad valorem taxes levied by the city to an amount not to exceed 2% greater than the maximum permissible levy in the preceding year. This levy limitation permits additional taxes to be levied on new or annexed property. New or annexed property may be 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 2005 is \$8,812,120 or \$3,914,120 more than last year's levy of \$4,897,910. The tax rate has increased from \$0.2089 to \$0.3531 per \$100 of assessed valuation. However, because the secondary property tax rate is decreasing \$0.1164, the combined increase is only \$0.0278. Fiscal Year 2005 revenues are also impacted by a 6.0% increase in assessed valuation. The adopted budget for Fiscal Year 2004 was \$4,904,190. Fiscal Year 2006 is projected to increase \$349,700 with a tax rate of \$0.3480 per \$100 of assessed valuation. The following table shows the primary assessed valuations, levies, and rates since Fiscal Year 2001.

PRIMARY PROPERTY TAX (\$000s)

<u>Fiscal Year</u>	<u>Primary Assessed Valuation</u>	<u>Percent Change</u>	<u>Maximum Allowable Tax Levy</u>	<u>Primary Tax Levy*</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>	<u>Rate per \$100 Assessed Valuation</u>
2001	\$ 1,999,070	10.0%	\$ 7,436	\$ 2,810	\$ 214	8.2%	\$ 0.1406
2002	2,089,090	4.5%	7,775	2,931	121	4.3%	0.1403
2003	2,202,934	5.4%	8,146	4,602	1,671	57.0%	0.2089
2004	2,344,619	6.4%	8,477	4,898	296	6.4%	0.2089
2005 (Estimate)	2,495,645	6.4%	8,812	8,812	3,914	80.0%	0.3531
2006 (Estimate)	2,632,906	5.5%	9,162	9,162	350	4.0%	0.3480

*Primary property tax levy set by Mayor and Council.



SECONDARY PROPERTY TAX

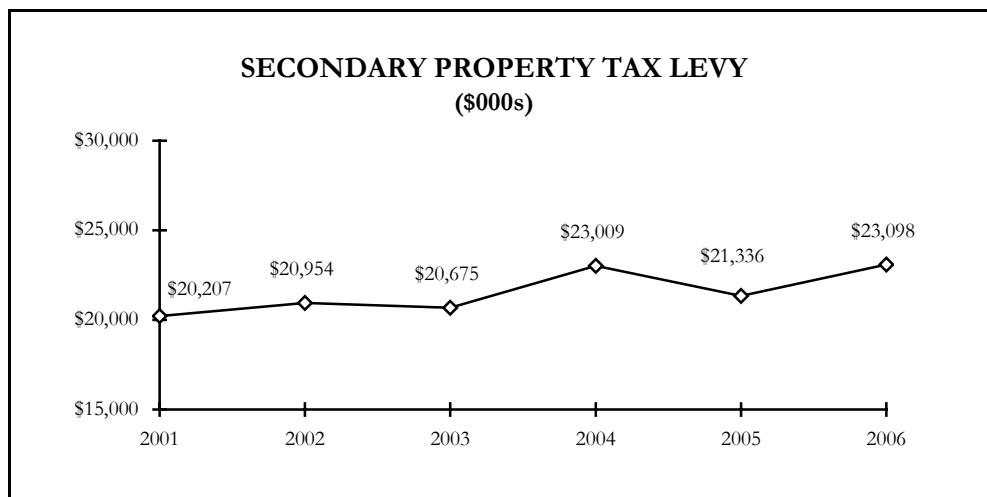
The city imposes a secondary property tax on real property located within the city limits. The secondary property tax is used solely to pay the principal and interest on general obligation bonds approved by the voters.

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 2005 secondary assessed valuation is estimated to be \$2,565,780, a 5.7% increase over last year's valuation.

The city's total estimated debt service requirement on general obligation bonds for Fiscal Year 2005 is \$21,336,520. The secondary property tax rate for Fiscal Year 2005 is estimated at \$0.8316 per \$100 of assessed valuation, a decrease of \$0.1164. Approximately \$0.07 of this decrease is due to the establishment of Environmental Services as an enterprise fund and the transfer of debt services for bonds related to environmental capital projects to the new enterprise fund. The remaining decrease is due to refinancing of outstanding bonds. The Secondary Property Tax rate for Fiscal Year 2006 is estimated at \$0.8533 per \$100 assessed valuation. The adopted budget for Fiscal Year 2004 was \$23,055,320. The following table and graph show secondary assessed valuations, levies, and rates since Fiscal Year 2001.

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>
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	2,268,733	6.1%	20,675	(279)	(1.3%)	0.9113
2004	2,427,124	7.0%	23,009	2,334	11.3%	0.9480
2005 (Estimate)	2,565,780	5.7%	21,336	(1,673)	(7.3%)	0.8316
2006 (Estimate)	2,706,898	5.5%	23,098	1,762	8.2%	0.8533



*Secondary property tax levy set by Mayor and Council.

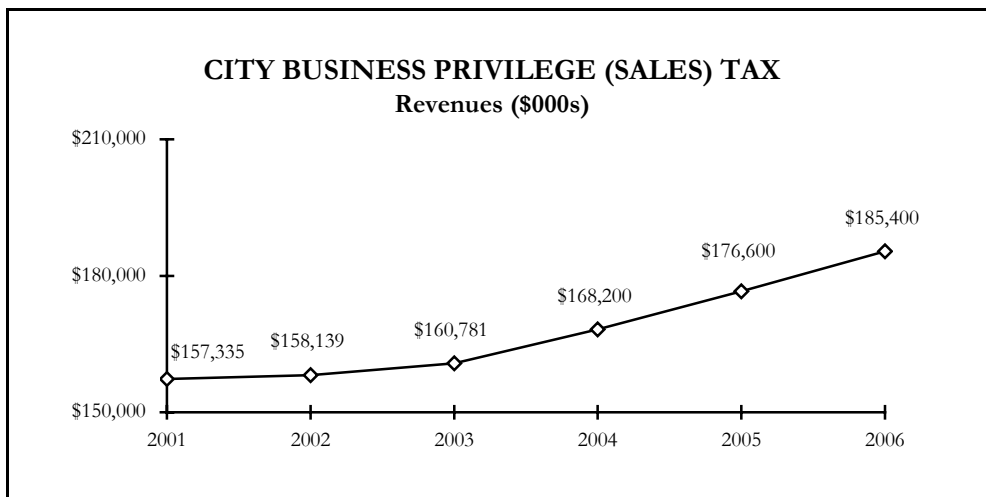
CITY BUSINESS PRIVILEGE (SALES) TAX

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, public library, convention center, and public housing operations.

Tucson's economy is anticipated to grow and sales tax revenues are projected to increase 5% in both Fiscal Years 2005 and 2006. The city sales tax estimate of \$176,600,000 for Fiscal Year 2005 is an increase of \$8,400,000, over the prior year revised estimate of \$168,200,000 due to continued economic recovery. Fiscal Year 2006 revenues are projected to increase an additional \$8,800,000 based on the continued economic expansion. The following table and graph show city business privilege tax collections since Fiscal Year 2001.

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

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
2001	\$ 157,335	\$ 10,105	6.9%
2002	158,139	804	0.5%
2003	160,781	2,642	1.7%
2004 (Estimate)	168,200	7,419	4.6%
2005 (Estimate)	176,600	8,400	5.0%
2006 (Estimate)	185,400	8,800	5.0%



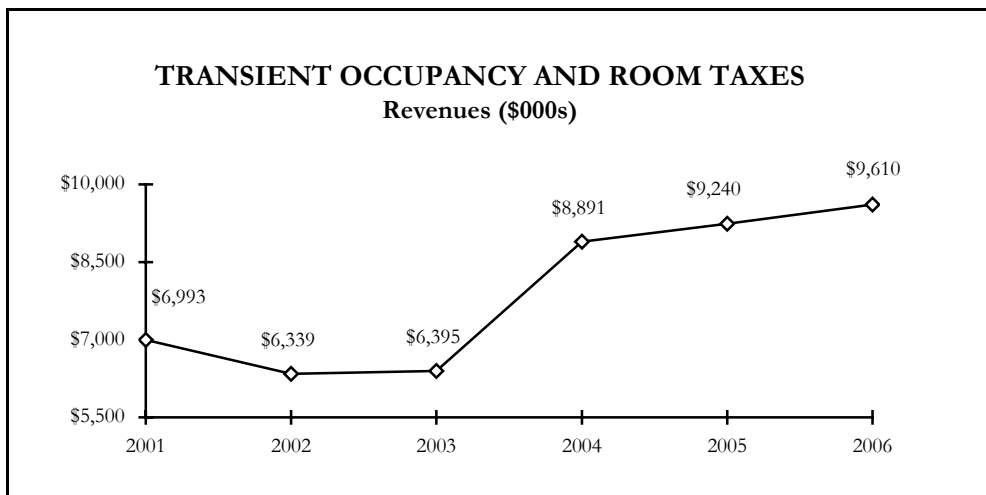
TRANSIENT OCCUPANCY AND ROOM TAXES

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 state 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 2005 total \$9,240,000, a 3.9% increase over the prior year estimate of \$8,891,000. The Fiscal Year 2005 estimate is comprised of \$7,350,000 in revenues from the 6% tax and \$1,890,000 from the \$1.00 surtax. Fiscal Year 2006 revenues are projected to increase \$370,000 or 4.0%. The adopted budget for Fiscal Year 2004 was \$8,953,600. The following table and graph show Transient Occupancy and Room Tax collections since Fiscal Year 2001.

TRANSIENT OCCUPANCY AND ROOM TAXES (\$000s)

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
2001	\$ 6,993	\$ 173	2.5%
2002	6,339	(654)	(9.4%)
2003	6,395	56	0.9%
2004 (Estimate)	8,891	2,496	39.0%
2005 (Estimate)	9,240	349	3.9%
2006 (Estimate)	9,610	370	4.0%



LICENSES AND PERMITS

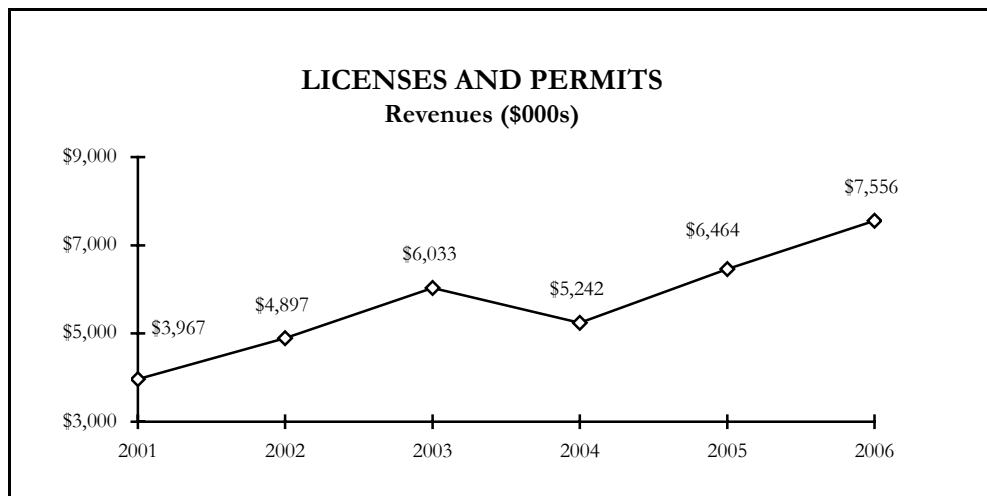
Revenues from licenses and permits include sign and street work permits, parking meter collections, utility franchises, cable television, refuse hauling permits, and telecommunications licenses and franchise fees.

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 Public Utility Tax and Utility Franchise Fees (see page E-45).

Revenues from licenses and permits in Fiscal Year 2005, excluding utility franchise fees, is estimated to total \$6,463,690, which is a 23.3% increase over the prior year's estimate of \$5,242,500. In addition to an 11% increase due primarily to cable television licensing revenues, \$650,750 in new revenues have been added. These consist of a new fire inspection fee and a temporary workzone traffic control fee. Fiscal Year 2006 revenues are projected to grow \$1,092,610 based on full year revenues for fire inspections and traffic control, as well as 9.6% growth in other revenues. The adopted budget for Fiscal Year 2004 was \$6,022,140. The following table and graph show revenues from licenses and permits since Fiscal Year 2001.

LICENSES AND PERMITS (\$000s)

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
2001	\$ 3,967	\$ (439)	(10.0%)
2002	4,897	930	23.4%
2003*	6,033	1,136	23.2%
2004 (Estimate)*	5,242	(791)	(13.1%)
2005 (Estimate)	6,464	1,222	23.3%
2006 (Estimate)	7,556	1,092	16.9%



*Fiscal Year 2003 includes a one-time accrual increasing revenues by \$827,000 resulting in an apparent decrease in Fiscal Year 2004.

PUBLIC UTILITY TAX AND UTILITY FRANCHISE FEES

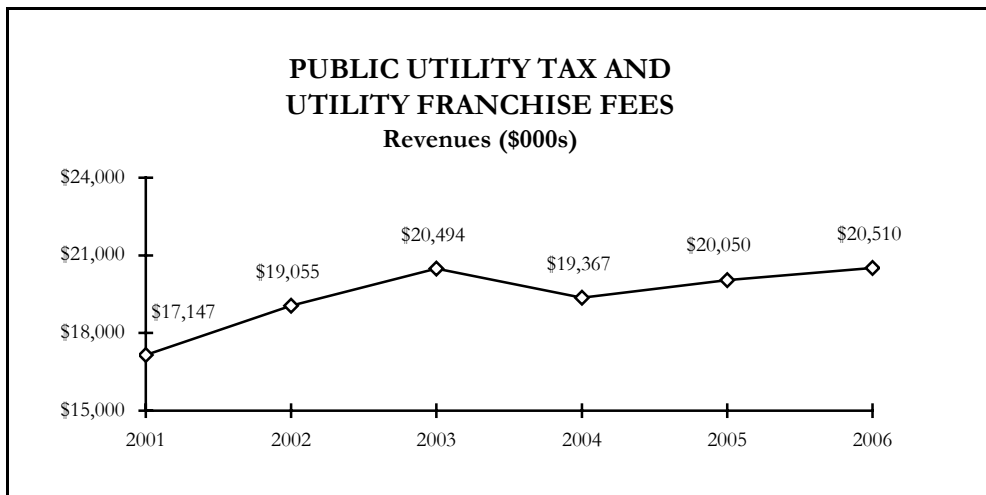
The Tucson City Charter authorizes a tax on the gross sales by public utilities to consumers within the city limits. By ordinance, the tax rate is set at 2% and is imposed in addition to the 2% city sales tax.

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 2005 total \$20,050,000, a 3.5% increase over last year's revised estimate of \$19,367,000. Fiscal Year 2006 revenues are projected to increase \$460,000 or 2.3%. The adopted budget for Fiscal Year 2004 was \$18,282,500. The following table and graph show revenues from public utility tax and utility franchise fees since Fiscal Year 2001.

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>
2001	\$ 6,539	\$ 10,608	\$ 17,147	\$ 1,939	12.7%
2002	7,853	11,202	19,055	1,908	11.1%
2003	9,267	11,227	20,494	1,439	7.6%
2004 (Estimate)	7,915	11,452	19,367	(1,127)	(5.5%)
2005 (Estimate)	8,370	11,680	20,050	683	3.5%
2006 (Estimate)	8,600	11,910	20,510	460	2.3%



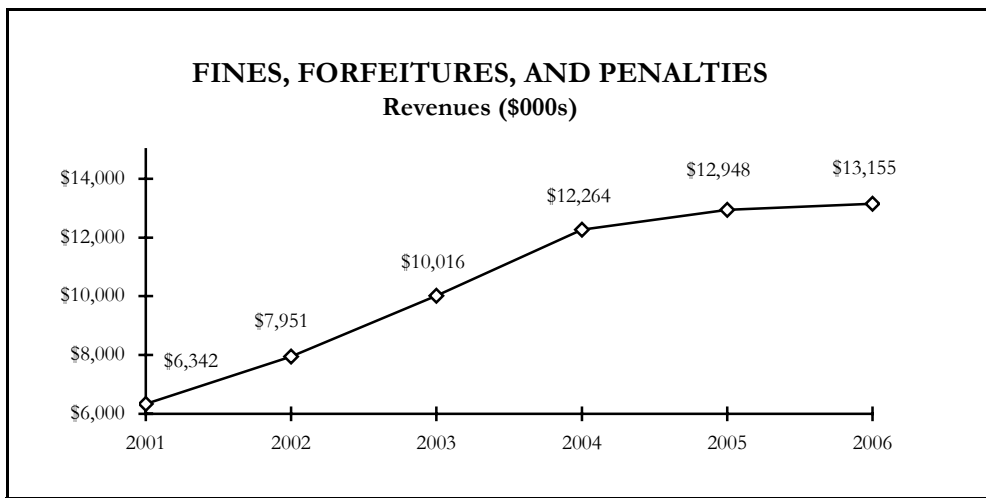
FINES, FORFEITURES, AND PENALTIES

The source of this revenue is derived from fines for violations of state statutes and the Tucson City Code, and forfeitures collected by the Tucson Police Department and the City Attorney. Fines include driving under the influence, other 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; however, forfeitures are restricted.

The Fiscal Year 2005 estimate of \$12,948,160 is 5.6% more than the \$12,264,040 revised estimate for Fiscal Year 2004, primarily due to an increase for court default fees and improved court collection efforts. Fiscal Year 2006 revenues are projected to increase \$207,000. The adopted budget for Fiscal Year 2004 was \$12,437,440. The following table and graph show revenues from fines, forfeitures, and penalties since Fiscal Year 2001.

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

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
2001	\$ 6,342	\$ 540	9.3%
2002	7,951	1,609	25.4%
2003	10,016	2,065	25.9%
2004 (Estimate)	12,264	2,248	22.4%
2005 (Estimate)	12,948	684	5.6%
2006 (Estimate)	13,155	207	1.6%



VEHICLE LICENSE (AUTO LIEU) TAX

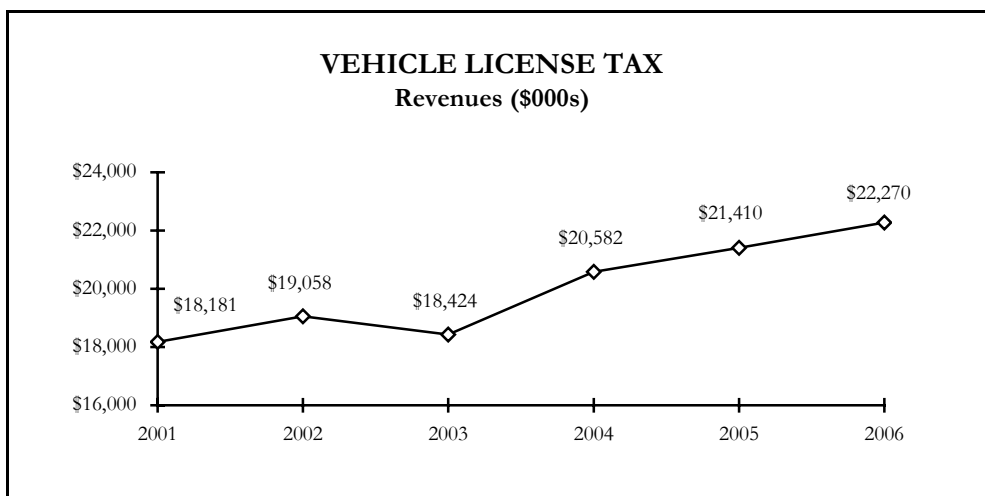
This tax is imposed by the Arizona Constitution as an “in-lieu” tax for all ad valorem property taxes assessed on motor vehicles. The Arizona Constitution requires that vehicle license tax (VLT) revenues be distributed to the state, counties, and cities. Additionally, the Arizona Constitution requires 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 2005 is estimated to be \$21,410,000, which is an increase of 4.0% from the revised estimate of \$20,582,000 for Fiscal Year 2004. Revenues for Fiscal Year 2006 are projected to increase 4%. The adopted budget for Fiscal Year 2004 was \$20,193,000. Vehicle license tax revenues received by the city can be used to pay any expense legally chargeable to the General Fund. 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 2001, and estimates for Fiscal Years 2004, 2005, and 2006.

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>
2001	\$ 19,524	93.1%	\$ 18,181	\$ 1,020	5.9%
2002	20,470	93.1%	19,058	877	4.8%
2003	19,790	93.1%	18,424	(634)	(3.3%)
2004 (Estimate)	22,107	93.1%	20,582	2,158	11.7%
2005 (Estimate)	22,996	93.1%	21,410	828	4.0%
2006 (Estimate)	23,920	93.1%	22,270	860	4.0%



STATE SALES TAX

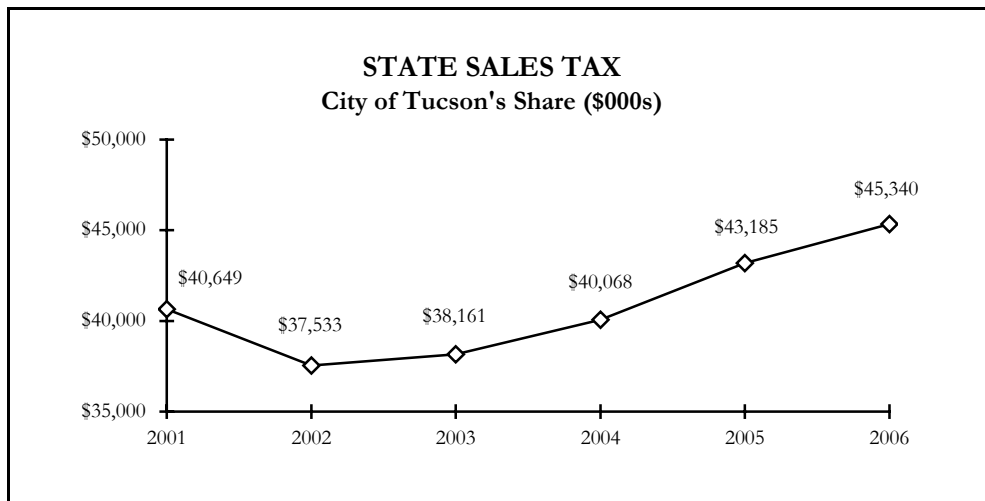
The state sales tax is assessed on the taxable income of business activities within the State of Arizona. The state taxes approximately 20 separate business activities using various rates ranging from 3.1% to 5.6%. Shared sales taxes can be used to pay any expense legally chargeable to the General Fund.

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 2005 is estimated to be \$43,185,270, a 7.8% increase from the revised estimate of \$40,068,000 for Fiscal Year 2004. Fiscal Year 2006 revenues are also projected to increase by 5% to \$45,340,000. The adopted budget for Fiscal Year 2004 was \$38,833,000. The following table and graph show the state sales tax allocations to the City of Tucson since Fiscal Year 2001.

STATE SALES TAX (\$000s)

<u>Fiscal Year</u>	<u>Total Distribution To Cities</u>	<u>Percent Change</u>	<u>City of Tucson's Share Percent</u>	<u>Amount</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
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	317,500	2.4%	12.0%	38,161	628	1.7%
2004 (Estimate)	333,900	5.2%	12.0%	40,068	1,907	5.0%
2005 (Estimate)	350,583	5.0%	12.0%	43,185	3,117	7.8%
2006 (Estimate)	368,083	5.0%	12.0%	45,340	2,155	5.0%



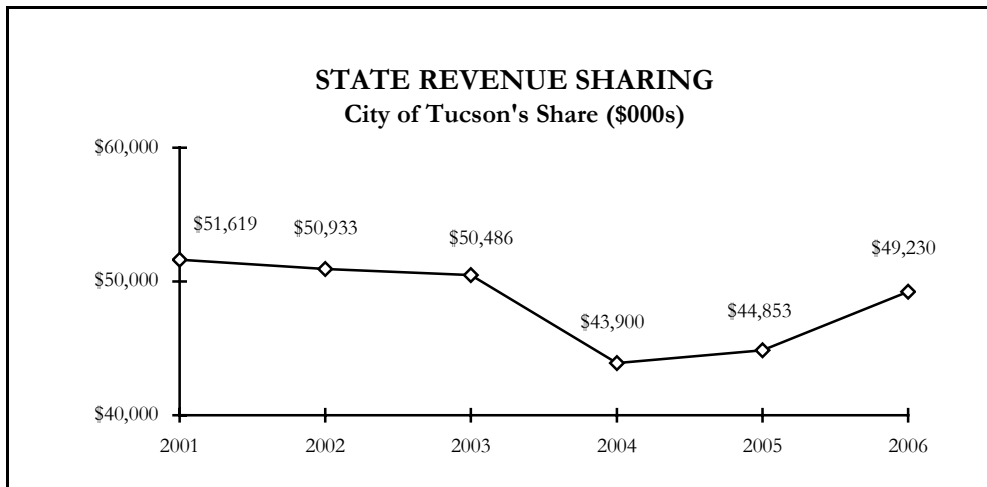
STATE REVENUE SHARING

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%. For Fiscal Year 2004 this rate was reduced to 14.8% by the state.

The city's portion of State Revenue Sharing distributions is estimated to be \$44,853,450 for Fiscal Year 2005, which is an increase of 2.2% from the revised estimate of \$43,900,000 for Fiscal Year 2004. Fiscal Year 2006 is projected to increase an additional 9.8% based on a significant rebound in income tax collections for Fiscal Year 2004. The adopted budget for Fiscal Year 2004 was \$43,388,700. The following table and graph show the state income tax distributions to the City of Tucson since Fiscal Year 2001.

STATE REVENUE SHARING (\$000s)

<u>Fiscal Year</u>	<u>Total Distribution To Cities</u>	<u>Percent Change</u>	<u>Tucson's Share Percent</u>	<u>Amount</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
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	430,559	2.3%	12.0%	50,486	(447)	(0.9%)
2004 (Estimate)	365,833	(15.0%)	12.0%	43,900	(6,586)	(13.0%)
2005 (Estimate)	378,167	3.4%	12.0%	44,853	953	2.2%
2006 (Estimate)	397,083	5.0%	12.0%	49,230	4,377	9.8%



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 2004, 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.

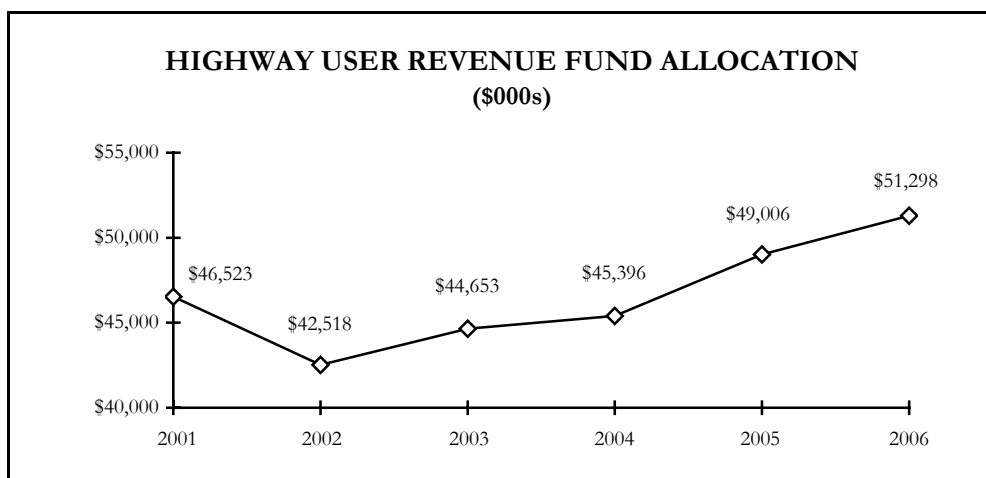
The 27.5% share earmarked for distribution to all incorporated cities and towns is often referred to as "regular HURF", and the Arizona Constitution requires that these funds be used solely for highway and street purposes which includes payment of principal and interest on street and highway bonds. These 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 of its population.

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 \$49,006,500 for Fiscal Year 2005, which is a 8.0% increase from the revised estimate of \$45,395,800 for Fiscal Year 2004. Fiscal Year 2006 is projected to increase an additional 4.7%. The adopted budget for Fiscal Year 2004 was \$47,203,130. The following table and graph show the HURF allocations to the City of Tucson since Fiscal Year 2001.

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>
2001	\$ 39,503	\$ 7,020	\$ 46,523	976	2.1%
2002	36,102	6,416	42,518	(4,005)	(8.6%)
2003	37,905	6,748	44,653	2,135	5.0%
2004 (Estimate)	38,098	7,298	45,396	743	1.7%
2005 (Estimate)	41,127	7,879	49,006	3,610	8.0%
2006 (Estimate)	43,050	8,248	51,298	2,292	4.7%



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.

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 city is expected to receive \$2,646,230 in Fiscal Year 2005 and \$2,650,000 in Fiscal Year 2006. The adopted budget for Fiscal Year 2004 was \$2,767,000. The following table shows the LTAF distribution to the City of Tucson since Fiscal Year 2001.

LOCAL TRANSPORTATION ASSISTANCE FUND (\$000s)

<u>Fiscal Year</u>	<u>Tucson's Share</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
2001	\$ 2,811	\$ 300	11.9%
2002	2,763	(48)	(1.7%)
2003	2,721	(42)	(1.5%)
2004 (Estimate)	2,720	(1)	0.0%
2005 (Estimate)	2,646	(74)	(2.7%)
2006 (Estimate)	2,650	4	0.2%

CITY OF TUCSON
SUMMARY OF EMPLOYEE BENEFITS*

	Actual FY 2003	Adopted FY 2004	Estimated FY 2004	Adopted FY 2005	Approved FY 2006
<u>Retirement Systems</u>					
Tucson Supplemental	\$ 12,753,578	\$ 16,930,816	\$ 16,377,550	\$ 22,760,570	\$ 25,710,280
Public Safety	3,894,766	7,599,560	7,199,900	10,827,600	11,418,440
Elected Officers	36,933	48,170	48,170	37,230	43,600
Sub-Total	16,685,277	24,578,546	23,625,620	33,625,400	37,172,320
<u>Insurance</u>					
Employee Benefits					
Group Plan	27,275,531	31,196,807	31,362,690	36,827,840	41,289,740
FICA (Social Security)	13,666,431	13,751,320	13,711,770	14,445,720	15,246,190
Industrial (Workers' Compensation)	3,790,800	2,622,074	3,277,880	3,666,150	3,873,810
Hazardous Waste	523,464	479,090	481,340	529,900	560,710
State Unemployment	149,051	147,490	151,140	143,440	143,660
Public Liability	5,918,964	5,265,990	5,307,480	6,309,650	6,686,760
Retiree Medical and Life	1,801,205	2,043,250	3,272,900	3,400,030	3,725,150
Sub-Total	53,125,446	55,506,021	57,565,200	65,322,730	71,526,020
Total	\$ 69,810,723	\$ 80,084,567	\$ 81,190,820	\$ 98,948,130	\$ 108,698,340
<u>Source of Funds</u>					
General Fund	\$ 49,387,540	\$ 57,958,347	\$ 59,147,480	\$ 71,255,040	\$ 78,745,760
State Funds	70,612	129,440	88,090	197,040	207,340
Highway User Revenue Fund	4,844,094	5,585,300	5,714,120	6,236,840	6,735,850
Federal Funds	2,488,496	2,720,410	2,508,680	3,203,410	3,351,600
Golf Course Fund	704,148	795,580	807,280	1,127,670	1,217,380
Water Utility Fund	8,660,204	9,249,720	9,329,400	11,333,760	12,292,570
Environmental Services Fund	3,655,629	3,645,770	3,595,770	5,594,370	6,147,840
Total	\$ 69,810,723	\$ 80,084,567	\$ 81,190,820	\$ 98,948,130	\$ 108,698,340

* Employee benefits include fringe benefits for permanent and non-permanent positions, hazardous waste insurance, and public liability insurance.

TEN-YEAR ADOPTED COMPARISON TOTAL CITY STAFFING												
DEPARTMENTS	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Adopted FY 2005	Approved FY 2006
Elected and Official												
Mayor	7.00	7.00	7.50	8.00	8.00	8.00	9.50	9.50	9.50	9.50	9.50	9.50
Council	29.00	29.00	32.50	35.50	35.50	36.50	43.50	43.50	43.50	43.50	43.50	43.50
City Manager ^a	19.80	19.20	23.00	22.00	21.00	22.00	23.75	24.25 ¹⁵	22.25	19.25 ¹⁹	19.00	19.00
City Clerk ^b	39.50	40.50	40.50	73.00	44.50	69.50	43.00	63.50	41.00	58.50	37.00	57.50
City Attorney	100.00	107.00	108.00	108.00	108.00	112.00	113.00	114.00	112.00	105.00	106.00	106.00
Sub-Total	195.30	202.70	211.50	246.50	217.00	248.00	232.75	254.75	228.25	235.75	215.00	235.50
Neighborhood Services												
City Court	133.80	138.80	138.80	141.30	145.30	141.80	143.80	143.80	138.30	137.30	141.30	141.30
Community Services	158.90	158.25	159.25	169.00	167.00	160.00	157.00	155.00	157.00	153.00	153.00	153.00
Fire	459.50	516.50	519.50	569.00 ³	528.00	539.00	570.00	571.00	572.00	572.00	612.00 ²¹	637.00 ²⁹
Library	241.75	243.75	253.00	253.00	265.50	265.50	299.50	287.25 ¹⁶	287.75	286.75	282.75	305.25
Neighborhood Resources	5.00	5.00	5.00	7.00	7.00	11.00	11.00	11.00	21.00 ¹⁸	19.00	20.00	20.00
Office of Equal Opportunity Programs and Independent Police Review ^c	8.00	9.00	9.00	11.00	11.00	11.00	12.00	12.50	11.00	10.00	9.00	9.00
Office of Public Defender	32.50	33.00	31.00	31.00	31.00	32.50	32.50	33.50	33.50	33.50	36.00	36.00
Parks and Recreation	580.00 ¹	577.00	596.00	631.50	685.75 ⁴	720.25 ^{6, 7}	718.75 ¹¹	677.50 ¹⁷	665.00	633.75	669.75 ²²	694.00 ³⁰
Police	1,048.00	1,102.00	1,146.00 ²	1,154.00	1,191.50 ⁵	1,266.50 ⁸	1,355.00 ¹²	1,362.00	1,356.00	1,353.50	1,373.50 ²³	1,405.50 ³¹
Tucson City Golf	104.00	103.00	103.00	103.00	103.50	96.50	163.25 ¹³	169.00	153.75	154.75 ²⁰	154.75	154.75
Sub-Total	2,771.45	2,886.30	2,960.55	3,069.80	3,135.55	3,244.05	3,462.80	3,422.55	3,395.30	3,353.55	3,452.05	3,555.80
Environment and Development												
Development Services	64.00	64.00	64.00	66.00	66.00	72.00	100.00 ¹¹	101.00	111.00 ¹⁸	113.00	133.00 ²⁴	133.00
Environmental Services ^d	234.00	232.00	234.00	235.75	246.75	253.60	258.85	259.00	251.00	252.00	263.00 ²⁵	263.00
Transportation	366.50	376.50	378.50	384.00	386.50	401.50 ^{7, 9}	395.50 ¹¹	399.50	399.50	393.50 ¹⁹	398.00 ^{26, 27}	398.00
Tucson Water	577.00	584.00	588.00	589.00	588.00	588.00	588.00	590.00	590.00	589.00 ¹⁹	576.00 ²⁸	570.00 ³²
Urban Planning and Design	46.50	45.50	46.50	46.50	49.50	50.50	47.50 ¹¹	49.50 ¹⁵	31.50 ¹⁸	38.50 ¹⁹	39.50	39.50
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	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	1,411.50	1,405.50
Strategic Initiatives												
Intergovernmental Relations	2.25	2.75	2.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Office of Economic Development	16.00	18.00	18.10	22.10	23.75	14.00 ¹⁰	15.50	15.50	17.50	14.50	15.50	15.50
Tucson Convention Center	55.00	58.00	58.00	62.00	61.00	61.00	63.50	63.00	60.00	56.25	61.75	61.75
Tucson-Mexico Trade Office	-0-	-0-	-0-	-0-	-0-	5.00 ¹⁰	5.00	5.00	6.00	6.00	14.00	14.00
Sub-Total	73.25	78.75	78.85	86.10	86.75	82.00	86.00	85.50	85.50	78.75	93.25	93.25

TEN-YEAR ADOPTED COMPARISON TOTAL CITY STAFFING												
DEPARTMENTS	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Adopted FY 2005	Approved FY 2006
Support Services												
Budget and Research	28.00	28.00	27.00	26.00	26.00	26.00	26.00	24.00 ¹⁵	24.00	22.55 ¹⁹	22.55	22.55
Finance	134.00	133.00	139.00	138.00	143.00	146.00	150.25	151.25	145.00	146.00	149.00	149.00
General Services	332.00	335.00	337.00	341.00	350.00	365.00	377.00	377.00	370.00	350.00	357.00 ²⁷	357.00
Human Resources	29.00	29.00	28.00	32.00	32.00	32.00	34.00	31.00 ¹⁵	29.00	25.00	26.00	26.00
Information Technology ^a	78.00	79.50	82.42	82.42	92.12	94.12	88.12	91.12	84.66	81.16	101.16 ²⁷	101.16
Procurement	72.00	72.00	75.00	75.00	76.00	77.00	81.00	82.00	77.00	75.00	65.00 ²⁷	65.00
Sub-Total	673.00	676.50	688.42	694.42	719.12	740.12	756.37	756.37	729.66	699.71	720.71	720.71
Non-Departmental												
General Expense	-0-	-0-	-0-	-0-	-0-	-0-	3.00 ¹⁴	5.50 ¹⁵	5.75	4.75	4.75	4.75
Sub-Total	-0-	-0-	-0-	-0-	-0-	-0-	3.00	5.50	5.75	4.75	4.75	4.75
Total	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	5,760.51	5,897.26	6,015.51

^a In Fiscal Year 2002, the offices of the City Manager were reflected in various service teams based on the functions of each office. During Fiscal Year 2002, Citizen and Neighborhood Services became the Neighborhood Resources Department. In Fiscal Year 2003, the Grants function transferred back to City Manager, and Community Relations became part of Information Technology. For comparative purposes, staff is shown for all years in the service teams.

^b 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, 20.5 in Fiscal Year 2002, 20.5 in Fiscal Year 2004, and 20.5 in Fiscal Year 2006.

^c In Fiscal Year 2004, the Equal Opportunity Office and the Independent Police Auditor merged to form the Office of Equal Opportunity Programs and Independent Police Review. For comparative purposes, staff is shown for all years in the new office.

^d In Fiscal Year 2004, Solid Waste Management and Environmental Management were merged to form Environmental Services. For comparative purposes, staff is shown for all years in the new department.

TEN-YEAR ADOPTED COMPARISON TOTAL CITY STAFFING WITH FISCAL YEARS 2005 AND 2006 NOTES ON SIGNIFICANT CHANGES

- ¹ 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.
- ² In Fiscal Year 1997, the Tucson Police Department added 24 community service officers for the new Community Service Officer Program, an additional 10 police officers to improve community policing, and 10 civilian support positions.
- ³ 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 the public safety academy.
- ⁴ In Fiscal Year 1999, the Parks and Recreation Department added 54.25 positions: 32.5 positions for the Clements Center and Pool, 3.5 positions for the Quincie Douglas Center, 14.5 maintenance workers for other new or expanded facilities and parks, and 3.75 positions for expand programs.
- ⁵ In Fiscal Year 1999, the Tucson Police Department added 37.5 positions to improve community policing.
- ⁶ In Fiscal Year 2000, the Parks and Recreation Department added 42.5 positions: 27 positions for new grants, 8 positions for Aquatics, 6.5 positions for Quincie-Douglas Neighborhood Center, and 1 municipal intern.
- ⁷ In Fiscal Year 2000, to support median island maintenance, the Parks and Recreation Department transferred 9 positions to the Transportation Department, and 1 electrician was transferred from Transportation for a net decrease of 8 positions.
- ⁸ In Fiscal Year 2000, the Tucson Police Department added 75 positions: 50 police officers for the Universal Cops Hiring Grant and 2 in support of a new department reorganization, and 23 civilian support positions.
- ⁹ In Fiscal Year 2000, Van Tran's Americans with Disabilities Act Compliance organization was transferred to the new Transit Division, with the existing 4 employees being converted to city positions and the addition of 3 new positions.
- ¹⁰ In Fiscal Year 2000, the Tucson-Mexico Trade Office was created by transferring 4 positions from Economic Development and adding 1 new position.
- ¹¹ In Fiscal Year 2001, the consolidation of Plans Review included transferring 17 positions to Development Services: 2 from the Parks and Recreation Department, 6 from the Department of Urban Planning and Design, and 9 from the Transportation Department.
- ¹² In Fiscal Year 2001, the Tucson Police Department added 56 positions for the Universal Cops Hiring Grant and an additional 32.5 support positions.
- ¹³ In Fiscal Year 2001, Tucson City Golf added 66.75 positions in response to the Mayor and Council approved Tucson City Golf Business Plan.
- ¹⁴ In Fiscal Year 2001, 3 grant-funded positions were added to the General Expense budget for water conservation projects at the A-7 Ranch.
- ¹⁵ In Fiscal Year 2002, 3.5 positions were transferred from the City Manager's Office: 2.5 to the Non-Departmental budget to support of Rio Nuevo and 1 project manager to Urban Planning and Design. Additionally, 2 positions were transferred from Budget and Research and 1 from the Human Resources Department to the City Manager's Office.
- ¹⁶ 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.

TEN-YEAR ADOPTED COMPARISON TOTAL CITY STAFFING WITH FISCAL YEARS 2005 AND 2006 NOTES ON SIGNIFICANT CHANGES

- ¹⁷ In Fiscal Year 2002, a net reduction of 41.25 positions was made in the Parks and Recreation Department. A total of 49.25 positions were eliminated: 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 added 8 positions: 4 for grounds maintenance, 2 for capital project management, and 2 for a new KIDCO site.
- ¹⁸ A reorganization of Neighborhood Resources, Development Services and Urban Planning and Design responsibilities resulted in an increase of 10 positions in Neighborhood Resources, and 10 positions in Development Services, and a reduction of 18 positions in Urban Planning and Design.
- ¹⁹ The Fiscal Year 2004 budget has been corrected to reflect positions that were funded but not included in the budget.
- ²⁰ In Fiscal Year 2004, comprehensive planning functions were consolidated into Urban Planning and Design, including the transfer of 4 positions from Transportation, 1 from Water, and 3 from various function within the City Managers Office.
- ²¹ In Fiscal Year 2005, staffing of two new fire stations adds 35 positions, an increase in inspection activity adds 4 new inspectors, and the supervision of computer systems adds 1 information technology manager.
- ²² In Fiscal Year 2005, the Parks and Recreation Department added 36 positions: 21 positions for the new Adaptive Recreation Center, 5 positions for the Udall Center Senior Expansion, 6.5 maintenance workers for new or expanded facilities, and 3.5 positions for expanded programs.
- ²³ In Fiscal Year 2005, the Tucson Police Department added 18 positions: 5 police officers and 13 civilian positions in support functions. An additional 2 police officers were added during Fiscal Year 2004.
- ²⁴ In Fiscal Year 2005, Development Services added 20 positions: 7 positions to improve existing programs, 7.5 positions for the Private Improvement Agreement program, and 5.5 positions for the Stormwater Retention Basin Management program.
- ²⁵ In Fiscal Year 2005, Environmental Services added 11 positions for residential growth, improved customer service, and environmental programs.
- ²⁶ In Fiscal Year 2005, Transportation added 11.5 positions for maintenance of streets and traffic control in temporary work zones, and 7 positions to expand the residential parking enforcement program.
- ²⁷ In Fiscal Year 2005, to improve organizational efficiency Real Estate was transferred from Transportation to General Services (14 positions), Telecommunications was transferred from General Services to Information Technology (20 positions), and Auto Stores was transferred from the Procurement Department to General Services (10 positions). General Services added an additional 3 positions for fleet maintenance and grants.
- ²⁸ In Fiscal Year 2005, the Water Department reflects a reduction of 13 positions due to improved efficiencies identified through the Maintenance Management Program.
- ²⁹ In Fiscal Year 2006, the staffing of a ladder company and a medic company adds 21 positions, and an increase in inspection activity adds 4 new inspectors.
- ³⁰ In Fiscal Year 2006 the Parks and Recreation Department adds 24.25 positions: 15.25 positions to staff and maintain the new Quincie Douglas Center Pool, 4.5 positions for the El Pueblo Center expansion, and 4.5 positions for the Lincoln Park/William Clements Center expansion.
- ³¹ In Fiscal Year 2006, the Tucson Police Department adds 23 police officers to the Field Services Bureau and 9 civilian positions to Investigative Services.
- ³² In Fiscal Year 2006, the Water Department reflects a planned reduction of 6 positions due to improved efficiencies identified through the Maintenance Management Program.

**FULL-TIME EQUIVALENT POSITIONS
PERMANENT AND NON-PERMANENT
FISCAL YEARS 2005 AND 2006**

	Adopted 2005			Approved 2006		
	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	19.00	-0-	19.00	19.00	-0-	19.00
City Clerk	34.50	2.50	37.00	34.50	23.00	57.50
City Attorney	106.00	-0-	106.00	106.00	-0-	106.00
Sub-Total	212.50	2.50	215.00	212.50	23.00	235.50
NEIGHBORHOOD SERVICES						
City Court	141.30	-0-	141.30	141.30	-0-	141.30
Community Services	153.00	-0-	153.00	153.00	-0-	153.00
Fire	612.00	-0-	612.00	637.00	-0-	637.00
Library	229.50	53.25	282.75	249.00	56.25	305.25
Neighborhood Resources	20.00	-0-	20.00	20.00	-0-	20.00
Office of Equal Opportunity Programs and Independent Police Review	9.00	-0-	9.00	9.00	-0-	9.00
Office of Public Defender	36.00	-0-	36.00	36.00	-0-	36.00
Parks and Recreation	399.50	270.25	669.75	407.50	286.50	694.00
Police	1,367.50	6.00	1,373.50	1,399.50	6.00	1,405.50
Tucson City Golf	44.00	110.75	154.75	44.00	110.75	154.75
Sub-Total	3,011.80	440.25	3,452.05	3,096.30	459.50	3,555.80
ENVIRONMENT AND DEVELOPMENT						
Development Services	132.00	1.00	133.00	132.00	1.00	133.00
Environmental Services	263.00	-0-	263.00	263.00	-0-	263.00
Transportation	396.00	2.00	398.00	396.00	2.00	398.00
Tucson Water	576.00	-0-	576.00	570.00	-0-	570.00
Urban Planning and Design	39.50	-0-	39.50	39.50	-0-	39.50
Zoning Examiner	2.00	-0-	2.00	2.00	-0-	2.00
Sub-Total	1,408.50	3.00	1,411.50	1,402.50	3.00	1,405.50

**FULL-TIME EQUIVALENT POSITIONS
PERMANENT AND NON-PERMANENT
FISCAL YEARS 2005 AND 2006**

	Adopted 2005			Approved 2006		
	Permanent	Non-Permanent	Total	Permanent	Non-Permanent	Total
STRATEGIC INITIATIVES						
Intergovernmental Relations	2.00	-0-	2.00	2.00	-0-	2.00
Office of Economic Development	11.00	4.50	15.50	11.00	4.50	15.50
Tucson Convention Center	42.75	19.00	61.75	42.75	19.00	61.75
Tucson-Mexico Trade Office	6.00	8.00	14.00	6.00	8.00	14.00
Sub-Total	61.75	31.50	93.25	61.75	31.50	93.25
SUPPORT SERVICES						
Budget and Research	22.55	-0-	22.55	22.55	-0-	22.55
Finance	149.00	-0-	149.00	149.00	-0-	149.00
General Services	356.00	1.00	357.00	356.00	1.00	357.00
Human Resources	26.00	-0-	26.00	26.00	-0-	26.00
Information Technology	99.50	1.66	101.16	99.50	1.66	101.16
Procurement	65.00	-0-	65.00	65.00	-0-	65.00
Sub-Total	718.05	2.66	720.71	718.05	2.66	720.71
NON-DEPARTMENTAL						
General Expense	4.75	-0-	4.75	4.75	-0-	4.75
Sub-Total	4.75	-0-	4.75	4.75	-0-	4.75
Total	5,417.35	479.91	5,897.26	5,495.85	519.66	6,015.51

**FULL-TIME EQUIVALENT POSITIONS
GENERAL RECURRING FUNDS AND OTHER FUNDS
FISCAL YEARS 2005 AND 2006**

	Adopted 2005			Approved 2006		
	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	19.00	-0-	19.00	19.00	-0-	19.00
City Clerk	37.00	-0-	37.00	57.50	-0-	57.50
City Attorney	95.00	11.00	106.00	95.00	11.00	106.00
Sub-Total	204.00	11.00	215.00	224.50	11.00	235.50
NEIGHBORHOOD SERVICES						
City Court	137.80	3.50	141.30	137.80	3.50	141.30
Community Services	9.18	143.82	153.00	9.18	143.82	153.00
Fire	610.00	2.00	612.00	635.00	2.00	637.00
Library	141.38	141.37	282.75	152.63	152.62	305.25
Neighborhood Resources	20.00	-0-	20.00	20.00	-0-	20.00
Office of Equal Opportunity Programs and Independent Police Review	9.00	-0-	9.00	9.00	-0-	9.00
Office of Public Defender	36.00	-0-	36.00	36.00	-0-	36.00
Parks and Recreation	628.50	41.25	669.75	652.75	41.25	694.00
Police	1,337.50	36.00	1,373.50	1,369.50	36.00	1,405.50
Tucson City Golf	0-	154.75	154.75	0-	154.75	154.75
Sub-Total	2,929.36	522.69	3,452.05	3,021.86	533.94	3,555.80
ENVIRONMENT AND DEVELOPMENT						
Development Services	133.00	-0-	133.00	133.00	-0-	133.00
Environmental Services	0-	263.00	263.00	0-	263.00	263.00
Transportation	25.50	372.50	398.00	25.50	372.50	398.00
Tucson Water	0-	576.00	576.00	0-	570.00	570.00
Urban Planning and Design	38.50	1.00	39.50	38.50	1.00	39.50
Zoning Examiner	2.00	-0-	2.00	2.00	-0-	2.00
Sub-Total	199.00	1,212.50	1,411.50	199.00	1,206.50	1,405.50

**FULL-TIME EQUIVALENT POSITIONS
GENERAL RECURRING FUNDS AND OTHER FUNDS
FISCAL YEARS 2005 AND 2006**

	Adopted 2005			Approved 2006		
	General Purpose	Other	Total	General Purpose	Other	Total
STRATEGIC INITIATIVES						
Intergovernmental Relations	2.00	-0-	2.00	2.00	-0-	2.00
Office of Economic Development	14.50	1.00	15.50	14.50	1.00	15.50
Tucson Convention Center	61.75	-0-	61.75	61.75	-0-	61.75
Tucson-Mexico Trade Office	6.00	8.00	14.00	6.00	8.00	14.00
Sub-Total	84.25	9.00	93.25	84.25	9.00	93.25
SUPPORT SERVICES						
Budget and Research	22.55	-0-	22.55	22.55	-0-	22.55
Finance	138.00	11.00	149.00	138.00	11.00	149.00
General Services	248.00	109.00	357.00	248.00	109.00	357.00
Human Resources	26.00	-0-	26.00	26.00	-0-	26.00
Information Technology	101.16	-0-	101.16	101.16	-0-	101.16
Procurement	65.00	-0-	65.00	65.00	-0-	65.00
Sub-Total	600.71	120.00	720.71	600.71	120.00	720.71
NON-DEPARTMENTAL						
General Expense	-0-	4.75	4.75	-0-	4.75	4.75
Sub-Total	-0-	4.75	4.75	-0-	4.75	4.75
Total	4,017.32	1,879.94	5,897.26	4,130.32	1,885.19	6,015.51

**Fiscal Year 2005
City of Tucson
Annual Salary Scale**

Exempt Schedule

Grade	Minimum	Midpoint	Maximum
822	93,517	125,320	157,102
821	82,826	110,968	139,131
820	73,674	98,738	123,781
819	65,874	88,254	110,656
818	59,155	79,269	99,382
817	53,394	71,552	89,690
816	48,422	64,875	81,328
815	44,117	59,114	74,110
814	40,394	54,122	67,850
813	37,170	49,795	62,442
812	34,362	46,051	57,720
811	31,928	42,786	53,643
810	29,806	39,957	50,086

**Police
Exempt Schedule**

Grade	Minimum	Midpoint	Maximum
323	120,744	139,048	157,352
322	80,122	97,614	115,086
321	72,634	86,632	100,610
320	72,176	79,102	86,029

**Fiscal Year 2005
City of Tucson
Annual Salary Scale**

**Fire
Exempt Schedule**

Grade	Minimum	Midpoint	Maximum
423	120,744	139,048	157,352
422	80,621	98,218	115,794
421	73,091	87,173	101,234
420	73,736	80,142	86,549

**Legal
Exempt Schedule**

Grade	Minimum	Midpoint	Maximum
619	81,141	107,515	133,890
618	72,446	95,992	119,538
617	64,834	85,904	106,974
616	58,157	77,043	95,930
615	52,270	69,243	86,237
614	47,091	62,400	77,688
613	42,515	56,326	70,158
612	38,480	50,981	63,482
611	34,902	46,238	57,574
610	31,741	42,037	52,354

**Fiscal Year 2005
City of Tucson
Annual Salary Scale**

**Information Technology
Exempt Schedule**

Grade	Minimum	Midpoint	Maximum
719	79,123	104,832	130,541
718	69,867	92,560	115,274
717	61,693	81,744	101,795
716	54,475	72,176	89,877
715	48,651	64,438	80,246
714	43,930	58,198	72,467
713	40,102	53,144	66,186
712	37,066	49,088	61,131

**Golf and Ranch
Exempt Schedule**

Grade	Minimum	Midpoint	Maximum
515	44,117	59,114	74,110
514	40,394	54,122	67,850
505	26,666	34,070	41,454
503	23,026	29,411	35,797
502	21,611	27,602	33,613
501	20,446	26,104	31,782

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 2005
City of Tucson
Annual Salary Scale**

Non-Exempt Schedule

Grade	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	19,469	20,446	21,446	22,526	23,670	24,835	25,459	26,104	26,749	27,414	28,101	28,808	29,536	30,264
911	20,446	21,466	22,526	23,670	24,835	26,083	26,728	27,414	28,080	28,787	29,515	30,243	31,013	31,782
912	21,611	22,693	23,837	25,022	26,270	27,581	28,267	28,974	29,702	30,451	31,200	31,990	32,781	33,613
913	23,026	24,170	25,376	26,645	27,976	29,370	30,118	30,867	31,637	32,427	33,238	34,070	34,923	35,797
914	24,690	25,917	27,227	28,579	30,014	31,512	32,302	33,114	33,925	34,778	35,651	36,546	37,461	38,397
915	26,666	27,997	29,390	30,867	32,406	34,029	34,882	35,755	36,650	37,565	38,501	39,458	40,456	41,454
916	28,995	30,451	31,970	33,571	35,256	37,003	37,939	38,875	39,853	40,851	41,870	42,910	43,992	45,094
917	31,762	33,342	35,006	36,754	38,605	40,518	41,538	42,578	43,638	44,741	45,843	46,987	48,173	49,379
918	35,006	36,754	38,605	40,518	42,557	44,678	45,802	46,946	48,110	49,317	50,544	51,813	53,102	54,434
919	38,854	40,810	42,848	44,990	47,237	49,608	50,835	52,104	53,414	54,746	56,118	57,512	58,947	60,424
920	43,430	45,594	47,882	50,274	52,790	55,432	56,805	58,240	59,696	61,173	62,712	64,272	65,894	67,538

**Fiscal Year 2005
City of Tucson
Annual Salary Scale**

**Police
Non-Exempt Schedule**

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
351	32,906	34,549	36,275	38,085	39,978	41,995	44,075	46,280
302	38,272	40,186	42,203	44,304	46,530	48,859	51,293	53,851
303	40,186	42,203	44,304	46,530	48,859	51,293	53,851	56,555
304	42,203	44,304	46,530	48,859	51,293	53,851	56,555	59,384
305	44,304	46,530	48,859	51,293	53,851	56,555	59,384	62,338
306					56,555	59,384	62,338	65,458
307					59,384	62,338	65,458	68,723

**Fire
Non-Exempt Schedule**

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
401	35,788	37,536	39,458	41,438	43,505	44,583	45,660	46,825	47,932	49,155
403	37,914	39,691	41,612	43,564	45,631	46,738	47,815	48,951	50,086	51,309
404						49,155	50,348	51,601	52,853	54,163
405						51,309	52,503	53,726	55,008	56,318
406						56,900	58,298	59,725	61,181	62,695
407						59,055	60,424	61,880	63,336	64,850
408						63,710	65,291	66,893	68,536	70,221

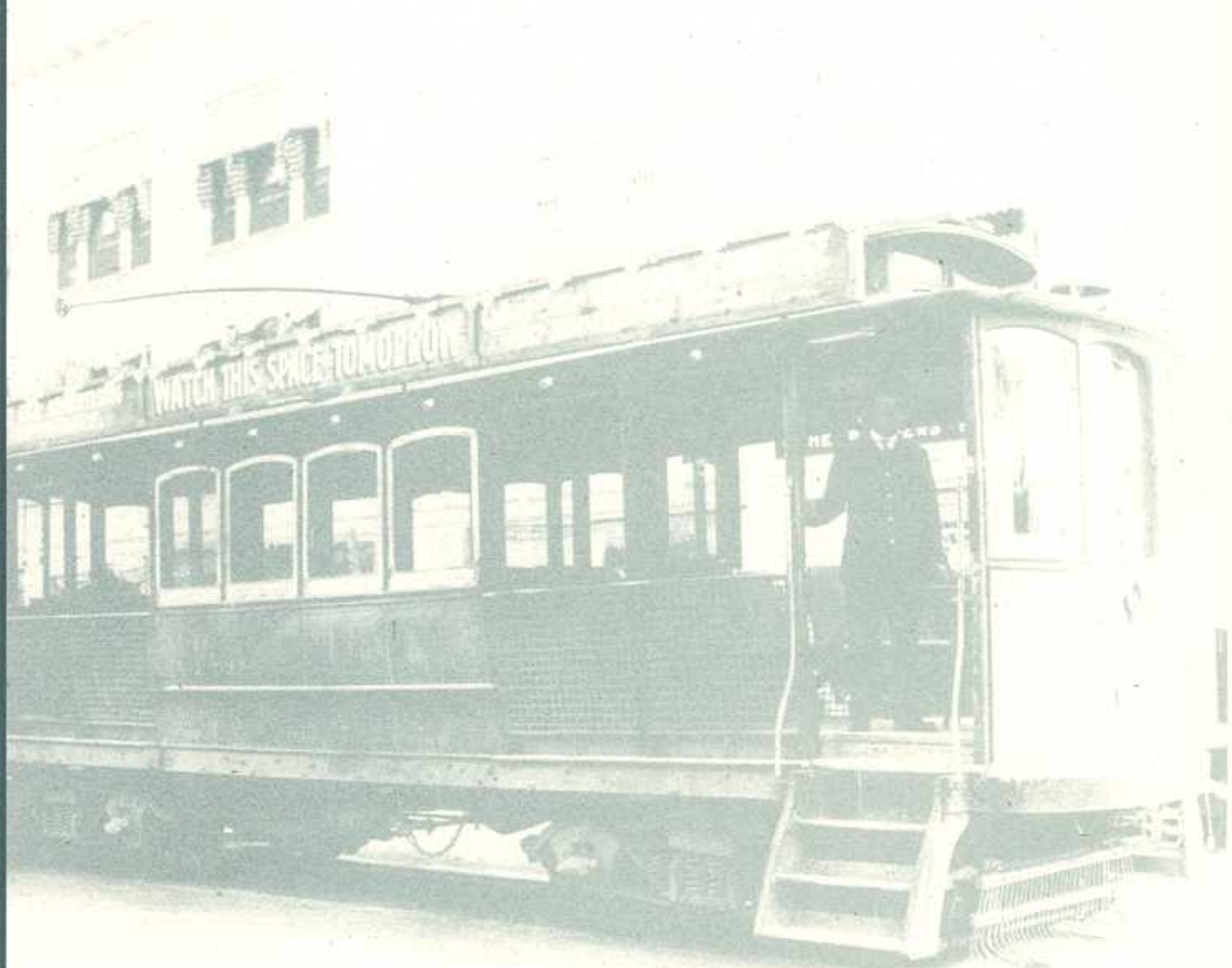
**Fiscal Year 2005
City of Tucson
Classified Annual Salary Scale**

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

Grade	Class Title	Hourly Rate		
1029	Camera Operator	\$ 11.65	-	\$ 17.49
1001	City Youth Worker	6.00		
1003	Concession Worker	5.86	-	7.24
1033	Convention Center Stage Technician	12.93		
1041	Convention Center Stagehand Supervisor	15.74		
1043	Election Specialist	16.58	-	22.78
1022	Election Technician	10.35	-	14.21
1015	General Maintenance Trainee/Worker	8.52	-	9.86
1021	Golf Host	10.09		
1035	Library Program Instructor	13.55	-	18.16
1013	Lifeguard	8.29		
1025	Seasonal Aquatics Program Supervisor	10.78		
1004	Seasonal Center Attendant	6.36		
1008	Seasonal Class Instructor	7.62	-	17.62
1023	Seasonal Program Coordinator	10.12		
1006	Seasonal Recreation Worker	7.18		
1011	Seasonal Senior Recreation Worker	8.00		
1019	Seasonal Swimming Pool Supervisor	9.42		
1027	Senior Election Technician	11.37	-	15.61
1010	Short Order Cook	7.89	-	10.20
1017	Water Safety Instructor/Senior Lifeguard	8.75		

SECTION F

CAPITAL BUDGET SUMMARY



CAPITAL BUDGET SUMMARY

This section summarizes the Five-Year Capital Improvement Program (CIP) for Fiscal Years 2005 through 2009. Unlike in recent CIPs, only funded projects are reflected in the five-year CIP totals. The objective of this change is to clarify for the community what the city can do to meet capital project needs with the limited funds available. Additional detail on funded projects can be found in Section B of Volume III, Approved Capital Improvement Program. Unfunded projects are listed for reference in Section C of Volume III.

SUMMARY OF EXPENDITURES AND FUNDING SOURCES

The following table summarizes adopted CIP expenditures by service area and by funding source. For more detailed summaries, see Tables I and II on pages F-5 and F-6.

(\$000s)	Adopted Year 1 FY 2005	Approved Year 2 FY 2006	Five-Year Total
Service Area Expenditures			
Neighborhood Services	\$ 57,210.7	\$ 13,715.8	\$ 84,226.5
Environment and Development	159,266.8	106,547.3	468,270.2
Strategic Initiatives	1,028.0	-0-	1,028.0
Support Services	12,923.7	3,197.3	29,951.5
Non-Departmental	18,693.1	-0-	18,693.1
Total	\$ 249,122.3	\$ 123,460.4	\$ 602,169.3
Funding Sources			
General Purpose Funds	\$ 6,047.2	\$ 1,010.6	\$ 10,579.9
Grants and Contributions	80,632.7	51,363.9	184,676.9
City Bond Funds	64,806.2	9,308.9	79,679.1
Enterprise Funds	62,929.3	54,661.0	270,109.3
Other Local Funds	34,246.9	6,766.0	55,264.1
Non-City Funds	460.0	350.0	1,860.0
Total	\$ 249,122.3	\$ 123,460.4	\$ 602,169.3

DEPARTMENT PROGRAMS

The following section summarizes the department programs within each service area. Project listings for each department begin on page F-9. Further detail on department programs and specific projects is available in Volume III, Approved Five-Year Capital Improvement Program.

Neighborhood Services

The Neighborhood Services category, which accounts for 14% of the total five-year CIP, contains projects managed by City Court, Community Services, Fire, Library, Neighborhood Resources, Parks and Recreation, Tucson City Golf, and Police.

City Court. The Deferred Maintenance Reserve funds City Court's one project for \$1 million: partial demolition of the adjacent parking garage and structural reinforcement for the portion that houses mechanical systems.

Community Services. The Community Services five-year program of \$0.9 million is for the completion of three projects funded from federal grants and Pima County bond funds: site acquisitions that are part of the South Park HOPE VI redevelopment project, construction of an arts and culture center at South Park, and construction of the Santa Rita Skate Park.

Fire. Fire's five-year program of \$13.7 million contains seven projects: construction of three new fire stations, remodeling of six fire stations, apparatus for one fire station, support facility improvements, and communications equipment upgrades. City general obligation bonds and certificates of participation fund these projects.

Library. The five-year program for Library of \$2.2 million contains four projects: completion of improvements at the Golf Links Library, construction of the Quincie Douglas and Midtown Libraries, and the initial phase of plaza improvements at the Joel D. Valdez Main Library. City general obligation bonds are the only funding source for these projects. (The Midtown Library is primarily funded by Pima County, but those funds are not part of the city's budget.)

Neighborhood Resources. This department's five-year CIP of \$22.9 million is for the Back to Basics Program. There is \$8 million carried forward in Fiscal Year 2005 for the completion of rounds three through six. New funding of \$14.9 million will provide \$425,000 annually for each council member and the mayor.

Parks and Recreation. Park's five-year CIP of \$29.6 million contains 37 projects. The projects are funded primarily from city bonds of \$17.7 million and county bonds of \$9.5 million. Grants and contributions provide for the remaining \$2.4 million. These funds provide for a wide range of projects: improvements at regional parks, completion of new recreation centers, and amenities at neighborhood parks.

Tucson City Golf. Golf's \$3.4 million five-year program contains two projects: Trini Alvarez-El Rio First Tee Renovations for \$2.9 million and Miscellaneous Golf Course Improvements for \$0.5 million. The Trini Alvarez improvements will be a joint project with the Tucson Conquistadores, who will contribute \$1.6 million, and the First Tee Corporation, which will contribute in-kind support.

Police. The Police Department's five-year program of \$10.6 million is for two projects: facility improvements and a new substation that will replace the Rillito Substation. These projects are funded with city general obligation bonds and certificates of participation.

Environment and Development

The Environment and Development category, which accounts for 78% of the total five-year CIP, contains projects managed by Environmental Services, Transportation, and Tucson Water.

Environmental Services. The department's five-year program of 25 projects totals \$28.6 million. Funding for these projects is primarily from city general obligation bonds and debt financing. This program will allow the city to meet near-term regulatory mandates, but not mandated improvements needed in the long-term. As the new Environmental Services utility matures, additional projects will be funded from its revenues.

Transportation. The five-year Transportation program of \$185.6 million includes six program areas: Streets for \$97.4 million, Drainage for \$20.8 million, Street Lighting for \$5.7 million, Traffic Signals for \$8.9 million, Parking Garages for \$1.1 million, and Public Transit for \$54.6 million. Because there are insufficient funds to meet all of Transportation's needs, this CIP simply allocates available funding to the highest priority projects.

The largest funding source for Transportation's projects is federal funding, which totals \$81.1 million. Other major funding sources are city bond funds of \$25.5 million, regional Highway User Revenue Funds (HURF) of \$34.8 million, and city HURF of \$24.6 million. Other contributions and non-federal grants provide \$12.9 million. The remaining \$6.7 million is from the General Fund, which is used as the local match for federal transit grants.

Tucson Water. The five-year Tucson Water CIP of \$254.1 million includes \$210.1 million of improvements to the potable water system and \$44 million of improvements for the reclaimed water system. Tucson Water's CIP is funded from user revenues of \$112.7 million, \$112.4 million from a future water revenue bond authorization, \$28.2 million from the remaining 2000 bond authorization, and \$0.8 million from a federal grant.

Tucson Water will have completely spent its 2000 bond authorization (\$123.6 million) by the end of Fiscal Year 2005. This CIP requires that a new bond authorization be put before the voters in the spring of 2005. Without a new bond authorization this proposed CIP would have to be severely reduced.

Strategic Initiatives

The Strategic Initiatives category, which contains a project managed by the Tucson Convention Center, accounts for less than 1% of the total five-year CIP.

Tucson Convention Center. The only project in the Tucson Convention Center's five-year CIP is the replacement of the facility's fire alarm system at a cost of \$1 million. General Obligation Bond Fund Interest was allocated to this high priority project.

Support Services

The Support Services category, which accounts for 5% of the total five-year CIP, contains two capital projects managed by the General Services Department.

General Services. There are two projects in General Services' five-year CIP of \$30 million: completion of modifications to parks facility for compliance with the Americans with Disabilities Act for \$0.1 million from the General Fund and the initial phase of the Emergency Communications System for \$29.9 million from certificates of participation, which will provide for computer-aided dispatch for Fire, a radio dispatch center security system, and the radio communication needs of non-public safety city departments.

This funding is in addition to the \$60 million that is listed as the city's share of the Pima County Sheriff's bond-funded project for a regional public safety communications system. That funding will provide for basic radio communication needs of the city's Fire and Police departments, including building radio coverage and a dispatch facility.

Non-Departmental

The Non-Departmental category, which accounts for 3% of the total five-year CIP, contains projects that are beyond the scope of a single department.

General Expense. The five-year program for General Expense contains five projects that total \$18.7 million: the completion of the Hardesty Multi-Service Center, the renovation or relocation of the Mayor and Council Chambers, construction of the Starr Pass and Pennington Street parking garages, and an upgrade to the city's financial and human resources management systems. Funding for the program comes from certificates of participation of \$17.1 million, \$0.8 million from a developer contribution, and \$0.8 million from the General Fund.

SUMMARY OF CIP IMPACT ON THE OPERATING BUDGET

While the completion of a capital project provides improved service to the community, the completion of many capital projects is also the beginning of annual operating expenses for staff, maintenance, and routine operations. The Fiscal Year 2005 Adopted Budget includes \$7 million in O&M (operating and maintenance) costs, \$4 million already budgeted in Fiscal Year 2004 and \$3 million in new funding requirements. The O&M costs increase \$5.4 million in the approved budget for Fiscal Year 2006.

The Fiscal Year 2005 and 2006 Biennial Budget includes 110 new positions, which accounts for more than half of the increased costs. These O&M impacts are primarily for the staffing and opening of new facilities that will enhance public safety, educational and recreational opportunities: one multi-service center, three fire stations (two will be opened in Fiscal Year 2005), two new branch libraries, and seven new or expanded Parks and Recreation centers. Fuel and labor costs for expansion vans that will improve paratransit service for the disabled are also a significant component of the total impact.

The General Fund pays for most of the operating and maintenance impacts (85% in Fiscal Year 2005 and 82% in Fiscal Year 2006). The balance is funded from Library District taxes, Environmental Services utility revenues, and the city's Highway User Revenue Fund (HURF).

The following table summarizes the operating budget impact of projects in this five-year CIP that were completed in Fiscal Year 2004 or will be completed in Fiscal Years 2005 and 2006. For a more detailed summary, see Table III on page F-8.

(\$000s)	Year 1 FY 2005	Year 2 FY 2006	Five-Year Total
Service Area Expenditures			
Neighborhood Services	\$ 4,298.5	\$ 9,369.6	\$ 51,407.4
Environment and Development	2,253.1	2,574.3	14,284.7
Non-Departmental	408.3	476.1	2,400.4
Total	\$ 6,959.9	\$ 12,420.0	\$ 68,092.5
Funding Sources			
General Purpose Funds	\$ 5,931.3	\$ 10,165.9	\$ 56,531.4
Grants and Contributions	31.3	916.5	5,024.3
Enterprise Funds	940.0	1,223.0	6,000.0
Other Local Funds	57.3	114.6	536.8
Total	\$ 6,959.9	\$ 12,420.0	\$ 68,092.5

ATTACHED TABLES

- Table I** Five-Year Capital Improvement Program Summary by Department
Table II Five-Year Capital Improvement Program Summary by Funding Source
Table III Five-Year Capital Improvement Program Summary of CIP Impact on the Operating Budget

Five-Year Capital Improvement Program

Table I. Summary by Department
(\$000)

	Adopted Year 1 FY 2005	Approved Year 2 FY 2006	Projected Requirements			Five Year Total
			Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	
Neighborhood Services						
City Court	\$ 984.9	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 984.9
Community Services	925.5	-0-	-0-	-0-	-0-	925.5
Fire	8,941.8	480.0	-0-	-0-	4,250.0	13,671.8
Library	1,978.6	125.0	125.0	-0-	-0-	2,228.6
Neighborhood Resources	10,975.0	2,975.0	2,975.0	2,975.0	2,975.0	22,875.0
Parks and Recreation	22,885.6	6,691.8	-0-	-0-	-0-	29,577.4
Tucson City Golf	3,363.0	-0-	-0-	-0-	-0-	3,363.0
Police	7,156.3	3,444.0	-0-	-0-	-0-	10,600.3
Sub-Total	57,210.7	13,715.8	3,100.0	2,975.0	7,225.0	84,226.5
Environment and Development						
Environmental Services	20,831.3	5,679.0	1,912.0	100.0	79.0	28,601.3
Transportation	87,562.5	48,603.3	20,263.2	19,692.5	9,492.4	185,613.9
Tucson Water	50,873.0	52,265.0	49,702.0	49,985.0	51,230.0	254,055.0
Sub-Total	159,266.8	106,547.3	71,877.2	69,777.5	60,801.4	468,270.2
Strategic Initiatives						
Tucson Convention Center	1,028.0	-0-	-0-	-0-	-0-	1,028.0
Sub-Total	1,028.0	-0-	-0-	-0-	-0-	1,028.0
Support Services						
General Services	12,923.7	3,197.3	7,423.8	6,406.7	-0-	29,951.5
Sub-Total	12,923.7	3,197.3	7,423.8	6,406.7	-0-	29,951.5
Non-Departmental						
General Expense	18,693.1	-0-	-0-	-0-	-0-	18,693.1
Sub-Total	18,693.1	-0-	-0-	-0-	-0-	18,693.1
Total	\$ 249,122.3	\$ 123,460.4	\$ 82,401.0	\$ 79,159.2	\$ 68,026.4	\$ 602,169.3

Five-Year Capital Improvement Program

Table II. Summary by Funding Source
(\$000)

Fund Category/Fund	Adopted	Approved	Projected Requirements			Five
	Year 1 FY 2005	Year 2 FY 2006	Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	Year Total
General Purpose Funds						
General Fund	\$ 3,852.4	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,852.4
Mass Transit Fund: General Fund Transfer	2,194.8	1,010.6	1,111.8	1,210.8	1,199.5	6,727.5
Sub-Total	6,047.2	1,010.6	1,111.8	1,210.8	1,199.5	10,579.9
Grants and Contributions						
Capital Agreement Fund	8,197.6	565.0	115.0	115.0	115.0	9,107.6
Capital Agreement Fund: PAG	10,905.9	12,840.0	6,200.0	4,850.0	-0-	34,795.9
Capital Agreement Fund: Pima County Bonds	6,747.3	4,867.8	-0-	-0-	-0-	11,615.1
Capital Agreement Fund: Pima County Contribution	209.3	2,000.0	-0-	-0-	-0-	2,209.3
Community Development Block Grant Fund	3,026.5	1,275.0	1,275.0	1,275.0	1,275.0	8,126.5
Federal Highway Administration Grants	11,621.0	14,164.0	3,555.7	7,632.0	-0-	36,972.7
HOPE VI Grants	524.0	-0-	-0-	-0-	-0-	524.0
Highway User Revenue Fund	15,034.5	9,841.0	4,345.0	4,184.0	3,495.0	36,899.5
Mass Transit Fund: Federal Grants	24,047.6	5,811.1	5,485.7	2,893.8	5,869.1	44,107.3
Miscellaneous Non-Federal Grants	319.0	-0-	-0-	-0-	-0-	319.0
Sub-Total	80,632.7	51,363.9	20,976.4	20,949.8	10,754.1	184,676.9
City Bond Funds						
1994 General Obligation Bond Funds	978.1	99.0	-0-	-0-	-0-	1,077.1
1994 General Obligation Bond Funds - Interest	921.0	405.0	125.0	-0-	-0-	1,451.0
1994 Street and Highway Revenue Bond Funds	442.1	-0-	-0-	-0-	-0-	442.1
2000 General Obligation Bond Funds	55,505.8	7,778.0	1,010.0	100.0	4,329.0	68,722.8
2000 General Obligation Bond Funds - Interest	2,628.0	280.0	-0-	-0-	-0-	2,908.0
2000 Street and Highway Revenue Bond Funds	4,331.2	746.9	-0-	-0-	-0-	5,078.1
Sub-Total	64,806.2	9,308.9	1,135.0	100.0	4,329.0	79,679.1
Enterprise Funds						
2000 Water Revenue Bond Funds	28,145.0	-0-	-0-	-0-	-0-	28,145.0
Central Arizona Project Reserve Fund	11.0	11.0	11.0	11.0	11.0	55.0
Environmental Services Fund: Debt Financing	8,693.3	2,396.0	1,602.0	-0-	-0-	12,691.3
Future Water Revenue Bonds	-0-	28,074.0	24,644.0	28,331.0	30,612.0	111,661.0
Golf Course Fund	1,763.0	-0-	-0-	-0-	-0-	1,763.0
Golf Course Fund: Contributions	1,600.0	-0-	-0-	-0-	-0-	1,600.0
Tucson Water Revenue and Operations Fund	22,217.0	23,930.0	25,047.0	21,643.0	20,607.0	113,444.0
Water Revenue and Operations Fund: Grants	500.0	250.0	-0-	-0-	-0-	750.0
Sub-Total	62,929.3	54,661.0	51,304.0	49,985.0	51,230.0	270,109.3

Five-Year Capital Improvement Program

Table II. Summary by Funding Source
(\$000)

Fund Category/Fund	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Other Local Funds						
General Fund: Certificates of Participation	\$ 17,524.0	\$ 6,641.3	\$ 7,423.8	\$ 6,406.7	\$ -0-	\$ 37,995.8
General Fund: Restricted	984.9	-0-	-0-	-0-	-0-	984.9
General Fund: Restricted Trust Reserves	4,876.3	-0-	-0-	-0-	-0-	4,876.3
TEAM: Certificates of Participation	9,500.0	-0-	-0-	-0-	-0-	9,500.0
TEAM: Contribution	840.0	-0-	-0-	-0-	-0-	840.0
TEAM: Fees and Charges	521.7	124.7	100.0	156.9	163.8	1,067.1
Sub-Total	34,246.9	6,766.0	7,523.8	6,563.6	163.8	55,264.1
Non-City Funds						
Special Assessments Construction Fund	460.0	350.0	350.0	350.0	350.0	1,860.0
Sub-Total	460.0	350.0	350.0	350.0	350.0	1,860.0
Total	\$ 249,122.3	\$ 123,460.4	\$ 82,401.0	\$ 79,159.2	\$ 68,026.4	\$ 602,169.3

Five-Year Capital Improvement Program

Table III. Summary of CIP Impact on the Operating Budget
(\$000)

	Year 1 FY 2005	Year 2 FY 2006	Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	Five Year Total
Neighborhood Services						
Fire	\$ 2,351.0	\$ 5,327.0	\$ 6,641.7	\$ 7,691.3	\$ 7,687.1	\$ 29,698.2
Library	-0-	884.3	910.8	937.2	965.4	3,697.7
Parks and Recreation	1,947.5	3,158.3	4,213.5	4,213.9	4,214.3	17,747.5
Police	-0-	-0-	88.0	88.0	88.0	264.0
Sub-Total	4,298.5	9,369.6	11,854.0	12,930.4	12,954.8	51,407.4
Environment and Development						
Environmental Services	940.0	1,223.0	1,256.0	1,289.0	1,292.0	6,000.0
Transportation	1,313.1	1,351.3	1,816.1	1,863.0	1,941.2	8,284.7
Sub-Total	2,253.1	2,574.3	3,072.1	3,152.0	3,233.2	14,284.7
Non-Departmental						
General Expense	408.3	476.1	490.4	505.2	520.4	2,400.4
Sub-Total	408.3	476.1	490.4	505.2	520.4	2,400.4
Total	\$ 6,959.9	\$ 12,420.0	\$ 15,416.5	\$ 16,587.6	\$ 16,708.4	\$ 68,092.5
Source of Funds Summary						
General Purpose Funds						
General Fund	\$ 4,649.5	\$ 8,846.8	\$ 11,315.6	\$ 12,376.8	\$ 12,384.5	\$ 49,573.3
Mass Transit Fund: General Fund Transfer	1,281.8	1,319.1	1,410.1	1,452.0	1,495.1	6,958.1
Sub-Total	5,931.3	10,165.9	12,725.7	13,828.8	13,879.6	56,531.4
Grants and Contributions						
Highway User Revenue Fund	31.3	32.2	406.0	411.0	446.1	1,326.6
Library Fund: Pima County Contribution	-0-	884.3	910.8	937.2	965.4	3,697.7
Sub-Total	31.3	916.5	1,316.8	1,348.2	1,411.5	5,024.3
Enterprise Funds						
Environmental Services Fund	940.0	1,223.0	1,256.0	1,289.0	1,292.0	6,000.0
Sub-Total	940.0	1,223.0	1,256.0	1,289.0	1,292.0	6,000.0
Other Local Funds						
TEAM: Fees and Charges	57.3	114.6	118.0	121.6	125.3	536.8
Sub-Total	57.3	114.6	118.0	121.6	125.3	536.8
Total	\$ 6,959.9	\$ 12,420.0	\$ 15,416.5	\$ 16,587.6	\$ 16,708.4	\$ 68,092.5

Five-Year Capital Improvement Program

City Court (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
City Court Structural Improvements	\$ 984.9	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 984.9
Department Total	\$ 984.9	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 984.9

Source of Funds Summary

General Fund: Restricted	\$ 984.9	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 984.9
Department Total	\$ 984.9	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 984.9

Five-Year Capital Improvement Program

Community Services (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1 FY 2005	Year 2 FY 2006	Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	Year Total
Robert F. Kennedy Homes Revitalization	\$ 255.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 255.0
Santa Rita Skate Park	401.5	-0-	-0-	-0-	-0-	401.5
South Park HOPE VI - Arts and Culture Center	269.0	-0-	-0-	-0-	-0-	269.0
Department Total	\$ 925.5	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 925.5

Source of Funds Summary

Capital Agreement Fund: Pima County Bonds	\$ 150.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 150.0
Community Development Block Grant Fund	251.5	-0-	-0-	-0-	-0-	251.5
HOPE VI Grants	524.0	-0-	-0-	-0-	-0-	524.0
Department Total	\$ 925.5	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 925.5

Five-Year Capital Improvement Program

Fire (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Fire Station 6	\$ 693.1	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 693.1
Fire Station 20	2,612.1	-0-	-0-	-0-	-0-	2,612.1
Fire Station 21	3,243.8	-0-	-0-	-0-	-0-	3,243.8
Fire Station 22	-0-	-0-	-0-	-0-	4,250.0	4,250.0
Fire Station Remodels	300.0	480.0	-0-	-0-	-0-	780.0
Mobile Data Terminal Upgrades	850.0	-0-	-0-	-0-	-0-	850.0
Support Facility Improvements	1,242.8	-0-	-0-	-0-	-0-	1,242.8
Department Total	\$ 8,941.8	\$ 480.0	\$ -0-	\$ -0-	\$ 4,250.0	\$ 13,671.8

Source of Funds Summary

1994 General Obligation Bond Funds	\$ 11.4	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 11.4
1994 General Obligation Bond Funds - Interest	303.9	200.0	-0-	-0-	-0-	503.9
2000 General Obligation Bond Funds	7,098.7	-0-	-0-	-0-	4,250.0	11,348.7
2000 General Obligation Bond Funds - Interest	-0-	280.0	-0-	-0-	-0-	280.0
General Fund: Certificates of Participation	1,527.8	-0-	-0-	-0-	-0-	1,527.8
Department Total	\$ 8,941.8	\$ 480.0	\$ -0-	\$ -0-	\$ 4,250.0	\$ 13,671.8

Five-Year Capital Improvement Program

Library (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
George Miller-Golf Links Library Expansion	\$ 386.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 386.0
Main Library Plaza Improvements	350.0	125.0	125.0	-0-	-0-	600.0
Midtown Library and Learning Center	250.0	-0-	-0-	-0-	-0-	250.0
Quincie Douglas Library	992.6	-0-	-0-	-0-	-0-	992.6
Department Total	\$ 1,978.6	\$ 125.0	\$ 125.0	\$ -0-	\$ -0-	\$ 2,228.6

Source of Funds Summary

1994 General Obligation Bond Funds - Interest	\$ 350.0	\$ 125.0	\$ 125.0	\$ -0-	\$ -0-	\$ 600.0
2000 General Obligation Bond Funds	1,628.6	-0-	-0-	-0-	-0-	1,628.6
Department Total	\$ 1,978.6	\$ 125.0	\$ 125.0	\$ -0-	\$ -0-	\$ 2,228.6

Five-Year Capital Improvement Program

Neighborhood Resources

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Back to Basics Unallocated	\$ 10,975.0	\$ 2,975.0	\$ 2,975.0	\$ 2,975.0	\$ 2,975.0	\$ 22,875.0
Department Total	\$ 10,975.0	\$ 2,975.0	\$ 2,975.0	\$ 2,975.0	\$ 2,975.0	\$ 22,875.0

Source of Funds Summary

Community Development Block Grant Fund	\$ 2,775.0	\$ 1,275.0	\$ 1,275.0	\$ 1,275.0	\$ 1,275.0	\$ 7,875.0
General Fund	2,700.0	-0-	-0-	-0-	-0-	2,700.0
Highway User Revenue Fund	5,500.0	1,700.0	1,700.0	1,700.0	1,700.0	12,300.0
Department Total	\$ 10,975.0	\$ 2,975.0	\$ 2,975.0	\$ 2,975.0	\$ 2,975.0	\$ 22,875.0

Five-Year Capital Improvement Program

Parks and Recreation (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1 FY 2005	Year 2 FY 2006	Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	Year Total
Parks and Recreation - Parks Development						
Adaptive Recreation Center	\$ 4,346.9	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,346.9
Case Natural Resource Park Improvements	228.0	-0-	-0-	-0-	-0-	228.0
Catalina High School Track and Field Lighting	150.0	-0-	-0-	-0-	-0-	150.0
Eastside Senior Center Recreation Facility	1,479.0	-0-	-0-	-0-	-0-	1,479.0
El Pueblo Center Expansion	2,294.0	-0-	-0-	-0-	-0-	2,294.0
General Instruments Site Improvements	100.0	100.0	-0-	-0-	-0-	200.0
Golf Links Sports Center Parking Improvements	150.0	-0-	-0-	-0-	-0-	150.0
Greenway and Natural Resource Area Acquisition	729.6	-0-	-0-	-0-	-0-	729.6
Himmel Park Irrigation Replacement	30.0	-0-	-0-	-0-	-0-	30.0
Jacobs Park Pool Replacement	400.0	-0-	-0-	-0-	-0-	400.0
Lighting System Improvements, Phase I	235.0	80.0	-0-	-0-	-0-	315.0
Mansfield Park Irrigation Replacement	75.0	-0-	-0-	-0-	-0-	75.0
Mansfield Park Upgrade	85.0	-0-	-0-	-0-	-0-	85.0
Miramonte Natural Resource Park	93.0	-0-	-0-	-0-	-0-	93.0
Miscellaneous Parks Development/Renovations	432.8	-0-	-0-	-0-	-0-	432.8
New Comfort Stations	360.0	224.0	-0-	-0-	-0-	584.0
Northwest Neighborhood Center	687.0	-0-	-0-	-0-	-0-	687.0
Pascua Neighborhood Center Improvements	130.0	-0-	-0-	-0-	-0-	130.0
Playground Equipment Replacement	73.1	70.0	-0-	-0-	-0-	143.1
Purple Heart Park Expansion	300.0	-0-	-0-	-0-	-0-	300.0
Reid Park Renovation	500.1	1,350.0	-0-	-0-	-0-	1,850.1
Reuse of Landfill Areas	207.0	-0-	-0-	-0-	-0-	207.0
Rio Vista Park	241.0	-0-	-0-	-0-	-0-	241.0
Rodeo Grounds Improvements	307.8	-0-	-0-	-0-	-0-	307.8
Udall Center Senior Expansion	350.0	-0-	-0-	-0-	-0-	350.0
Udall Park Facility Improvements	100.0	-0-	-0-	-0-	-0-	100.0
Sub-Total	14,084.3	1,824.0	-0-	-0-	-0-	15,908.3
Parks and Recreation - Pima County Bond Projects						
Christopher Columbus Park	299.9	1,509.6	-0-	-0-	-0-	1,809.5
El Cortez Heights Neighborhood Improvements	80.0	-0-	-0-	-0-	-0-	80.0
Freedom Park Center	511.0	-0-	-0-	-0-	-0-	511.0
La Pilita Park	63.0	-0-	-0-	-0-	-0-	63.0
Lincoln Park/William Clements Center Expansion	4,348.3	-0-	-0-	-0-	-0-	4,348.3
Quincie Douglas Center Pool Facility	2,510.0	204.0	-0-	-0-	-0-	2,714.0
Rillito Park at Columbus Boulevard District Park	322.5	1,140.0	-0-	-0-	-0-	1,462.5
Santa Cruz River Sports Park	200.0	1,626.9	-0-	-0-	-0-	1,826.9
Tucson Diversion Channel Soccer Field	100.0	387.3	-0-	-0-	-0-	487.3
Udall Park Play Field Improvements	266.6	-0-	-0-	-0-	-0-	266.6
Sub-Total	8,701.3	4,867.8	-0-	-0-	-0-	13,569.1

Five-Year Capital Improvement Program

Parks and Recreation

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Parks and Recreation - Zoo Improvements						
Zoo Exhibit Improvements	\$ 100.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 100.0
Sub-Total	100.0	-0-	-0-	-0-	-0-	100.0
Department Total	\$ 22,885.6	\$ 6,691.8	\$ -0-	\$ -0-	\$ -0-	\$ 29,577.4

Source of Funds Summary

1994 General Obligation Bond Funds - Interest	\$ 235.0	\$ 80.0	\$ -0-	\$ -0-	\$ -0-	\$ 315.0
2000 General Obligation Bond Funds	14,554.3	2,744.0	-0-	-0-	-0-	17,298.3
2000 General Obligation Bond Funds - Interest	100.0	-0-	-0-	-0-	-0-	100.0
Capital Agreement Fund	1,800.0	-0-	-0-	-0-	-0-	1,800.0
Capital Agreement Fund: Pima County Bonds	5,597.3	3,867.8	-0-	-0-	-0-	9,465.1
General Fund	280.0	-0-	-0-	-0-	-0-	280.0
Miscellaneous Non-Federal Grants	319.0	-0-	-0-	-0-	-0-	319.0
Department Total	\$ 22,885.6	\$ 6,691.8	\$ -0-	\$ -0-	\$ -0-	\$ 29,577.4

Five-Year Capital Improvement Program

Tucson City Golf (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Miscellaneous Golf Course Improvements	\$ 510.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 510.0
Trini Alvarez-El Rio First Tee Renovations	2,853.0	-0-	-0-	-0-	-0-	2,853.0
Department Total	\$ 3,363.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,363.0

Source of Funds Summary

Golf Course Fund	\$ 1,763.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,763.0
Golf Course Fund: Contributions	1,600.0	-0-	-0-	-0-	-0-	1,600.0
Department Total	\$ 3,363.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,363.0

Five-Year Capital Improvement Program

Police (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Land Acquisition and Facilities Improvement	\$ 191.3	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 191.3
Police Substation	6,965.0	3,444.0	-0-	-0-	-0-	10,409.0
Department Total	\$ 7,156.3	\$ 3,444.0	\$ -0-	\$ -0-	\$ -0-	\$ 10,600.3

Source of Funds Summary

2000 General Obligation Bond Funds	\$ 6,688.2	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 6,688.2
General Fund: Certificates of Participation	468.1	3,444.0	-0-	-0-	-0-	3,912.1
Department Total	\$ 7,156.3	\$ 3,444.0	\$ -0-	\$ -0-	\$ -0-	\$ 10,600.3

Five-Year Capital Improvement Program

Environmental Services

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Environmental Management						
Broadway-Pantano Remediation Site	\$ 4,024.9	\$ 485.0	\$ 210.0	\$ -0-	\$ -0-	\$ 4,719.9
City Landfill Investigations, Phase I	325.1	230.0	300.0	-0-	-0-	855.1
Cottonwood Landfill Project, Phase I	433.0	100.0	100.0	-0-	-0-	633.0
Harrison Landfill Remediation, Phase I	132.7	71.0	100.0	-0-	-0-	303.7
Los Reales Landfill Remediation, Phase I	790.0	100.0	200.0	-0-	-0-	1,090.0
Los Reales Landfill Southwest Remediation	500.0	150.0	150.0	-0-	-0-	800.0
Price Service Center Remediation, Phase I	970.0	425.0	150.0	100.0	79.0	1,724.0
Prudence Landfill Vadose Zone Remediation	857.0	190.0	-0-	-0-	-0-	1,047.0
Silverbell Jail Annex Landfill	675.0	400.0	-0-	-0-	-0-	1,075.0
Tumamoc Landfill Investigation	1,300.1	487.0	-0-	-0-	-0-	1,787.1
Sub-Total	10,007.8	2,638.0	1,210.0	100.0	79.0	14,034.8
Environmental Services						
Closed Landfill Gas Mitigation, Phase I	74.0	100.0	110.0	-0-	-0-	284.0
Closed Landfill Improvements, Phase I	86.7	131.0	200.0	-0-	-0-	417.7
Irvington Landfill Closure, Phase I	1,901.0	400.0	-0-	-0-	-0-	2,301.0
Los Reales Intermediate Closure, Phase I	50.0	60.0	-0-	-0-	-0-	110.0
Los Reales Landfill Buffer Improvements	384.0	192.0	192.0	-0-	-0-	768.0
Los Reales Landfill Drainage, Phase I	100.0	-0-	-0-	-0-	-0-	100.0
Los Reales Landfill East Basin	170.0	962.0	-0-	-0-	-0-	1,132.0
Los Reales Landfill Facilities, Phase I	354.0	-0-	-0-	-0-	-0-	354.0
Los Reales Landfill Future Cells, Phase I	740.0	-0-	-0-	-0-	-0-	740.0
Los Reales Landfill Gas Control	255.0	50.0	-0-	-0-	-0-	305.0
Los Reales Landfill Westside Closure	300.0	-0-	-0-	-0-	-0-	300.0
Mullins Landfill Closure	5,047.1	-0-	-0-	-0-	-0-	5,047.1
Mullins Landfill Gas Mitigation	539.7	-0-	-0-	-0-	-0-	539.7
Mullins Landfill Stormwater Controls	822.0	-0-	-0-	-0-	-0-	822.0
Tumamoc Landfill Closure, Phase I	-0-	1,146.0	200.0	-0-	-0-	1,346.0
Sub-Total	10,823.5	3,041.0	702.0	-0-	-0-	14,566.5
Department Total	\$ 20,831.3	\$ 5,679.0	\$ 1,912.0	\$ 100.0	\$ 79.0	\$ 28,601.3

Source of Funds Summary

1994 General Obligation Bond Funds	\$ 466.7	\$ 99.0	\$ -0-	\$ -0-	\$ -0-	\$ 565.7
1994 General Obligation Bond Funds - Interest	32.1	-0-	-0-	-0-	-0-	32.1
2000 General Obligation Bond Funds	10,539.2	2,734.0	310.0	100.0	79.0	13,762.2
Capital Agreement Fund	1,100.0	450.0	-0-	-0-	-0-	1,550.0
Environmental Services Fund: Debt Financing	8,693.3	2,396.0	1,602.0	-0-	-0-	12,691.3
Department Total	\$ 20,831.3	\$ 5,679.0	\$ 1,912.0	\$ 100.0	\$ 79.0	\$ 28,601.3

Five-Year Capital Improvement Program

Transportation (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Transportation - Streets						
6th Avenue/18th Street Intersection Improvements	\$ 1,909.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,909.0
Alternate Modes Improvements	1,061.0	951.0	-0-	651.0	-0-	2,663.0
Anklam Road Traffic Safety Improvements	450.0	450.0	450.0	-0-	-0-	1,350.0
Barraza-Aviation Parkway: 4th Avenue Underpass	7,950.0	11,700.0	-0-	-0-	-0-	19,650.0
Barraza-Aviation Parkway: Downtown, Phase III	-0-	500.0	800.0	3,500.0	-0-	4,800.0
Barraza-Tucson Parkway: Arroyo Realignment	-0-	-0-	2,800.0	-0-	-0-	2,800.0
Barrio Anita Enhancements	10.0	-0-	-0-	-0-	-0-	10.0
Broadway Boulevard Right-Turn and Transit Lane	1,000.0	500.0	-0-	-0-	-0-	1,500.0
Bus-Related Roadway Improvements	300.0	325.0	-0-	-0-	-0-	625.0
Capacity for 1997 Pima County Bond Projects	1,000.0	1,000.0	-0-	-0-	-0-	2,000.0
Cienega Road Improvements	4,500.0	-0-	-0-	-0-	-0-	4,500.0
Downtown Pedestrian Implementation	258.9	200.0	-0-	-0-	-0-	458.9
Grant Road and Campbell Intersection Improvement	100.0	-0-	-0-	-0-	-0-	100.0
Grant and Craycroft Intersection Improvements	1,450.4	-0-	-0-	-0-	-0-	1,450.4
Harrison Road: Speedway to Old Spanish Trail	560.0	9,293.0	2,250.0	-0-	-0-	12,103.0
Highland Avenue Bike and Pedestrian Improvements	1,097.0	-0-	-0-	-0-	-0-	1,097.0
Miscellaneous Developer-Funded Improvements	600.0	600.0	600.0	600.0	600.0	3,000.0
Miscellaneous On-Call Street Improvements	1,050.0	1,050.0	550.0	550.0	550.0	3,750.0
Mountain Avenue: Roger Road to Ft. Lowell Road	3,500.0	3,500.0	-0-	-0-	-0-	7,000.0
Nogales Highway Pedestrian Crossing	150.0	-0-	-0-	-0-	-0-	150.0
Park and Euclid Bicycle and Pedestrian Bridge	951.1	-0-	-0-	-0-	-0-	951.1
Pedestrian Improvements	771.8	-0-	-0-	-0-	-0-	771.8
Road Resurfacing, Restoration, & Rehabilitation	3,531.0	3,046.0	950.0	6,477.0	-0-	14,004.0
South 10th Avenue Bike & Pedestrian Enhancement	1,237.0	-0-	-0-	-0-	-0-	1,237.0
South 10th Avenue Revitalization	479.0	-0-	-0-	-0-	-0-	479.0
South 4th Avenue Streetscape Enhancement	393.8	-0-	-0-	-0-	-0-	393.8
Speedway and Main Intersection Improvements	-0-	-0-	200.0	-0-	-0-	200.0
Starr Pass Boulevard Improvements	500.0	-0-	-0-	-0-	-0-	500.0
Stone Avenue: 6th Street to Speedway	1,657.0	-0-	-0-	-0-	-0-	1,657.0
Stone Avenue: Pedestrian Safety Improvements	212.5	-0-	-0-	-0-	-0-	212.5
Stone Avenue: Speedway to Ft. Lowell Road	-0-	-0-	-0-	400.0	-0-	400.0
Stone Avenue: Speedway/Drachman Improvements	950.0	-0-	2,400.0	800.0	-0-	4,150.0
Tyndall Avenue: 6th Street to University Blvd	-0-	529.0	-0-	-0-	-0-	529.0
Wetmore Road: Fairview Road to Oracle Road	1,000.3	-0-	-0-	-0-	-0-	1,000.3
Sub-Total	38,629.8	33,644.0	11,000.0	12,978.0	1,150.0	97,401.8
Transportation - Drainage						
Alamo Wash Drainage Improvements	450.0	1,600.0	700.0	-0-	-0-	2,750.0
Arroyo Chico Drainage Improvements	4,672.1	-0-	-0-	-0-	-0-	4,672.1
Columbus Wash Drainage Relief, Phase II	3,504.4	2,000.0	-0-	-0-	-0-	5,504.4
El Vado Wash Drainage Improvements	1,947.3	-0-	-0-	-0-	-0-	1,947.3
Jefferson Park Drainage Improvements	1,048.4	-0-	-0-	-0-	-0-	1,048.4
Miscellaneous Drainage Improvement Program	2,289.0	-0-	-0-	-0-	-0-	2,289.0
Mission View Wash Detention/Retention Facility	700.0	700.0	-0-	-0-	-0-	1,400.0

Five-Year Capital Improvement Program

Transportation (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1 FY 2005	Year 2 FY 2006	Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	Year Total
Park Avenue Detention Basin	\$ 150.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 150.0
Santa Cruz River Park Extension	580.1	-0-	-0-	-0-	-0-	580.1
Stormwater Quality Program	470.3	-0-	-0-	-0-	-0-	470.3
Sub-Total	15,811.6	4,300.0	700.0	-0-	-0-	20,811.6

Transportation - Street Lighting

1st Avenue: Prince Road to River Road	390.0	-0-	-0-	-0-	-0-	390.0
Campbell Avenue: Roger Road to River Road	115.2	-0-	-0-	-0-	-0-	115.2
Life Extensions and Electrical Upgrades	398.0	500.0	500.0	500.0	500.0	2,398.0
Neighborhood District Lighting Improvements	480.0	495.0	495.0	495.0	495.0	2,460.0
Nogales Highway: Drexel to Irvington	100.0	-0-	-0-	-0-	-0-	100.0
Park Avenue Lighting: Valencia to Irvington	200.0	-0-	-0-	-0-	-0-	200.0
Sub-Total	1,683.2	995.0	995.0	995.0	995.0	5,663.2

Transportation - Traffic Signals

Changeable Message Traffic Signs	-0-	-0-	-0-	150.0	-0-	150.0
Communication System Improvements	266.0	1,117.0	-0-	212.0	-0-	1,595.0
Emergency Preemption System Expansion	-0-	-0-	-0-	345.0	-0-	345.0
Freeway Management System	400.0	-0-	-0-	-0-	-0-	400.0
Golf Links At Bonanza Traffic Signal	86.9	-0-	-0-	-0-	-0-	86.9
Intelligent Transportation System Improvements	436.8	-0-	-0-	-0-	-0-	436.8
Intelligent Transportation System: ER Link	300.0	400.0	505.7	-0-	-0-	1,205.7
Intelligent Transportation Systems: Connections	160.0	175.0	-0-	-0-	-0-	335.0
Irvington at Calle Santa Cruz Traffic Signal	116.4	-0-	-0-	-0-	-0-	116.4
Living Transportation Laboratory Improvements	-0-	133.0	-0-	530.0	-0-	663.0
Machine Vision Video Detection System Upgrades	630.0	211.9	-0-	-0-	-0-	841.9
Miscellaneous Traffic Improvements	39.8	-0-	-0-	-0-	-0-	39.8
Roger Road and Fairview Avenue Traffic Signal	381.4	-0-	-0-	-0-	-0-	381.4
School Flasher Construction	372.5	115.0	115.0	115.0	115.0	832.5
Tanque Verde/Paseo Rancho Esperanza Signal	-0-	250.0	250.0	-0-	-0-	500.0
Tanque Verde/Pima and Wilmot Intersection	200.0	-0-	-0-	-0-	-0-	200.0
Traffic Signal Conversions	489.0	210.0	-0-	-0-	-0-	699.0
Traffic Signal Equipment Upgrades	-0-	106.0	-0-	106.0	-0-	212.0
Sub-Total	3,878.8	2,717.9	870.7	1,458.0	115.0	9,040.4

Transportation - Parking Garages

City/State Parking Garage Improvements	291.1	93.9	100.0	156.9	163.8	805.7
Main Library Parking Garage Improvements	230.6	30.8	-0-	-0-	-0-	261.4
Sub-Total	521.7	124.7	100.0	156.9	163.8	1,067.1

Five-Year Capital Improvement Program

Transportation (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1 FY 2005	Year 2 FY 2006	Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	Year Total
Transportation - Public Transit						
ADA Pedestrian Improvements	\$ -0-	\$ 102.5	\$ 102.5	\$ 102.5	\$ 102.5	\$ 410.0
Automated Vehicle Location System Kiosks	287.5	-0-	-0-	-0-	-0-	287.5
Automated Vehicle Location System Upgrades	-0-	-0-	-0-	125.0	300.0	425.0
Broadway Boulevard Transit Improvements	105.0	-0-	-0-	-0-	-0-	105.0
Compressed Natural Gas Facility Improvements	344.0	-0-	-0-	200.0	-0-	544.0
Contingency Local Match for Future Grants	-0-	-0-	-0-	619.7	-0-	619.7
Downtown Intermodal Center, Phase III	6,112.4	-0-	-0-	-0-	-0-	6,112.4
Expansion Vans for Van Tran	204.0	-0-	-0-	-0-	-0-	204.0
Replacement Buses	10,960.8	4,107.9	4,162.0	1,432.4	4,006.1	24,669.2
Replacement Vans	1,386.0	1,680.0	2,220.0	1,500.0	2,535.0	9,321.0
Sun Tran Maintenance Facility, Phase I	2,691.8	-0-	-0-	-0-	-0-	2,691.8
Sun Tran Maintenance Facility, Phase II	1,721.4	-0-	-0-	-0-	-0-	1,721.4
Transit Alternatives Analysis	850.0	-0-	-0-	-0-	-0-	850.0
Transit Enhancements	309.0	109.0	113.0	125.0	125.0	781.0
Transit Headquarters Improvements, Phase II	1,625.5	822.3	-0-	-0-	-0-	2,447.8
Udall Center Transit Facility	440.0	-0-	-0-	-0-	-0-	440.0
Sub-Total	27,037.4	6,821.7	6,597.5	4,104.6	7,068.6	51,629.8
Department Total	\$87,562.5	\$48,603.3	\$20,263.2	\$ 19,692.5	\$ 9,492.4	\$ 185,613.9

Source of Funds Summary

1994 General Obligation Bond Funds	\$ 500.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 500.0
1994 Street and Highway Revenue Bond Funds	442.1	-0-	-0-	-0-	-0-	442.1
2000 General Obligation Bond Funds	14,996.8	2,300.0	700.0	-0-	-0-	17,996.8
2000 General Obligation Bond Funds - Interest	1,500.0	-0-	-0-	-0-	-0-	1,500.0
2000 Street and Highway Revenue Bond Funds	4,331.2	746.9	-0-	-0-	-0-	5,078.1
Capital Agreement Fund	5,297.6	115.0	115.0	115.0	115.0	5,757.6
Capital Agreement Fund: PAG	10,905.9	12,840.0	6,200.0	4,850.0	-0-	34,795.9
Capital Agreement Fund: Pima County Bonds	1,000.0	1,000.0	-0-	-0-	-0-	2,000.0
Capital Agreement Fund: Pima County Contribution	209.3	2,000.0	-0-	-0-	-0-	2,209.3
Federal Highway Administration Grants	11,621.0	14,164.0	3,555.7	7,632.0	-0-	36,972.7
Highway User Revenue Fund	9,534.5	8,141.0	2,645.0	2,484.0	1,795.0	24,599.5
Mass Transit Fund: Federal Grants	24,047.6	5,811.1	5,485.7	2,893.8	5,869.1	44,107.3
Mass Transit Fund: General Fund Transfer	2,194.8	1,010.6	1,111.8	1,210.8	1,199.5	6,727.5
Special Assessments Construction Fund	460.0	350.0	350.0	350.0	350.0	1,860.0
TEAM: Fees and Charges	521.7	124.7	100.0	156.9	163.8	1,067.1
Department Total	\$ 87,562.5	\$48,603.3	\$20,263.2	\$ 19,692.5	\$ 9,492.4	\$ 185,613.9

Five-Year Capital Improvement Program

Tucson Water (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1 FY 2005	Year 2 FY 2006	Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	Year Total
Tucson Water - Potable Source Development						
Drill Production Wells	\$ 600.0	\$ 700.0	\$ 550.0	\$ 550.0	\$ 550.0	\$ 2,950.0
H-3 Drilling and Equipping	-0-	-0-	180.0	220.0	-0-	400.0
Monitor Wells	220.0	-0-	220.0	-0-	150.0	590.0
New Well Equipping	620.0	620.0	620.0	620.0	620.0	3,100.0
Potable Source Development - Future	100.0	500.0	320.0	280.0	500.0	1,700.0
Pressure Tank Replacement	550.0	450.0	450.0	450.0	450.0	2,350.0
Production Well Sites	75.0	75.0	75.0	75.0	75.0	375.0
Santa Rita Bel-Air Wellfield Upgrades	-0-	175.0	-0-	-0-	-0-	175.0
Well Field Upgrades	288.0	113.0	288.0	288.0	288.0	1,265.0
Sub-Total	2,453.0	2,633.0	2,703.0	2,483.0	2,633.0	12,905.0
Tucson Water - Recharge and Recovery						
South Avra Valley Storage and Recovery Project	575.0	600.0	2,250.0	2,500.0	1,300.0	7,225.0
Sub-Total	575.0	600.0	2,250.0	2,500.0	1,300.0	7,225.0
Tucson Water - Potable Storage						
22nd Street Reservoir Modifications (Liner)	-0-	352.0	-0-	-0-	-0-	352.0
Diamond Bell F Zone Reservoir	88.0	-0-	-0-	-0-	-0-	88.0
Diamond Bell I Zone Reservoir and Booster	12.0	660.0	-0-	-0-	-0-	672.0
Disinfection System Upgrades	853.0	330.0	120.0	120.0	120.0	1,543.0
Murphy Reservoir Piping Modifications	1,000.0	-0-	-0-	-0-	-0-	1,000.0
Peppertree Ranch Y Zone Reservoir	-0-	-0-	250.0	250.0	1,700.0	2,200.0
Potable Storage - Future	300.0	1,000.0	2,000.0	1,000.0	1,000.0	5,300.0
Reservoir Roof Replacements	244.0	204.0	204.0	204.0	204.0	1,060.0
South Avra Valley Reservoir and Booster Station	20.0	-0-	180.0	-0-	-0-	200.0
South Avra Valley Storage and Booster	-0-	-0-	-0-	1,000.0	-0-	1,000.0
Southeast Area F Zone Reservoir	-0-	-0-	-0-	50.0	500.0	550.0
Southeast C Zone Reservoir	510.0	-0-	-0-	-0-	400.0	910.0
Southeast E Zone Reservoir	400.0	2,100.0	2,000.0	-0-	-0-	4,500.0
Southeast G Zone Reservoir	-0-	-0-	-0-	200.0	900.0	1,100.0
Thornycroft/Tangerine C-Zone Reservoir	550.0	650.0	-0-	-0-	-0-	1,200.0
Westside C Zone Reservoir	45.0	-0-	-0-	115.0	-0-	160.0
Sub-Total	4,022.0	5,296.0	4,754.0	2,939.0	4,824.0	21,835.0
Tucson Water - Potable Pumping Plant						
Anklam A-B Zone Booster Station	193.0	-0-	-0-	-0-	-0-	193.0
Anklam B-C Zone Booster Station Modifications	-0-	300.0	-0-	-0-	-0-	300.0
Clearwell Pressure Regulating Valve Stations	-0-	400.0	400.0	-0-	400.0	1,200.0
Diamond Bell G-I Zone Booster Modifications	16.0	170.0	-0-	-0-	-0-	186.0
Fireflow Booster Upgrades	25.0	50.0	25.0	50.0	25.0	175.0
Houghton I-K Booster Upgrade, Phase II	93.0	-0-	-0-	-0-	-0-	93.0
Hydroelectric Facilities	150.0	-0-	-0-	1,000.0	750.0	1,900.0
I-1 Well and Booster Modifications	25.0	25.0	200.0	-0-	-0-	250.0
Ironwood Hills A-B Booster Station Modifications	178.0	-0-	-0-	-0-	-0-	178.0

Five-Year Capital Improvement Program

Tucson Water (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five Year Total
	Year 1 FY 2005	Year 2 FY 2006	Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	
Las Palomas B-C Booster Station Modifications	\$ 236.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 236.0
Mark Road Booster Station Modifications	100.0	-0-	-0-	-0-	-0-	100.0
Potable Pumping Plant - Future	300.0	1,200.0	1,400.0	1,200.0	750.0	4,850.0
Pressure Regulating Valve Stations Modifications	41.0	-0-	-0-	-0-	-0-	41.0
Pumping Facility Modifications	300.0	300.0	300.0	300.0	300.0	1,500.0
W-2 Well And Booster Modifications	200.0	-0-	-0-	-0-	-0-	200.0
Sub-Total	1,857.0	2,445.0	2,325.0	2,550.0	2,225.0	11,402.0

Tucson Water - Potable Transmission

Aviation and Third Avenue Manholes	460.0	-0-	-0-	-0-	-0-	460.0
Avra Valley Transmission Main Augmentation	-0-	225.0	590.0	2,650.0	7,450.0	10,915.0
Cathodic Corrosion Protection Installation	600.0	2,600.0	-0-	-0-	-0-	3,200.0
Christie Drive F Zone Transmission Main	10.0	50.0	-0-	-0-	-0-	60.0
Clearwell/Columbus Manhole Improvements	190.0	700.0	-0-	-0-	-0-	890.0
Corrosion Evaluation and Repair	75.0	25.0	-0-	-0-	-0-	100.0
Diamond Bell I Zone Transmission Main	323.0	-0-	-0-	-0-	-0-	323.0
Diamond Bell J Zone Transmission Main	85.0	-0-	-0-	-0-	-0-	85.0
Old Nogales Highway Transmission Main	500.0	-0-	-0-	-0-	-0-	500.0
Plumer/Broadway B Zone Transmission Main	100.0	-0-	-0-	-0-	-0-	100.0
Santa Rita Bel Air Transmission Main (Well H-2)	150.0	2,087.0	-0-	-0-	-0-	2,237.0
Santa Rita Bel Air Transmission Main (Well H-3)	-0-	-0-	170.0	600.0	-0-	770.0
South Avra Valley Raw Water Delivery Pipeline	620.0	1,245.0	5,990.0	-0-	-0-	7,855.0
South Avra Valley Recovered Transmission Main	-0-	-0-	-0-	-0-	8.0	8.0
Southeast C Zone Transmission Main	-0-	-0-	-0-	400.0	1,157.0	1,557.0
Southeast E Zone Transmission Main	2,000.0	1,150.0	-0-	-0-	-0-	3,150.0
Southeast F Zone Transmission Main	-0-	-0-	-0-	300.0	1,500.0	1,800.0
Southwest C Zone Transmission Main	100.0	-0-	-0-	-0-	-0-	100.0
Spencer Avenue Transmission Main	1,545.0	4,200.0	-0-	-0-	-0-	5,745.0
Transmission Main Projects - Future	-0-	698.0	1,830.0	1,400.0	2,000.0	5,928.0
Upgrade Corrosion Test Stations	50.0	50.0	50.0	50.0	50.0	250.0
Westside C Zone Reservoir Transmission Main	-0-	-0-	-0-	50.0	-0-	50.0
Sub-Total	6,808.0	13,030.0	8,630.0	5,450.0	12,165.0	46,083.0

Tucson Water - Potable Distribution

Chip Seal Main Replacements	25.0	25.0	25.0	25.0	25.0	125.0
Distribution Main Projects - Future	-0-	2,000.0	2,000.0	2,000.0	2,000.0	8,000.0
Emergency Main Replacement	300.0	300.0	300.0	300.0	200.0	1,400.0
Extensions for New Services	10.0	10.0	10.0	10.0	10.0	50.0
Midvale Farms Reimbursements	50.0	-0-	-0-	-0-	-0-	50.0
On-Call Valve Replacement Program	300.0	300.0	400.0	200.0	400.0	1,600.0
Payments to Developers for Oversized Systems	100.0	100.0	100.0	100.0	100.0	500.0
Peppertree Settlement	300.0	300.0	-0-	-0-	-0-	600.0
Quadrant Main Replacements	845.0	800.0	-0-	-0-	-0-	1,645.0
Review of Developer-Financed Potable Projects	850.0	850.0	850.0	850.0	850.0	4,250.0

Five-Year Capital Improvement Program

Tucson Water (\$000)

Project Name	Adopted Year 1 FY 2005	Approved Year 2 FY 2006	Projected Requirements			Five Year Total
			Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	
Road Improvement Main Replacements	\$ 3,900.0	\$ 4,300.0	\$ 3,100.0	\$ 3,100.0	\$ 3,100.0	\$ 17,500.0
Routine Main Replacements	500.0	400.0	800.0	800.0	800.0	3,300.0
Skyline Country Club System Modifications	755.0	-0-	-0-	-0-	-0-	755.0
Sub-Total	7,935.0	9,385.0	7,585.0	7,385.0	7,485.0	39,775.0
Tucson Water - Potable New Services						
Fire Services	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	7,500.0
Water Services	1,210.0	1,210.0	1,210.0	1,210.0	1,210.0	6,050.0
Sub-Total	2,710.0	2,710.0	2,710.0	2,710.0	2,710.0	13,550.0
Tucson Water - Potable General Plant						
Clearwell Reservoir Access Road	50.0	-0-	-0-	-0-	-0-	50.0
Facility Improvements - Future	-0-	200.0	680.0	3,390.0	55.0	4,325.0
Facility Safety and Security Improvements	445.0	545.0	-0-	-0-	-0-	990.0
Facility Security Grant	500.0	250.0	-0-	-0-	-0-	750.0
Geographic Information System	597.0	506.0	100.0	-0-	-0-	1,203.0
La Entrada Improvements	300.0	-0-	-0-	-0-	-0-	300.0
La Entrada Structure Remedy	-0-	270.0	-0-	-0-	-0-	270.0
Maintenance Management Program	120.0	-0-	-0-	-0-	-0-	120.0
Meter Upgrade and Replacement Program	1,170.0	1,890.0	2,060.0	2,060.0	2,060.0	9,240.0
Microwave Radio Replacements	85.0	-0-	-0-	-0-	-0-	85.0
Miscellaneous Land and Right-of-Way Acquisitions	10.0	10.0	10.0	10.0	10.0	50.0
Tucson Water Document Management	50.0	1,000.0	2,000.0	-0-	-0-	3,050.0
Sub-Total	3,327.0	4,671.0	4,850.0	5,460.0	2,125.0	20,433.0
Tucson Water - Potable Treatment						
Distribution System Treatment	-0-	-0-	-0-	-0-	-0-	-0-
Hayden-Udall Plant Rehabilitation	800.0	2,400.0	1,750.0	-0-	-0-	4,950.0
Technical Drive Improvements	-0-	400.0	1,000.0	-0-	-0-	1,400.0
Treatment Improvements - Future	-0-	-0-	2,000.0	2,000.0	1,000.0	5,000.0
Sub-Total	800.0	2,800.0	4,750.0	2,000.0	1,000.0	11,350.0
Tucson Water - Potable Process Control						
Catalina Radio Upgrade	180.0	-0-	-0-	-0-	-0-	180.0
Control Panel Replacements	134.0	-0-	-0-	-0-	-0-	134.0
Photovoltaic Monitoring Control	15.0	15.0	15.0	-0-	-0-	45.0
Tumamoc Hill Radio Upgrade	180.0	-0-	-0-	-0-	-0-	180.0
Sub-Total	509.0	15.0	15.0	-0-	-0-	539.0
Tucson Water - Capitalized Expense						
Capitalized Expense	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	25,000.0
Sub-Total	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	25,000.0

Five-Year Capital Improvement Program

Tucson Water (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1 FY 2005	Year 2 FY 2006	Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	Year Total
Tucson Water - Reclaimed Source Development						
Ina Road Reclaimed Water Facility	\$ -0-	\$ -0-	\$ -0-	\$ 1,800.0	\$ 3,400.0	\$ 5,200.0
Lincoln Park Riparian Habitat Project	10.0	-0-	-0-	-0-	-0-	10.0
Reclaimed Storage and Recovery	1,950.0	350.0	-0-	-0-	-0-	2,300.0
Sub-Total	1,960.0	350.0	-0-	1,800.0	3,400.0	7,510.0
Tucson Water - Reclaimed Storage						
Ina Road Reservoir	-0-	-0-	-0-	420.0	840.0	1,260.0
Irvington Road Reservoir	-0-	-0-	-0-	-0-	-0-	-0-
La Paloma Reservoir	216.0	-0-	-0-	3,090.0	-0-	3,306.0
Reclaimed Storage Projects - Future	30.0	30.0	30.0	30.0	30.0	150.0
Roger Road Reservoir	320.0	940.0	840.0	-0-	-0-	2,100.0
Sunrise Reclaimed Reservoir	97.0	-0-	-0-	1,040.0	-0-	1,137.0
Sub-Total	663.0	970.0	870.0	4,580.0	870.0	7,953.0
Tucson Water - Reclaimed Pumping Plant						
Casino del Sol Reclaimed Booster	140.0	-0-	-0-	-0-	-0-	140.0
Houghton Road Booster	-0-	-0-	-0-	280.0	560.0	840.0
Ina Road Booster	-0-	-0-	-0-	440.0	880.0	1,320.0
Mission Manor Park Booster	195.0	-0-	-0-	-0-	-0-	195.0
Mountain View Reclaimed Reservoir and Booster	1,200.0	-0-	-0-	-0-	-0-	1,200.0
Reclaimed Pumping Plant - Future	55.0	55.0	55.0	55.0	55.0	275.0
Roger Road Plant Booster Expansion	300.0	1,200.0	1,000.0	-0-	-0-	2,500.0
Thornydale Booster Expansion	500.0	-0-	-0-	-0-	-0-	500.0
Sub-Total	2,390.0	1,255.0	1,055.0	775.0	1,495.0	6,970.0
Tucson Water - Reclaimed Transmission						
18th St/10th Ave Reclaimed Transmission Main	1,250.0	-0-	-0-	-0-	-0-	1,250.0
Alvernon/La Paloma Reclaimed Transmission Main	-0-	-0-	-0-	720.0	720.0	1,440.0
Broadway/Columbus Reclaimed Transmission Main	-0-	-0-	-0-	280.0	550.0	830.0
Broadway/Pantano Reclaimed Main	-0-	-0-	-0-	-0-	-0-	-0-
Campbell/Drexel Reclaimed Main	1,710.0	-0-	-0-	-0-	-0-	1,710.0
Columbus/22nd Street Reclaimed Transmission Main	-0-	-0-	-0-	225.0	420.0	645.0
Forty-Niners Reclaimed Transmission Main	4,866.0	500.0	-0-	-0-	-0-	5,366.0
Norris/Main Avenue Reclaimed Transmission Main	-0-	100.0	400.0	1,300.0	-0-	1,800.0
Reclaimed Transmission Mains - Future	-0-	-0-	500.0	500.0	380.0	1,380.0
San Juan/Greasewood Reclaimed Transmission Main	-0-	-0-	-0-	-0-	-0-	-0-
Sunrise/Craycroft Reclaimed Transmission Main	-0-	-0-	-0-	180.0	120.0	300.0
Sunrise/Craycroft to Sabino Reclaimed Main	-0-	-0-	-0-	458.0	408.0	866.0
Sub-Total	7,826.0	600.0	900.0	3,663.0	2,598.0	15,587.0

Five-Year Capital Improvement Program

Tucson Water (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1 FY 2005	Year 2 FY 2006	Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	Year Total
Tucson Water - Reclaimed Distribution						
City of Tucson Parks Main Extensions	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 275.0
Main Extensions: Priority Clusters	-0-	-0-	-0-	55.0	55.0	110.0
Review of Developer-Financed Reclaimed Projects	60.0	60.0	60.0	60.0	60.0	300.0
Sabino/Sunrise to Snyder Reclaimed Distribution	-0-	-0-	-0-	180.0	720.0	900.0
Seneca/Palo Verde Reclaimed Distribution Main	-0-	-0-	-0-	-0-	-0-	-0-
Snyder/Bear Canyon Reclaimed Distribution Main	-0-	-0-	-0-	-0-	-0-	-0-
Sunnyside School District Main Extensions	55.0	55.0	55.0	55.0	55.0	275.0
System Enhancements: Reclaimed	100.0	100.0	100.0	100.0	100.0	500.0
Tucson Unified School District Main Extensions	55.0	55.0	55.0	55.0	55.0	275.0
Sub-Total	325.0	325.0	325.0	560.0	1,100.0	2,635.0
Tucson Water - Reclaimed New Services						
New Metered Services	50.0	50.0	50.0	50.0	50.0	250.0
Sub-Total	50.0	50.0	50.0	50.0	50.0	250.0
Tucson Water - Reclaimed Treatment						
Chlorine System Improvements	1,500.0	-0-	-0-	-0-	-0-	1,500.0
Roger Road Reclaimed Water Treatment Plant	80.0	50.0	850.0	-0-	-0-	980.0
Sub-Total	1,580.0	50.0	850.0	-0-	-0-	2,480.0
Tucson Water - Reclaimed Process Control						
Control Panels: Reclaimed System	83.0	80.0	80.0	80.0	250.0	573.0
Sub-Total	83.0	80.0	80.0	80.0	250.0	573.0
Department Total	\$50,873.0	\$52,265.0	\$49,702.0	\$49,985.0	\$ 51,230.0	\$ 254,055.0

Source of Funds Summary

2000 Water Revenue Bond Funds	\$ 28,145.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 28,145.0
Central Arizona Project Reserve Fund	11.0	11.0	11.0	11.0	11.0	55.0
Future Water Revenue Bonds	-0-	28,074.0	23,451.0	28,980.0	31,944.0	112,449.0
Tucson Water Revenue and Operations Fund	22,217.0	23,930.0	26,240.0	20,994.0	19,275.0	112,656.0
Water Revenue and Operations Fund: Grants	500.0	250.0	-0-	-0-	-0-	750.0
Department Total	\$50,873.0	\$52,265.0	\$49,702.0	\$49,985.0	\$ 51,230.0	\$ 254,055.0

Five-Year Capital Improvement Program

Tucson Convention Center

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Fire Alarm Replacement	\$ 1,028.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,028.0
Department Total	\$ 1,028.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,028.0

Source of Funds Summary

2000 General Obligation Bond Funds - Interest	\$ 1,028.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,028.0
Department Total	\$ 1,028.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,028.0

Five-Year Capital Improvement Program

General Services (\$000)

Project Name	Adopted Year 1 FY 2005	Approved Year 2 FY 2006	Projected Requirements			Five Year Total
			Year 3 FY 2007	Year 4 FY 2008	Year 5 FY 2009	
General Services - Buildings and Equipment						
Emergency Communication System, Phase I	\$ 12,851.3	\$ 3,197.3	\$ 7,423.8	\$ 6,406.7	\$ -0-	\$ 29,879.1
Subtotal	12,851.3	3,197.3	7,423.8	6,406.7	-0-	29,879.1
General Services - ADA Improvements						
ADA Modifications to Parks	72.4	-0-	-0-	-0-	-0-	72.4
Subtotal	72.4	-0-	-0-	-0-	-0-	72.4
Department Total	\$ 12,923.7	\$ 3,197.3	\$ 7,423.8	\$ 6,406.7	\$ -0-	\$ 29,951.5

Source of Funds Summary

General Fund	\$ 72.4	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 72.4
General Fund: Certificates of Participation	7,975.0	3,197.3	7,423.8	6,406.7	-0-	25,002.8
General Fund: Restricted Trust Reserves	4,876.3	-0-	-0-	-0-	-0-	4,876.3
Department Total	\$ 12,923.7	\$ 3,197.3	\$ 7,423.8	\$ 6,406.7	\$ -0-	\$ 29,951.5

Five-Year Capital Improvement Program

General Expense (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Hardesty Multi-Service Center	\$ 756.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 756.0
Pennington Street Parking Garage	10,340.0	-0-	-0-	-0-	-0-	10,340.0
Renovation or Relocation of Council Chambers	3,797.1	-0-	-0-	-0-	-0-	3,797.1
Starr Pass Parking Garage	3,000.0	-0-	-0-	-0-	-0-	3,000.0
Web-Based Financial and Human Resource Systems	800.0	-0-	-0-	-0-	-0-	800.0
Department Total	\$ 18,693.1	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 18,693.1

Source of Funds Summary

General Fund	\$ 800.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 800.0
General Fund: Certificates of Participation	7,553.1	-0-	-0-	-0-	-0-	7,553.1
TEAM: Certificates of Participation	9,500.0	-0-	-0-	-0-	-0-	9,500.0
TEAM: Contribution	840.0	-0-	-0-	-0-	-0-	840.0
Department Total	\$ 18,693.1	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 18,693.1

SECTION G

RÍO NUEVO





PROVIDED FOR INFORMATION PURPOSES; NOT PART OF THE CITY OF TUCSON BUDGET.

MISSION STATEMENT: To create a vital downtown that expresses and nurtures Tucson's unique natural landscape, cultural heritage, rich history, and community values.

OVERVIEW

In 1999, Tucson and South Tucson voters approved the Rio Nuevo Multipurpose Facilities District 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. Rio Nuevo will create a solid foundation on 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 Rio Nuevo is made up of the following:

- Incremental portion of state sales tax revenues generated within the district's geographical boundaries (from July 1, 2003 through November 30, 2003, that amount equaled \$2,186,889);
- City funding matching the state sales tax revenue; and
- Private investment funding, which through February 1, 2004, totals commitments approaching \$200 million.

It is projected that over the ten year life of the district, at least \$60 million of state sales tax will be made available to Rio Nuevo. Required city match will provide another \$60 million. State sales tax funds will be collected from the Arizona Department of Revenue over a ten-year period that began on July 1, 2003. The level of ultimate funding and investment in the project will be dependent upon the amount of private investment leveraged over time by the district's and city's \$120 million of public investment.

More information about Rio Nuevo and Downtown Tucson revitalization can be obtained by visiting the Rio Nuevo Web site at www.cityoftucson.org/rionuevo.

HIGHLIGHTS

The past year saw many accomplishments for Rio Nuevo. Rehabilitations of several buildings were completed, including the Daily Star Building on Church Avenue, the C.O. Brown House on Broadway, and the Stone Avenue Temple on South Sixth. The former Levy's department store, converted to the City Hall Annex at Pennington and Sixth, was demolished to make way for a new parking garage over first floor retail space. The Historic Depot on Toole opened, following a multi-year \$7 million renovation, paid for by the Federal Transit Administration.

Many new projects received necessary approvals to move from concept to reality in the coming years. The mixed-use project "Mercado at Menlo" was awarded a contract for residential and commercial development of 13 acres west of

the Santa Cruz River. The University of Arizona received local and Arizona Board of Regents approval to begin design of a multifaceted Science Center and a Bridge of Knowledge over Interstate 10 and the Santa Cruz River, connecting the east and west sides of downtown. This project will be a major anchor for downtown. The prospect of a new arena gained ground with the approval of a release of a request for qualifications and proposal. Master planning for the Origins and Presidio Heritage Parks was completed during the year as well.

Finally, new leadership for Rio Nuevo was solidified with the selection of Gregory Shelko as Project Director and Randy Emerson as Director of Development. These two new leaders will collectively bring over 50 years of public and private sector development experience to Rio Nuevo.

GOALS FOR 2005

Each year Rio Nuevo sets a number of goals for various projects that are a part of our revitalization of downtown Tucson. Listed below are the 2005 goals. Project updates can be found at the Rio Nuevo Web site, www.cityoftucson.org/rionuevo.

The East End on Congress Street

Historic Depot on Toole	Complete leasing
Pennington Street Garage*	Complete construction
Fox Theatre**	Complete renovation
Rialto Block Renovation*	Begin construction
4th Avenue Underpass	Begin construction
Thrifty Block Redevelopment*	Begin construction
Depot Plaza**	Complete design/secure funding

Presidio

Presidio Terrace*	Begin construction
Court/Meyer Housing	Complete construction

The Civic Plaza in The Convention District

UA Science Center**	Begin design
Civic Plaza and Parking	Begin design
Civic Arena*	Select developer

The West Side

Mercado at Menlo Park*	Begin construction
Arizona Historical Society/ Arizona State Museum Complex	Continue planning
Tucson Origins Heritage Park	Begin design of Mission Gardens

Private Development

Armory Park del Sol	Continue construction and sales
La Entrada Luxury Apartments	Begin construction
Estrella del Campo at Starr Pass	Begin construction
Ice House Lofts	Continue construction
Academy Lofts	Begin construction
Franklin Court	Continue construction and sales

*These projects are partnerships between the city and private developers.

**Funding from Rio Nuevo has been approved for these projects.

FISCAL YEAR 2005 BUDGET

The Fiscal Year 2005 budget totals \$7,762,000. This amount includes a capital budget of \$6,610,000 and an operating budget of \$1,152,000. In addition, the district is responsible for servicing debt in the amount of \$3.7 million in the coming fiscal year. This debt service payment is returned to the district through rental income from the City of Tucson's use of the Tucson Convention Center. The district's anticipated operating and capital budget funds will come from state tax increment funding during Fiscal Year 2005.

The staff of 4.75 full-time equivalent positions is supplemented by assistance provided by city staff temporarily assigned to Rio Nuevo. The district's Board of Directors adopted the annual budget in June 2004.

RIO NUEVO CAPITAL AND OPERATING BUDGET		
	FY 2005	FY 2006
CAPITAL BUDGET		
PROJECT		
East End		
Fox Theatre - Construction	\$ 1,300,000	\$ 400,000
Warehouse District		
Design of Toole Streetscape	100,000	-0-
Match Capacity for Construction	-0-	100,000
Infrastructure (East)		
Design of Streetscape	50,000	-0-
Construction	200,000	400,000
Thrifty Block - Demolition	750,000	-0-
Rialto Block Development	1,500,000	-0-
Depot Plaza - Design	30,000	70,000
Trolley/Transit - Design, Start Construction	200,000	1,100,000
Presidio Heritage Park - Design, Construction	-0-	1,270,000
Archaeology - Recovery, Clearance	200,000	1,000,000
Civic Plaza		
Gateway/Greenway		
Planning	30,000	-0-
Match Capacity for Construction	-0-	100,000
Drill Track/Rail Line - Track Removal	200,000	-0-
Civic Plaza - Design	100,000	-0-
Entitlements - Plats, Zoning, Planned Area Development for Arena, West Congress, and Science Center	100,000	50,000
West Side		
Citizen Auto Stage - Relocation	750,000	-0-
Origins Heritage Park - Design, Construction of Mission Gardens	-0-	900,000
Santa Cruz River Park - Design	-0-	80,000
Infrastructure (West) - Design, Construction	200,000	1,000,000
Landfill - Remediation	800,000	700,000
Cultural Plaza - Design	100,000	-0-
Total Capital	\$ 6,610,000	\$ 7,170,000

RIO NUEVO CAPITAL AND OPERATING BUDGET

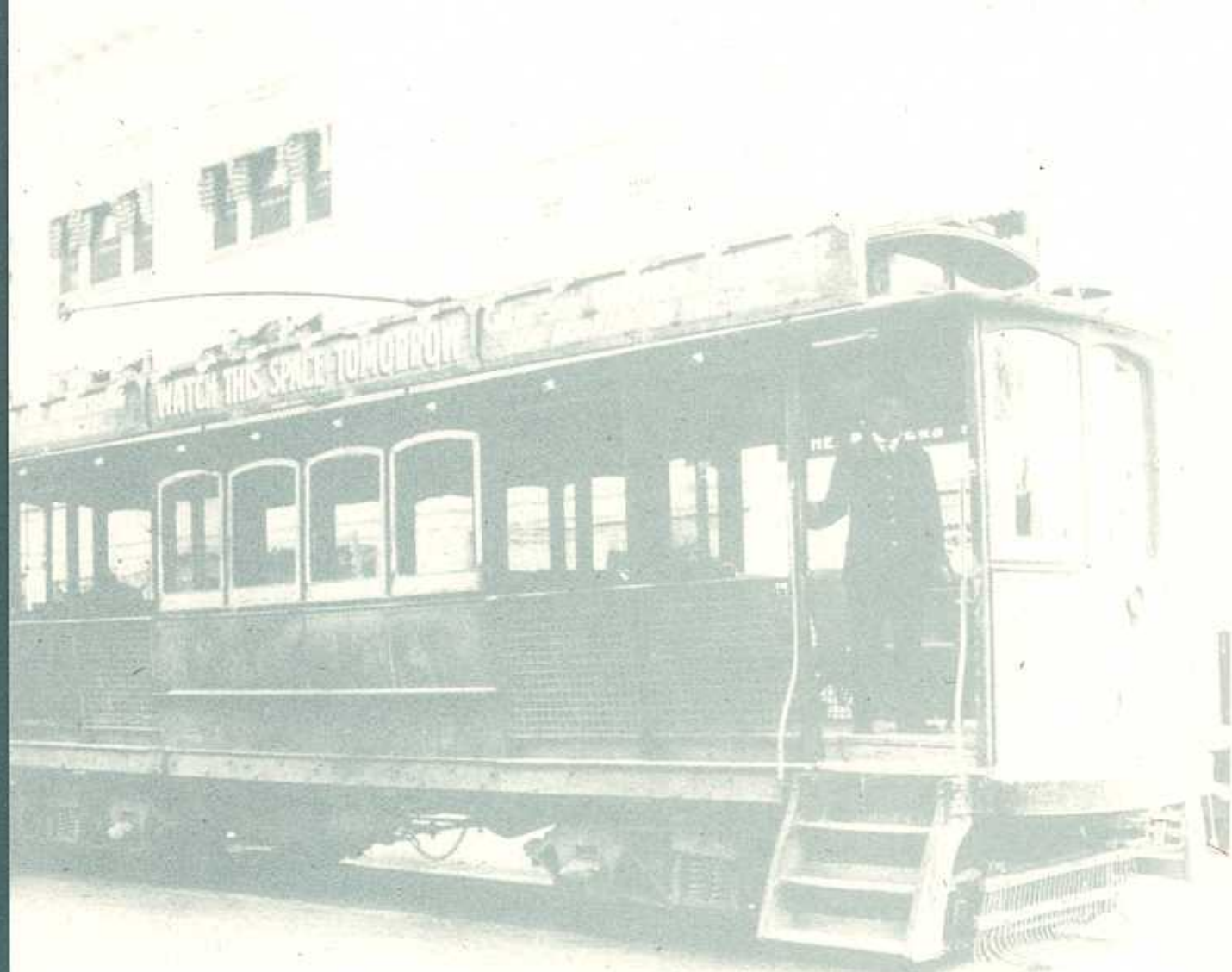
	FY 2005	FY 2006
OPERATING BUDGET		
Personal Services*	\$ 551,000	\$ 579,000
Professional Services	580,000	597,000
Commodities/Equipment	21,000	22,000
Total Operating	<u>\$ 1,152,000</u>	<u>\$ 1,198,000</u>
Total Capital and Operating	\$ 7,762,000	\$ 8,368,000
Debt Service		
Debt Service – Tucson Convention Center**	<u>\$ 3,704,000</u>	<u>\$ 3,704,000</u>
Total Capital, Operating, and Debt Service	<u><u>\$ 11,466,000</u></u>	<u><u>\$ 12,072,000</u></u>

*Budget includes salaries charged to Rio Nuevo from other city departments.

**Debt service payments on the financing of the Tucson Convention Center (TCC) are returned to the district in the form of rental payments from the TCC.

SECTION H

GLOSSARY



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.
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.

GLOSSARY OF TERMS

Term	Definition
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.
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.

GLOSSARY OF TERMS

Term	Definition
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.
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.

GLOSSARY OF TERMS

Term	Definition
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 2005, for the City of Tucson, refers to the period July 1, 2004 through June 30, 2005.
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. The focus areas are Downtown, Transportation, Growth, Neighborhoods, Good Government, and Economic Development (see Volume I, "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.
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.

GLOSSARY OF TERMS

Term	Definition
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, specific federal fund expenditures, and miscellaneous 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.
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.

GLOSSARY OF TERMS

Term	Definition
PROGRAMS	Desired output-oriented accomplishments which can be measured and achieved within a given time frame. Achievement of the programs advance the activity and organization toward fulfillment of a corresponding need.
PROJECTS	Unique assignments having a finite time span and a deliverable; normally associated with capital improvements such as roadways, 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.
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.

GLOSSARY OF TERMS

Term	Definition
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.

ACRONYMS AND INITIALISMS

Acronym/Initialism	Definitions
AATA	Arizona Automobile Test Authority
ACC	Arizona Corporation Commission
ADA	Americans with Disabilities Act
ADEQ	Arizona Department of Environmental Quality
ADOC	Arizona Department of Commerce
ADOT	Arizona Department of Transportation
AFIN	Advantage Financial
APA	Action Plan Area
ARAN	Automatic Road Analyzer
ARFF	Aircraft Rescue and Firefighting Facility
ARS	Arizona Revised Statutes
ATIS	Advanced Traveler Information System
ATLAS	Advanced Traffic and Logistics Algorithms and Systems
AVL	Automated Vehicle Location System
AZ	Arizona
AZ POST	Arizona Peace Officers Standards and Training Board
AZPDES	Arizona Pollution Discharge Elimination System
BA	Board of Adjustment
BPOC	Bond Project Oversight Committee
CALEA	Commission on Accreditation for Law Enforcement Agencies
CAP	Central Arizona Project
CAVSARP	Central Avra Valley Storage and Recovery Project
CAWCD	Central Arizona Water Conservation District
CBC	Capital Budget Committee
CCD	Community Conservation Development
CDBG	Community Development Block Grant
CDD	Community Development Division
CEDC	Commerce Economic Development Commission
CEEO	Certificates of Equal Employment Opportunity
CFMS	Community Facilities Management Strategy
CFR	Child and Family Resources
CIDS	Community Information Data Summary
CIP	Capital Improvement Program
CJEF	Criminal Justice Enhancement Fund
CMP	Community Mediation Program
CNG	Compressed Natural Gas
COBRA	Consolidated Omnibus Budget Reconciliation Act of 1985
CODIS	Convicted Offender DNA Indexing System
COPLINK	Community Oriented Policing Link
COP	Certificates of Participation
COTA	Correctional Officers Training Academy
CPA	Certified Public Accountant
CPAC	Citizen Participation Advisory Committee
CPI	Consumer Price Index
CRRF	Clearwater Renewable Resource Facility
CS/CPA	Community Safety/Crime Prevention Association
CWAC	Citizens' Water Advisory Committee

ACRONYMS AND INITIALISMS

Acronym/Initialism	Definitions
DBE	Disadvantaged Business Enterprise Program
DEA	Drug Enforcement Administration
DES	Department of Economic Security
DMAFB	Davis Monthan Air Force Base
DNA	Deoxyribo Nucleic Acid
DNR	Department of Neighborhood Resources
DOT	Department of Transportation
DRB	Development Review Board
DUI	Driving Under the Influence
EEC	Economic Estimates Commission
EHDD	Emergency Hazardous Device Division
EM	Environmental Management
EPA	Environmental Protection Agency
ER	Emergency Room
ES	Environmental Services
FARE	Fines, Fees, and Restitution
FHQ	Fire Headquarters
FHWA	Federal Highway Administration
FPA	Financial Participation Agreement
FSS	Family Self-Sufficiency
FTA	Federal Transit Administration
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GABA	Greater Arizona Bicycling Association
GAPIT	Graffiti Abatement Program in Tucson
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GIS	Geographic Information Systems
GLBT	Gay, Lesbian, Bisexual, Transgender Commission
GO	General Obligation
GREAT	Gang Resistance Education and Training
GTEC	Greater Tucson Economic Council
GTSPED	Greater Tucson Strategic Partnership for Economic Development
HEAT	HIDTA (see below) Enforcement Agency Task Force
HELP	Highway Expansion and Extension Loan Program
HIDTA	High Intensity Drug Trafficking Areas
HOPE	Housing Opportunities for People Everywhere
HPMS	Highway Performance Monitoring System
HPZ	Historic Preservation Zone
HR	Human Resources
HRC	Housing Rehabilitation Collaborative
HSSA	Humane Society of Southern Arizona
HUD	Department of Housing and Urban Development

ACRONYMS AND INITIALISMS

Acronym/Initialism	Definitions
HURF	Highway User Revenue Fund
HVAC	Heating, Ventilation, and Cooling Equipment
ICLEI	International Council for Local Environmental Initiatives
ICMA	International City/County Management Association
IMS	Intermodal Management System
I-Net	Institutional Network
IT	Information Technology
ITASA	Information Technology Association of Southern Arizona
ITS	Intelligent Transportation System
LED	Light Emitting Diode
LIFT	Literacy Involves Families Together
LINC	Learning, Investment, Networking and Collaboration
LINKS	Linking Intervention Networks for Kids in Schools
LLEBG	Local Law Enforcement Block Grant
LPGA	Ladies Professional Golf Association
LSTA	Library Services and Technology Act
LTAF	Local Transportation Assistance Fund
LULAC	League of United Latin American Citizens
MAC	Microbusiness Advancement Center
MANTIS	Metropolitan Area Narcotics Trafficking Interdiction Squad
MAST	Multi-Agency Surveillance Team
MEC	Metropolitan Education Commission
MEC	Metropolitan Energy Commission
MIS	Management Information Services
MLK	Martin Luther King
MOU	Major Offenders Unit
MTCVB	Metropolitan Tucson Convention and Visitors Bureau
MWBE	Minority and Women Owned Business Enterprise Program
NAPCOR	National Association of PET Container Resources
NCAA	National Collegiate Athletic Association
NETeams	Neighborhood Enhancement Teams
NFIRS	National Fire Incident Reporting System
NIEA	National Indian Education Association
NPO	Neighborhood Preservation Ordinance
NPT	Neighborhood Prosecution Team
NRT	Neighborhood Resource Team
NTMP	Neighborhood Traffic Management Program
OCDEF	Organized Crime Drug Enforcement Task Force
OD	Organizational Development
OED	Office of Economic Development
OEM	Office of Emergency Management
OEO	Office of Equal Opportunity Programs and Independent Police Review (formerly Equal Opportunity Office)
OPIS	Online Procurement Integration System

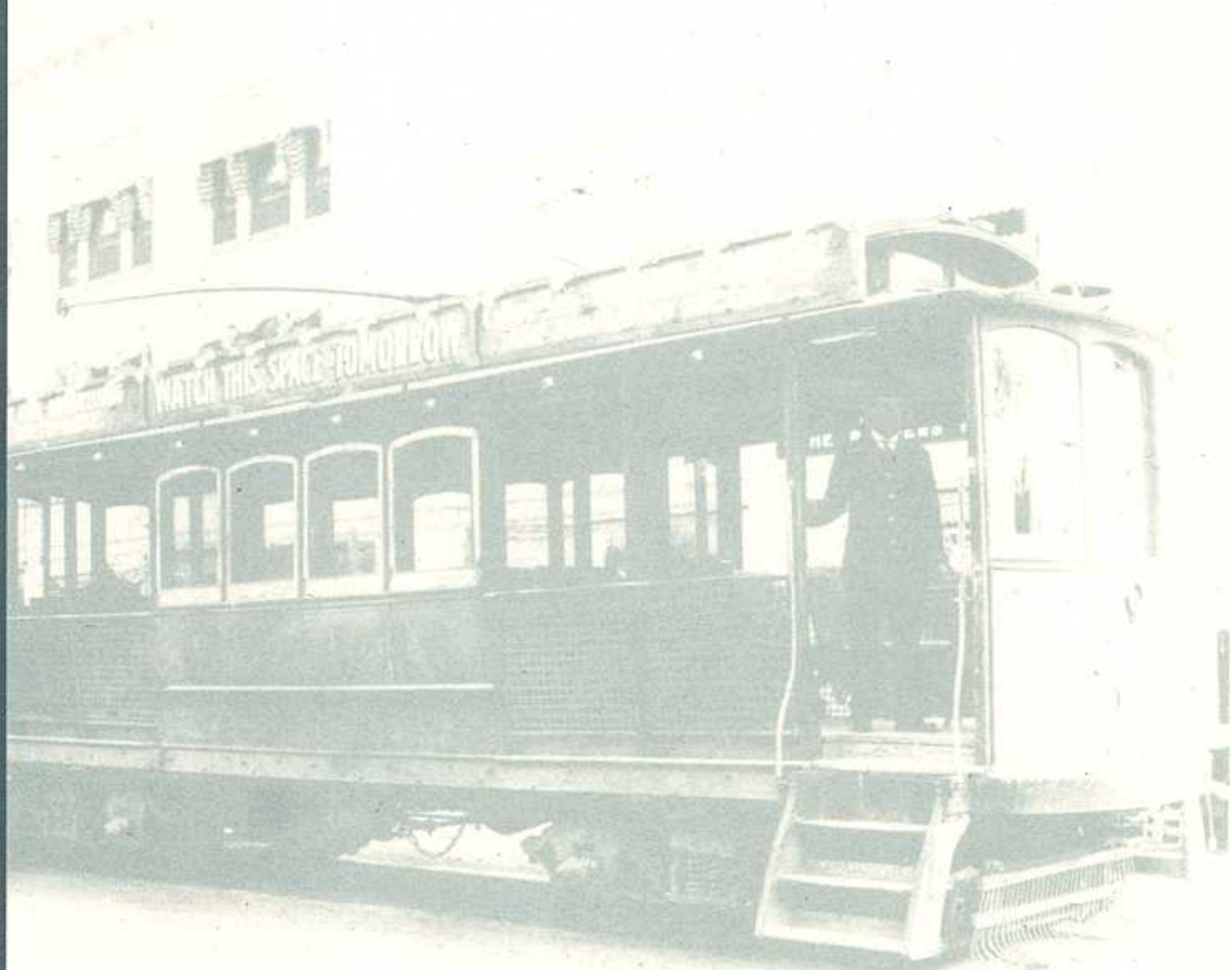
ACRONYMS AND INITIALISMS

Acronym/Initialism	Definitions
OSHA	Occupational Safety and Health Administration
O&M	Operating and Maintenance
OWL	Orphan Waste List
OWP	Overall Work Program
PACC	Pima Animal Care Center
PAG	Pima Association of Governments
PAU	Paramedic Assessment Unit
PBAA	Perimeter Bicycling Association of America
PC	Personal Computer
PCE	Perchloroethylene
PCOA	Pima Council on Aging
PDOP	Project Design Option
PEG	Public, Education, or Government
PET	Polyethylene Terephthalate
PGA	Professional Golfers' Association
PM	Particulate Matter
POPTAC	Population Technical Assistance Committee
PROST	Parks, Recreation, Open Space, and Trails
RFP	Request for Proposals
RHODES	Real-time Hierarchical Optimized Distributed Effective System
RND	Rio Nuevo and Downtown
RNMFD	Rio Nuevo Multipurpose Facilities District
RTP	Regional Transportation Plan
RUMBA	Re-Used Materials Becoming Art
SABER	Slum Abatement and Blight Enforcement Response
SACASA	Southern Arizona Center Against Sexual Assault
SAIAT	Southern Arizona Institute of Advanced Technology
SARSEF	Southern Arizona Regional Science and Engineering Fair
SATC	Southern Arizona Tech Council
SATCC	Southern Arizona Technology Commercialization Center
SBA	Small Business Administration
SBDC	Small Business Development Center
SCAT	Sister Cities Association of Tucson
SCORE	Service Corps of Retired Executives
SDP	Strategic Development Plan
SEMAP	Department of Housing and Urban Development Section 8 Management Assessment Program
SESS	Society of Earth Science Students
SGIA	State Grants In Aid
SMOGMAP	System for Management, Observation, and Geographic Information System Modification
SORT	Sexual Offenders Registered Tracking
SRO	School Resource Officer
STP	Surface Transportation Plan
SWAT	Special Weapons and Tactics

ACRONYMS AND INITIALISMS

Acronym/Initialism	Definitions
TARP	Tucson Airport Remediation Project
TAZ	Traffic Analysis Zones
TBG	Tucson Botanical Gardens
TCC	Tucson Convention Center
TCCC	Tucson Community Cable Corporation (Access Tucson)
TCG	Tucson City Golf
TDOT	Tucson Department of Transportation
TEA-21	Transportation Equity Act for the Twenty-first Century
TEAM	Transportation Enterprise Area Management
TelePAC	Telecommunications Policy and Advisory Committee
TEP	Tucson Electric Power
TFD	Tucson Fire Department
TGMS	Tucson Gem and Mineral Society
TICET	Tucson Inner City Express Transit
TIF	Tax Increment Financing
TIP	Tax Intercept Program
TIP	Transportation Improvement Program (Pima Association of Governments)
TOP	Tactical Operations Planning
TPAC	Tucson-Pima Arts Council
TPD	Tucson Police Department
TPPL	Tucson-Pima Public Library
TRP	Travel Reduction Program
TSMS	Tucson Stormwater Management Study
TSRS	Tucson Supplemental Retirement System
TTEAP	Traffic Ticket Enforcement Assistance Program
TTSPS	Tucson Transportation System Planning Study
TUP	Temporary Use Permit
TUSD	Tucson Unified School District
UCSD	University of California at San Diego
USYSA	United States Youth Soccer Association
VLT	Vehicle License Tax
WAN	Wide Area Network
WASH	Watercourse Amenities Safety and Habitat
WIFA	Water Infrastructure Finance Authority
WOW	WideOpenWest
WQARF	Water Quality Assurance Revolving Fund
WRITE	Waste Reduction Initiative Through Education
YAC/TTC	Youth Advisory Council/Tucson Teen Congress
YMCA	Young Men's Christian Association
YO	Youth Opportunity

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