

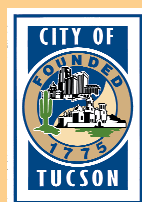


City of Tucson



Adopted Biennial Budget Summary **Fiscal Years 2007 and 2008**

Volume I



CITY OF TUCSON

Adopted Biennial Budget Summary Fiscal Years 2007 and 2008

Presented July 1, 2006

CITY COUNCIL



HONORABLE
ROBERT E. WALKUP
MAYOR



JOSÉ J. IBARRA
WARD 1



CAROL W. WEST
WARD 2



KARIN UHLICH
WARD 3



SHIRLEY C. SCOTT
WARD 4



STEVE LEAL
WARD 5



NINA J. TRASOFF
WARD 6

CITY ADMINISTRATION

MIKE HEIN
City Manager

MICHAEL D. LETCHER
Deputy City Manager

LIZ RODRIGUEZ MILLER
Assistant City Manager

KAREN MASBRUCH
Assistant City Manager



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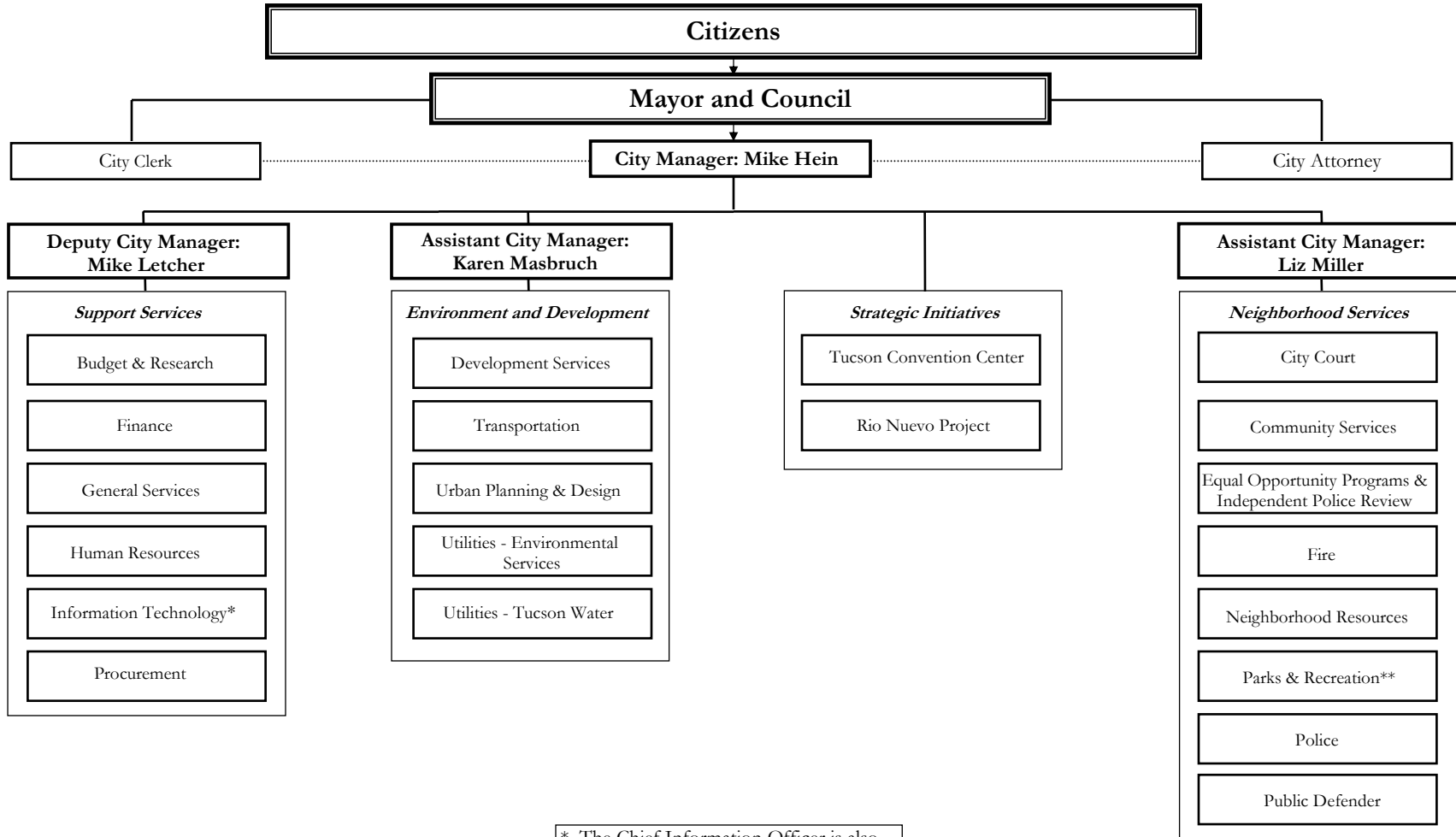
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**CITY OF TUCSON
ORGANIZATION CHART
FISCAL YEAR 2007**



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

CITY OF TUCSON

OFFICIALS AND DIRECTORS

OFFICIALS

City Manager, *Mike Hein*

Deputy City Manager, *Michael D. Letcher*

Assistant City Manager, *Liz Rodriguez Miller*

Assistant City Manager, *Karen Masbruch*

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*

Neighborhood Resources, *Eliseo Garza*

Parks and Recreation, *Fred H. Gray, Jr.*

Police, *Richard Miranda*

Public Defender, *Charles Davies*

ENVIRONMENT AND DEVELOPMENT

Development Services, *Ernest A. Duarte*

Transportation, *James W. Glock*

Urban Planning and Design, *Albert Elias*

Utility Services, *David Modeer*

STRATEGIC INITIATIVES

Rio Nuevo Project, *Gregory Shelko*

Tucson Convention Center, *Richard Singer*

SUPPORT SERVICES

Budget and Research, *James A. Cameron*

Finance, *J. Scott Douthitt*

General Services, *Ronald Lewis*

Human Resources, *Cindy Bezaury*

Information Technology and Chief Information
Officer, *Ann Strine*

Procurement, *Wayne A. Casper*

BIENNIAL BUDGET CALENDAR FISCAL YEARS 2007 AND 2008

Sequence of events in the budget-setting process.

December 9, 2005	Budget kickoff.
December 13, 2005 through April 18, 2006	Financial Sustainability Plan presentations and discussion with Mayor and Council.
April 18, 2006	Financial Sustainability Plan Recommendations presented to Mayor and Council.
April 18, 2006	Submission of the City Manager's Fiscal Years 2007 and 2008 Recommended Biennial Budget and Proposed Five-Year Capital Improvement Program Fiscal Years 2007 through 2011 to Mayor and Council.
May 2, 2006	Public hearing on Fiscal Years 2007 and 2008 Recommended Biennial Budget and Proposed Five-Year Capital Improvement Program Fiscal Years 2007 through 2011.
May 9, 2006	Mayor and Council Study Session on the Fiscal Years 2007 and 2008 Recommended Biennial Budget and Proposed Five-Year Capital Improvement Program Fiscal Years 2007 through 2011.
May 16, 2006	Tentative adoption of budget for Fiscal Year 2007.
June 13, 2006	Truth in Taxation Hearing on primary property tax levy for Fiscal Year 2007.
June 13, 2006	Public Hearing on the Biennial Budget for Fiscal Year 2007 as tentatively adopted.
June 13, 2006	Special Mayor and Council meeting for the purpose of final budget adoption.
June 27, 2006	Fixing and levying the Primary and Secondary Property Taxes for Fiscal Year 2007.

HOW TO USE THIS BUDGET

This document guide outlines the City of Tucson's Fiscal Years 2007 and 2008 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.tucsonaz.gov/budget>. Information may also 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, and its appendices in Volume IIA and B 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 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 topics:

- Where The Money Goes – Expenditures and Staffing
- Where The Money Comes From – Revenue Sources
- Citizen Impacts
- Expenditure Limitation
- Budget Development Process

Strategic Priorities - This section summarizes the strategic plan for the city including the focus areas and the approved Financial Sustainability Plan.

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.

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

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.

Capital Budget Summary - This section provides a summary of the Five-Year Capital Improvement Program.

Rio Nuevo - This is a summary of the Rio Nuevo district budget. While Rio Nuevo is not part of the city budget, its budget 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. It is organized in alphabetic order, except that the Mayor and Council is first and Non-Departmental is last.

Each department section includes a mission statement, an overview of the department, department highlights, department financial and personnel resources, funding summaries, a summary of significant changes that compare the Fiscal Year 2006 Adopted to the Fiscal Year 2007 Adopted Budget and the Fiscal Year 2008 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 2007 Adopted Budget and Fiscal Year 2008 Approved Budget, as well as the Fiscal Year 2006 Adopted and Estimated budgets, and Fiscal Year 2005 actual staffing. This section includes the detail by position and pay range for all authorized positions.

Appendix B: Financial Summary - Appendix B displays, by department and division, each organization's financial summary. The information reflects the financial resources for the Fiscal Year 2007 Adopted Budget and Fiscal Year 2008 Approved Budget, as well as the Fiscal Year 2006 Adopted and Estimated budgets, and Fiscal Year 2005 actual expenditures.

Volume III

The Approved 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
- Use of Impact Fees

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.

FREQUENTLY ASKED QUESTIONS

For many of the following questions, additional information can be found in the Budget Overview and in the summary sections of Volume 1.

What is the Fiscal Year 2007 total budget?

The budget for Fiscal Year 2007 totals \$1.1 billion. That is an increase of \$93.9 million more than the Fiscal Year 2006 Adopted Budget.

The operating budget of \$826.6 million increased by \$30.1 million, primarily to fund the opening of new facilities, employee pay and benefit adjustments, and the programs included in the Financial Sustainability Plan. The capital budget of \$275.7 million increased by \$63.8 million, including carryforward for projects not completed in Fiscal Year 2006, funding for new public safety facilities, and capacity for the possible programming of impact fee and Regional Transportation Authority revenue.

Total Budget (\$ millions)			
	Adopted FY 2006	Adopted FY 2007	Change
Operating	\$ 796.5	\$ 826.6	\$ 30.1
Capital	<u>211.9</u>	<u>275.7</u>	<u>63.8</u>
Total	\$ 1,008.4	\$ 1,102.3	\$ 93.9

Is the Mayor and Council required to have a "balanced" budget?

Yes. By Arizona state law, the Mayor and Council must adopt a balanced budget:

$$\text{Expenditures} = \text{Revenues}$$

What are the major components of the Fiscal Years 2007 and 2008 Biennial Budget?

Looked at from an activity perspective, the two major components are the following:

- Operating budget
- Capital budget

Looked at from a funding perspective, the two major components are the following:

- General Purpose Funds
- Restricted Funds

Total Budget (\$ millions)		
	FY 2007	FY 2008
Operating	\$ 826.6	\$ 845.4
Capital	<u>275.7</u>	<u>196.5</u>
Total	\$ 1,102.3	\$ 1,041.9
General Purpose Funds	\$ 461.4	\$ 481.3
Restricted Funds	<u>640.9</u>	<u>560.6</u>
Total	\$ 1,102.3	\$ 1,041.9

What is the difference between General Purpose Funds and Restricted Funds?

General Purpose Funds are those revenues that the Mayor and Council have full discretion to allocate. These revenues come from both city-generated sources, such as the city sales tax and utility taxes, and from state-shared revenues from the state's sales, auto lieu, and incomes taxes. The General Purpose Funds are used for basic city services, such as police and fire protection, mass transit service, and parks and recreation opportunities. Only 42% or \$461.4 million is available for the Mayor and Council to allocate for general purposes and competing city priorities.

As the name implies, Restricted Funds are restricted for specific purposes. These revenues come from grants, state-shared gasoline taxes, self-supporting city enterprise activities, and other city revenues collected for specific purposes, such as certificates of participation, bonds, and the secondary property tax. Approximately 58% of the total budget or \$640.9 million has restrictions upon its use.

What are the major sources of revenue for the General Purpose Funds budget?

The General Purpose Funds of \$461.4 million for Fiscal Year 2007 come from city sources (70%) and state-shared revenues (30%). The city-generated General Purpose Funds budget revenues total \$323.6 million; state-shared revenues provide the remaining \$137.8 million. The largest individual revenue sources are the city's sales tax (\$199.5 million), state-shared income tax (\$61 million), and state-shared sales tax (\$51.9 million). The city's primarily property tax provides only \$10 million, which is only 2% of the total.

FREQUENTLY ASKED QUESTIONS (Continued)

What are the major service changes included in the Fiscal Year 2007 budget?

The Fiscal Years 2007 and 2008 Biennial budget includes funding for the following service improvements:

Funding for Service Improvements	FY 2007	FY 2008
Expanded road maintenance, primarily for residential streets	\$ 4.0 million	\$ 7.0 million
75 new police officers, plus support and judicial staff	6.3 million	11.6 million
Improved fire and paramedic response capabilities	3.8 million	8.4 million
Additional child and family programs	1.0 million	1.0 million
Additional recreation programming and facilities	<u>1.1 million</u>	<u>2.7 million</u>
	\$ 16.2 million	\$ 30.7 million

Will the number of city staff change because of the Fiscal Year 2007 budget?

Yes, the number of authorized positions in Fiscal Year 2007 will be 193.75 FTEs less than the adopted budget for Fiscal Year 2006. Most of that decline is due to the transfer of over 300 employees to Pima County, which became responsible for the Tucson-Pima Public Library effective July 1, 2006. Additional positions totaling 113.5 were added for the first year of the Financial Sustainability Plan. For Fiscal Year 2007, the total number of positions is 5,847.76.

What types of debt does the city carry?

The city currently uses voter-authorized bonds, certificates of participation, lease/purchases, and state infrastructure bank loans to finance needed equipment and projects. Maturities for these debts range from 1 to 20 years, depending upon the type of equipment or project being financed. Restructuring, refinancing, and advance bond refunding are used to limit the city's debt service costs. As of June 30, 2005, the total outstanding indebtedness was \$932 million. See the Non-Departmental budget in Volume II for further information on types of debt, bond ratings, and outstanding indebtedness.

Will the city's property tax rate change because of the Fiscal Year 2007 budget?

Yes, the city's property tax rate will be slightly lower in Fiscal Year 2007.

The combined rate will drop from \$1.2364 per \$100 of assessed valuation to \$1.2257. While the city's property tax rate will be lower, your city tax bill will likely be higher because your assessed valuation from the Pima County Assessor probably increased.

Property Tax Rates	FY 2006	FY 2007	Change
Primary	\$ 0.3469	\$ 0.3411	\$ (0.0058)
Secondary	<u>0.8895</u>	<u>0.8846</u>	<u>(0.0049)</u>
Total	\$ 1.2364	\$ 1.2257	\$ (0.0107)

Does the city set aside money for a "rainy day?"

Yes. In September 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. As part of the Financial Sustainability Plan, the Mayor and Council approved an increased goal of 10%. As of June 30, 2005, the General Fund unreserved fund balance was \$28 million, which was 7.5% of General Fund expenditures.

Who approves the city's budget?

Every two years, the City Manager's recommended biennial budget is reviewed and modified by the Mayor and Council. Following two public hearings, the Mayor and Council adopt the first year of the biennial budget. The second year of the biennial budget is considered "approved." That approved budget will again be reviewed and modified, and become the adopted budget for the second year of the biennial budget.

How can I voice an opinion or concern about the budget?

Copies of the budget are available at the public libraries and online for your review <http://www.tucsonaz.gov/budget>. The Mayor and Council held two public hearings prior to budget adoption for the purpose of receiving citizen input. You may also contact the Mayor and Council Comment Line at 791-4700. If you have further questions about budget, please contact the Department of Budget and Research at 791-4551.

**DISTINGUISHED
BUDGET PRESENTATION
AWARD**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Tucson
Arizona**

For the Biennium Beginning

July 1, 2004

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 Years beginning July 1, 2004 through June 30, 2006.

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 two years.



City of Tucson



Section A City Manager's Message

Adopted Biennial Budget Summary
Fiscal Years 2007 and 2008





CITY OF TUCSON

OFFICE OF THE
CITY MANAGER

July 1, 2006

Honorable Mayor and Council Members:

It is with pleasure that I transmit to you the Adopted Fiscal Years 2007 and 2008 Biennial Budget. The total adopted budget for Fiscal Year 2007 is \$1.1 billion, including \$461.4 million in General Purpose revenues that fund key services to the community. This biennial budget incorporates two core strategies in budget development. The first is to focus revenue growth on improving services to the community consistent with the strategic priorities of the city. The second is a financial sustainability plan that presents a long-term focus on increasing city services while meeting future human capital requirements of the city organization. The Financial Sustainability Plan is an important basis for this and future biennial budgets. Fiscal Year 2008 is approved at \$1.04 billion with \$481.3 million from General Purpose Funds.

During the development of the biennial budget, the Mayor and Council updated the city's strategic priorities. The new strategic priorities continue to include major issues such as transportation and public safety; however, there is a greater focus on social issues facing our community. The six city Strategic Priorities are as follows:

Children, Families, and Seniors

*Environment, Planning, and Resource
Management*

*Neighborhoods, Public Safety, and
Emergency Preparedness*

Transportation

Economic and Workforce Development

*Rio Nuevo/Downtown, Arts, Culture, and
History*

As the strategic priorities were developed, a long-range Financial Sustainability Plan was prepared. This provided an important strategy for moving the city forward in meeting growing service demands in areas such as public safety, transportation, and parks and recreational services.

The Financial Sustainability Plan provides a strategic framework and clear benchmarks for addressing future service needs. This plan provides the community and the Mayor and Council with a concise picture of the city's future needs. The plan incorporates aspects of the city's strategic priorities, as well as input from citizens and other planning processes. In addition to providing a basis for the city's budget, it will drive efforts in evaluating services and efficiencies as well as workforce planning. Additional information on the Financial Sustainability Plan can be found in the Strategic Priorities section of this document. The first two years of the Financial Sustainability Plan are included in the biennial budget.

Focus on Services

I've set a goal of allocating 60% revenue growth each year to improving services to the community. I believe it is important to ensure that services receive the majority and priority for new revenues. Over the next two years, \$46.9 million in new funds is allocated for priority community needs.

Maintaining Our Roadways. An expanded road maintenance program will begin with \$4 million in Fiscal Year 2007 and \$7 million in Fiscal Year 2008, primarily for residential streets. An additional \$9.5 million from Pima Association of Governments (PAG) is anticipated over the two year period. While these amounts may appear small given the large amount of work needed just to catch-up, this funding will compound over the next ten years for a total investment of more than \$158 million, including \$25 million from PAG.

Reducing Crime. Over the next two years, 80 Police officers will be funded along with support and judicial staff at a cost of \$17.9 million. In ten years, the city will add 560 Police officers.

Saving Lives and Property. Fire and paramedic response capabilities will be improved with funding of \$12.2 million and the addition of 72 officers. Eight new fire stations are planned for more than 300 firefighters and paramedics by 2016.

Addressing Social Concerns. Child and family programs such as KIDCO, JobPath, and similar programs will receive \$1 million in funding each year as directed by Mayor and Council, with an additional \$0.4 million for new programs and services including senior programming. The ten-year total is anticipated to be \$26 million.

Improving Parks and Recreational Opportunities. New parks and recreational facilities will provide programming opportunities at a cost of \$0.7 million; maintenance of parks and recreational facilities is recommended to receive \$2.5 million in new funds over the two-year period. A total of \$78 million is proposed over ten years.

Addressing Human Capital

The remaining 40% of anticipated revenue growth is allocated to fund employee salary and benefit requirements such as rising pension costs. This formula provides \$10.8 million in Fiscal Year 2007 and an additional \$9.6 million in Fiscal Year 2008. Pension and medical costs continue to grow, particularly in the Public Safety pension systems that are beyond the city's control. As a result it is imperative that employees share in the cost of the city's benefit programs. In past years, the city has picked up the majority of the cost increases in these areas, a practice that is not sustainable if we hope to provide competitive compensation and security to meet future needs. As part of the city's ongoing evaluation of benefit programs, the following changes have been made:

Pension - Employee Contribution Rates to Tucson Supplemental Retirement System.

Currently, participants in the Tucson Supplemental Retirement System (TSRS) contribute 5% of pay as the employee portion of funding retirement benefits. Beginning July 1, 2006, new employees participating in TSRS would contribute a greater portion of the total required contribution rate calculated annually. This proposed rate for new employees would be more in line with what employees pay in the Arizona State Retirement System (ASRS). Employee contribution rates for the City of Phoenix, Arizona State Retirement System, and Public Safety Personnel Retirement System are 5%, 7.4%, and 7.65%, respectively. It is estimated that in the future the city could save up to \$2 million by changing the new employees' pension contribution rates.

Retirement Program Changes. An End of Service (EOS) Program is being offered to help with the long-term goal of work force planning. Employees who are eligible to retire prior to December 31, 2010, may participate in this program. Employees who retire during this period may elect to have their monthly retirement benefit set aside in an account, while they continue working up to one additional year for the city.

Medical Benefit and Premium Changes. For 2007, the city will offer one HMO, a PPO, and a Self-Directed Health Care plan as the options for employee medical coverage. The increase in medical premiums for Fiscal Year 2007 ranges from 0% to approximately 6%. In previous years, increases have ranged from 10% to 15%. The city has worked at maintaining a competitive level of health benefits for employees. In addition to maintaining benefits, the city has paid the majority of the annual increase in health insurance cost. This year consideration was given to having employees pay the full increase in health insurance cost. We re-evaluated and decided not to have employees pay the increase, because the city's health insurance will be competitively bid during next fiscal year. Our hope is that the bid will result in more favorable rates.

Retiree Medical Premium Changes

The city's policy has been to contribute 75% to the cost of medical premiums for retirees prior to Medicare eligibility. Upon eligibility for Medicare, the city's contribution ceases. Other Arizona retirement systems provide a subsidy that is a fixed amount (currently \$160-240 depending on the coverage). To contain costs, the city is considering a fixed amount for this contribution. For those who select the EOS Program or retire prior to December 31, 2008, the contribution will remain at the 75% level. For those selecting the EOS Program or retiring prior to December 31, 2009, the monthly contribution will be \$260 for the retiree only or \$475 for retiree and eligible dependents. For those retiring after December 31, 2009, the monthly contribution will be \$200 for the retiree only or \$375 for retiree and eligible dependents. As with the current policy, the city's contribution will stop when the retiree reaches Medicare eligibility.

A cost of living adjustment of 4% has been approved by the Mayor and Council. While public safety commissioned officers will receive the full 4% increase effective July 9, 2006; the general workforce will receive 3% on July 9 and the full 4% on November 12, 2006. Fiscal Year 2008 increases will depend on benefit costs. The Fiscal Year 2007 budget does not include merit increases, while merits for Fiscal Year 2008 have not been determined. Highly compensated employees will not receive a salary adjustment in Fiscal Year 2007.

Base Budgets

Base budgets for each department were set at Fiscal Year 2006 levels except to meet funding requirements resulting from prior commitments. Major requirements included in base budgets from General Purpose Funds are as follows:

\$1.6 million for full-year funding of mid-year pay adjustments for Police and Fire commissioned officers as required by contract

\$3.4 million for full-year costs of facilities opened or positions added part way through Fiscal Year 2006 such as full staffing at new fire stations, Quincie Douglas Swimming Pool, and new Police officers

\$1.0 million to meet Metropolitan Tucson Convention and Visitor's Bureau (MTCVB) contractual requirements due to significant increases in hotel tax collections

\$1.0 million for the financing costs of the fleet replacement program

\$2.7 million to meet workers' compensation and liability insurance requirements

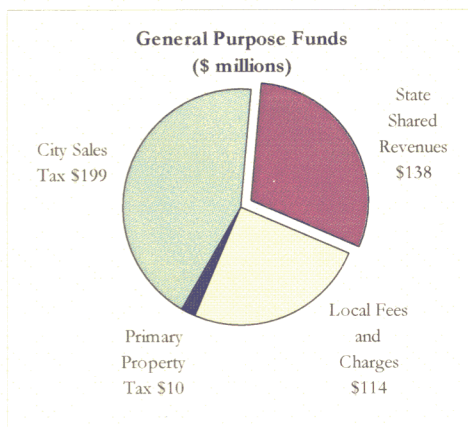
Department budgets were adjusted for one-time carryforward funding from prior years. Additional savings were achieved through elimination of positions and moving various offices from leased space to city-owned buildings. By restricting budget allocations, approximately \$2 million in inflationary costs were covered through program savings. As a result of the various adjustments, the base General Purpose Funds budget increased \$8 million.

Enterprise Departments

Enterprise departments include city services that are primarily funded by fees for the services provided. The city has three enterprise departments: Water, Golf, and Environmental Services whose fee structures are based on cost of service. Water rates will increase 4.6% in Fiscal Year 2007 and 5% in Fiscal Year 2008. The main driver is the need to secure future water resources through Central Arizona Project water acquisitions and aggressive recharge. Golf fees will be evaluated based on cost of service and the approved business plan. While Environmental Services fees are not programmed to change in Fiscal Year 2007, it is understood that a thorough review of services and charges be re-evaluated during Fiscal Year 2007. Current fees consists of a base residential Brush and Bulky Service fee initiated in Fiscal Year 2004 at \$2 and the \$12 residential collection fee initiated in Fiscal Year 2005, as well as fees for commercial collections and landfill charges.

Revenue and Economic Concerns

While the city is striving to focus its financial resources on key services, there is a constant threat at the state and federal level to reduce funding critical to addressing community needs. Federal funding for Community Development Block Grants (CDBG) and housing programs are being cut every year. The state legislature is targeting revenue sharing that provides 30% of the city's General Purpose Funds. A 10% reduction in income taxes will impact revenue sharing beginning in Fiscal Year 2009. These are ongoing concerns that would seriously impact the ability of the city to meet the service goals of financial sustainability.



The economy continues to expand, particularly in Arizona; however, this clearly cannot last. The federal deficit, the trade imbalance, monetary tightening by the Federal Reserve, inflation, and fuel and energy costs all point to a probable slow down in the future. The biennial budget assumes continued, but slower growth in Fiscal Years 2007 and 2008. However, it is important to understand that there are risks to these assumptions.

These issues are particularly important given the impact they can have on both the state-shared revenues and city sales taxes, which combined make up the majority of the city's General Purpose Funds. As a result, economic changes would affect key services such as public safety operations, which at \$246 million exceed combined city sales and primary property tax collections.

Continuous Innovation

An important part of providing better service is through innovation. In recent years and the future, the city has and will take steps to respond more effectively to our citizens, provide creative solutions to service delivery, and improve the use of technology. Improved responses to citizen issues are anticipated through the following:

City Teams. Staff from different departments working together to take "ownership" of an area of the city to which they are assigned is the goal of the City Teams. There are five City Teams, each arranged according to the Tucson Police Department's district boundaries: Downtown, East, Midtown, South, and West. The internal coordination and community partnership focus of these teams is bringing targeted results to the different areas of Tucson, as well as benefits citywide.

NOVA. NOVA is a new system for tracking and responding to questions and issues raised by city residents and others. This web-based computer system was developed and implemented by city staff in Fiscal Year 2006.

Environmental Conservation. The new Office of Conservation and Sustainable Development will bring environmental and conservation issues to the forefront. This office will focus on natural resource planning, refining and implementing an environmental vision for the city, and providing coordination, education, and outreach. Specific work programs include a Habitat Conservation Plan, feasibility studies on Santa Cruz River restoration, and urban environmental sustainability measures. These efforts will provide opportunities for the city to partner with other agencies and organizations on environmental and conservation issues.

Consolidated Code Enforcement and Remediation. Enforcement of the Neighborhood Preservation Ordinance and similar code provisions will be enhanced through the consolidation of responsibilities in the Department of Neighborhood Resources (DNR). Inspectors and support staff will be drawn from the Development Services and Environmental Services departments to join enforcement staff already at DNR. A remediation crew connected to this effort will address physical problems that need immediate attention; a social service component will address human needs.

Consolidating and sharing services with other local governments provide a creative solution to meeting service demands with limited resources. Transferring the Library system to Pima County allows for more consistent funding and as a result improvements to services are anticipated. On a smaller scale, the city's Procurement Department has been working with other governments to share new developments such as purchasing card services that expedite the procurement of goods and services, while providing an effective method for tracking those acquisitions.

A number of technology innovations are in the works throughout the city. Online auctions developed by the Procurement Department have increased revenues and reduced the amount of time surplus property is stored. City Court automation through e-Tickets has sped up the processing and collection of fines. Other efforts have improved court room efficiencies. The city has begun a conversion of its phone system to Voice over Internet Protocol (VoIP), which will provide future savings and more functionality. A very important effort planned for Fiscal Year 2007 is the replacement of the 20-year-old Business License Management System that will provide many benefits to businesses.

Conclusion

The Fiscal Years 2007 and 2008 Biennial Budget is based on new strategies that focus revenue growth on improving service to the community. In addition, the adopted budget incorporates the first two years of the proposed long-range Financial Sustainability Plan, including the \$1 million approved by the Mayor and Council for JobPath, School Plus Jobs, and Exploring Our Future. Department budget allocations were restricted to maximize the availability of funding for increasing services and addressing human capital costs. The city is committed to continuous innovation to improve services with limited resources.

Following this transmittal memo is an overview of the city budget. The efforts of city staff throughout the organization in putting this budget together are greatly appreciated. Special thanks to the Department of Budget and Research for their long hours and commitment to another outstanding budget.

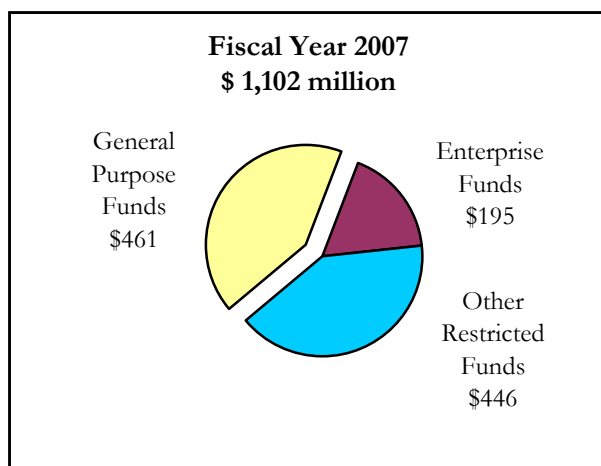
Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Mike Hein', with a long, sweeping horizontal line extending to the right.

Mike Hein
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 2007 and 2008, the adopted biennial budget was submitted to the Mayor and Council on April 18 and adopted the budget on June 13.



Year 1 - Fiscal Year 2007. The Adopted Budget for Fiscal Year 2007 totals \$1,102.3 million. Approximately 58% is from restricted funds that can only be used for specific purposes: Enterprise Funds of \$194.7 million and Other Restricted Funds of \$446.2 million. The remaining 42% or \$461.4 million is from General Purpose Funds, which the Mayor and Council have discretion to program to meet the city's priority needs.

The Fiscal Year 2007 Adopted Budget is an increase of \$93.9 million over the Adopted Budget for Fiscal Year 2006. The General Purpose Funds budget increased by \$36.7 million and the Restricted Funds budget by \$57.2 million. Much of the General Purpose Funds increase is for capacity to fund the proposed Financial

Sustainability Plan, including the opening of new facilities and for employee pay and benefit adjustments. The \$27.0 million of capacity for the proposed Financial Sustainability Plan, which the Mayor and Council received on April 18, is allocated as follows: 60% or \$16.2 million for public service improvements and 40% or \$10.8 million for employee pay and benefit adjustments.

Year 2 - Fiscal Year 2008. The Approved Budget for Fiscal Year 2008 totals \$1,041.9 million, a decrease of \$60.4 million. This decrease is primarily driven by the completion of capital projects in Fiscal Year 2007. The operating budget increases by \$18.8 million. This increase includes another \$24.1 million for the proposed Financial Sustainability Plan, which is allocated as follows: 60% or \$14.5 million for public service improvements and 40% or \$9.6 million for employee pay and benefit adjustments. Those increases are offset by decreases based on no carryforward for Fiscal Year 2008.

Total Budget (\$ millions)					
	FY 2006	FY 2007		FY 2008	
	Budget	Budget	Change	Budget	Change
General Purpose Funds	\$ 424.7	\$ 461.4	\$ 36.7	\$ 481.3	\$ 19.9
Enterprise Funds	190.1	194.7	4.6	202.6	7.9
Other Restricted Funds	393.6	446.2	52.6	358.0	(88.2)
Total	\$ 1,008.4	\$ 1,102.3	\$ 93.9	\$ 1,041.9	\$ (60.4)
Operating	\$ 796.5	\$ 826.6	\$ 30.1	\$ 845.4	\$ 18.8
Capital	211.9	275.7	63.8	196.5	(79.2)
Total	\$ 1,008.4	\$ 1,102.3	\$ 93.9	\$ 1,041.9	\$ (60.4)

Highlights – Use of Revenue Growth

The Adopted Biennial Budget for Fiscal Years 2007 and 2008 incorporates two strategies: (1) focusing revenue growth on improving services and (2) developing a financial sustainability plan for meeting long-term service needs, while continuing to meet the human capital requirements of the organization. To develop the biennial budget, departments were requested to keep expenditures at Fiscal Year 2006 adopted levels; funding for one-time acquisitions and carryforward from prior years was eliminated. By holding down budget allocations, approximately \$2 million in inflationary costs were covered through program savings.

General Purpose Funds. Funding from revenue growth was added to the departments' base budgets. Because of the prior commitments and other unavoidable costs listed below, \$8 million of the increased revenues was not available for the Financial Sustainability Plan.

Prior Commitments and Unavoidable Costs (\$ millions)

• Full-year funding of Fiscal Year 2006 mid-year pay adjustments for Police	\$ 1.6
• Full-year costs of facilities opened or positions added during Fiscal Year 2006	3.4
• Metropolitan Tucson Convention and Visitors Bureau funding requirements due to increases in hotel tax collections	1.0
• Financing costs of the fleet replacement program	1.0
• Workers' compensation and liability insurance needs	2.7
• Miscellaneous adjustments including carryforward reduction	<u>(1.7)</u>
	\$ 8.0

For Fiscal Years 2007 and 2008, which are the first two years of the Financial Sustainability Plan, 60% of the available revenue growth is being used for service improvements and 40% for human capital needs as noted below.

Use of Revenue Growth for Financial Sustainability (\$ millions)			
	Increase FY 2007	Increase FY 2008	
Service Improvements			
• Expanding road maintenance, primarily for residential streets	\$ 4.0	\$ 3.0	
• Hiring more police officers over two years, plus funding for support and judicial staff	6.3	5.3	
• Improving fire and paramedic response capabilities with funding and staff	3.8	4.6	
• Increasing funds for Parks and Recreation programming and facilities maintenance	1.1	1.6	
• Increasing funds for child and family programs such as KIDCO, JobPath, School-Plus-Jobs, and Exploring Our Future	1.0	-0-	
	<hr/> 16.2	<hr/> 14.5	
Human Capital			
• Increases required for Police and Fire pension contributions	5.0	-0-	
• Pay adjustments/other requirements	5.8	9.6	
	<hr/> 10.8	<hr/> 9.6	
	<hr/> \$ 27.0	<hr/> \$ 24.1	

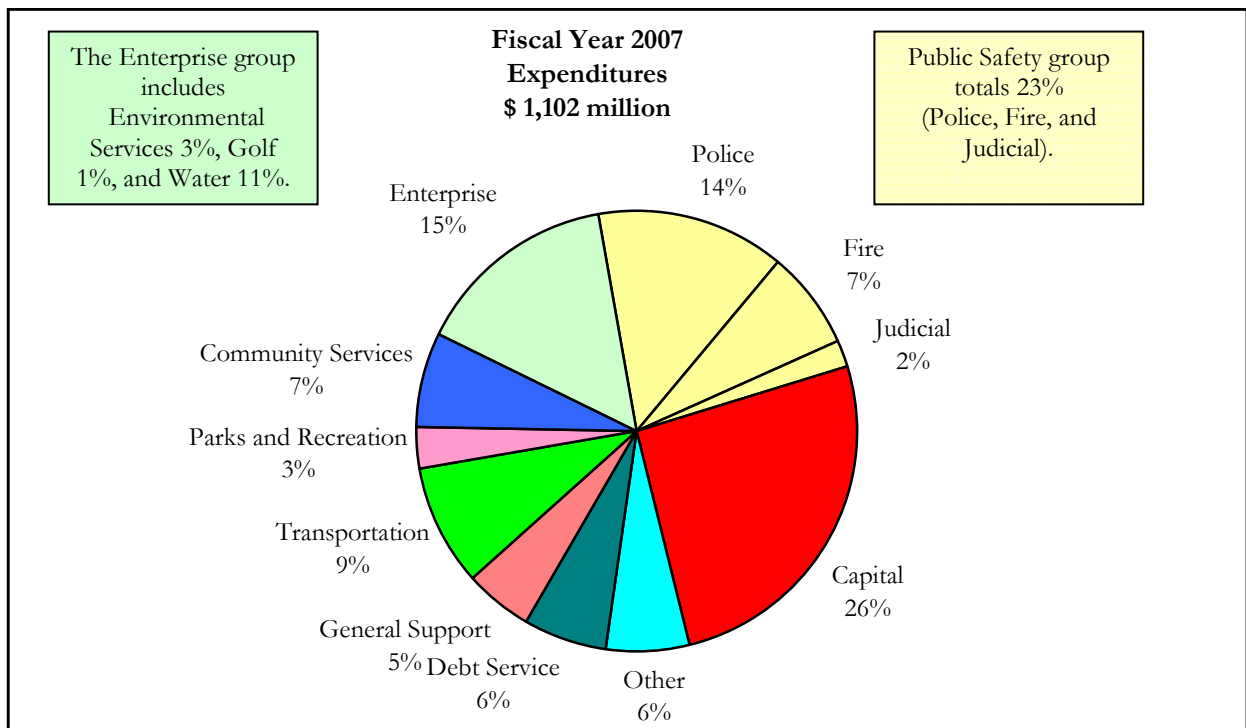
The Budget Overview that follows is organized into five sections:

- Where the Money Goes – Expenditure Budget and Staffing
- Where the Money Comes From – Revenue Sources
- Citizen Impacts
- Expenditure Limitation
- Budget Development Process

This overview focuses on the changes from the Adopted Budget for Fiscal Year 2006 to the Adopted Budget for Fiscal Year 2007. For more detailed information, see Section E of this volume and Volume II.

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, which makes up 15% of the budget. The Public Safety group, consisting of Police, Fire, and Judicial departments, makes up 23% of the budget. The three largest departments providing other direct services to the public (Parks and Recreation, Transportation, and Community Services) use 20% of the budget. The capital budget for all departments makes up 25%. Other departments, including general support and debt service, make up the remaining 17% of the budget.



Expenditure Changes

Changes by department or department category, from the Adopted Budget for Fiscal Year 2006 to the Adopted Budget for Fiscal Year 2007 and from the Adopted Budget for Fiscal Year 2007 to the Approved Budget for Fiscal Year 2008, are briefly noted below and on the following pages. Additional information on department expenditure budgets can be found in Volume II.

Expenditures (\$ millions)					
	FY 2006	FY 2007		FY 2008	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Budget</u>	<u>Change</u>
Public Safety					
Police	\$ 140.1	\$ 149.7	\$ 9.6	\$ 154.3	\$ 4.6
Fire	63.6	73.7	10.1	77.3	3.6
Judicial	21.5	22.8	1.3	23.1	0.3
Public Safety Sub-Total	225.2	246.2	21.0	254.7	8.5
Enterprise Operations					
Golf	10.9	10.9	-0-	10.9	-0-
Environmental Services	37.1	38.0	0.9	39.3	1.3
Water	118.9	113.8	(5.1)	126.0	12.2
Enterprise Sub-Total	166.9	162.7	(4.2)	176.2	13.5
Other Operating Departments					
Transportation	100.7	104.3	3.6	105.8	1.5
Community Services	65.9	75.3	9.4	70.2	(5.1)
Parks and Recreation	46.2	47.2	1.0	48.6	1.4
General Support*	66.2	56.8	(9.4)	53.8	(3.0)
Debt Service	55.9	67.0	11.1	71.0	4.0
Other **	69.5	67.1	(2.4)	65.1	(2.0)
Other Operating Sub-Total	404.4	417.7	13.3	414.5	(3.2)
Operating Budget Total	796.5	826.6	30.1	845.4	18.8
Capital Budget	211.9	275.7	63.8	196.5	(79.2)
Total	\$ 1,008.4	\$ 1,102.3	\$ 93.9	\$ 1,041.9	\$ (60.4)

* Includes City Clerk Elections which decreases or increases \$1 to \$2 million depending on election year.
 ** Library funding is reflected in Other due to the transfer to Pima County.

Market-Based Compensation Adjustment

For Fiscal Year 2007, a market-based pay adjustment was included for all employees, except for selected upper management positions. Police and Fire commissioned positions are to receive a 4% compensation adjustment effective July 9, 2006. The general workforce is to receive a 3% adjustment effective July 9, 2006, which will be adjusted up to 4% on November 12, 2006.

Public Safety Changes

Police. The department's operating budget increase of \$9.6 million in Fiscal Year 2007 is primarily due to capacity for the approved Financial Sustainability Plan, an increase to the pension contribution, and a market-based compensation adjustment. The transfer of the jail board charges to the Non-Departmental budget

offset these increases. The \$4.6 million increase in Fiscal Year 2008 is primarily due to additional capacity for the approved Financial Sustainability Plan. The ten-year goal of the Financial Sustainability Plan is to reach 2.4 police officers per 1,000 population.

Fire. Fire's Fiscal Year 2007 increase of \$10.1 million includes capacity for the approved Financial Sustainability Plan and a ladder company manned by 14 new positions. Other significant changes include an increase to pension contribution and the market-based pay adjustment. The \$3.6 million increase in Fiscal Year 2008 is primarily due to capacity for the approved Financial Sustainability Plan.

Judicial. This category includes City Court, City Attorney, and Office of the Public Defender. The \$1.3 million increase in Fiscal Year 2007 and the \$0.3 million increase in Fiscal Year 2008 are due to capacity for the approved Financial Sustainability Plan.

Enterprise Operations Changes

Golf. For Fiscal Year 2007, there is a small increase of \$45,000 over the Adopted Fiscal Year 2006 Budget. There is no change for Fiscal Year 2008. While the Golf fund is projected to break even, revenues and expenditures are carefully monitored.

Environmental Services. The department's \$0.9 million increase in Fiscal Year 2007 resulted primarily from anticipated Environmental Protection Agency grants and reimbursed costs for household hazardous waste collection. (Fourteen positions were transferred to Neighborhood Resources, but the funding for those code enforcement positions remains in Environmental Services.) Three positions were transferred from the Water Department to improve financial management and personnel support. The Fiscal Year 2008 increase of \$1.3 million includes debt service on capital projects funded with certificates of participation and other finance and administrative charges.

Water. The decrease of \$5.1 million in Fiscal Year 2007 is primarily due to a change in the accounting for sales and use taxes that resulted in a decrease to expenditures and revenues. That decrease is offset by increases for Central Arizona Project (CAP) water payments and additional debt service on bonds for capital projects. The Fiscal Year 2008 increase of \$12.2 million is primarily due to increases in CAP payments, debt service, and other operational costs.

Other Operating Department Changes

Transportation. The department's increase of \$3.6 million is primarily due to capacity for the approved Financial Sustainability Plan. The Fiscal Year 2008 increase of \$1.5 million is also due to additional capacity for the approved Financial Sustainability Plan.

Community Services. The Community Services budget total is primarily driven by federal funding opportunities. For Fiscal Year 2007, the budget increases by \$9.4 million, primarily for the Martin Luther King Revitalization project award of HOPE VI funds. Capacity is also included for the Housing Trust Fund, which is under development. The Fiscal Year 2008 decrease of \$5.1 million is due to the completion of projects.

Parks and Recreation. The department's increases of \$1.0 million in Fiscal Year 2007 and \$1.4 million in Fiscal Year 2008 are primarily due to capacity for the approved Financial Sustainability Plan.

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 \$9.4 million decrease for Fiscal Year 2007 is primarily due to two major changes in General Services: a change in the financing for fleet replacement and a reduction in grant capacity based on prior year trends. Because there are no city elections in Fiscal Year 2007, the City Clerk's budget also decreases. An investment in a Voice over Internet Protocol phone system added \$1.5 million to the Information Technology budget. The Fiscal Year 2008 decrease of \$3.0 million for General Support departments is due to reductions for one-time acquisitions in Fiscal Year 2007, which are offset by the City Clerk's election-year costs.

Debt Service. This category includes the repayment of general government debt, which is budgeted in Non-Departmental. (The repayment of Enterprise Fund debt is budgeted in their respective departments.)

The increase of \$11.1 million in Fiscal Year 2007 is primarily due to the repayment of certificates of participation, which will be used to finance additional public safety facilities and equipment, and repayment of lease/purchases for fleet replacement. The repayment of general obligation bonds increased due to changes in the debt repayment schedule; no sale is anticipated for Fiscal Year 2007. The repayment of a H.E.L.P. (Highway Extension and Expansion Loan Program) loan for Harrison Road construction, which begins in Fiscal Year 2007, also added to the increase. Fiscal Year 2008's \$4.0 million increase is due to the continued use of certificates of participation for public safety facility and equipment investments and a new general obligation bond sale.

Other. All remaining departments and offices are included in this category: Mayor and Council, Development Services, Urban Planning and Design, Neighborhood Resources, Tucson Convention Center, and Non-Departmental's Outside Agencies and General Expense.

This category's Fiscal Year 2007 budget decreases by \$2.4 million primarily due to a reduction in the contribution for the Library, which is in Non-Departmental. The Fiscal Year 2008 decrease of \$2.0 million is primarily due reductions for one-time payments and carryforward that were included for Fiscal Year 2007 and the continuing decline in contributions to Pima County for the Library as part of the transfer of financial responsibility. These reductions are partially offset by capacity for possible employee pay and benefit adjustments in Fiscal Year 2008.

Capital Budget Changes

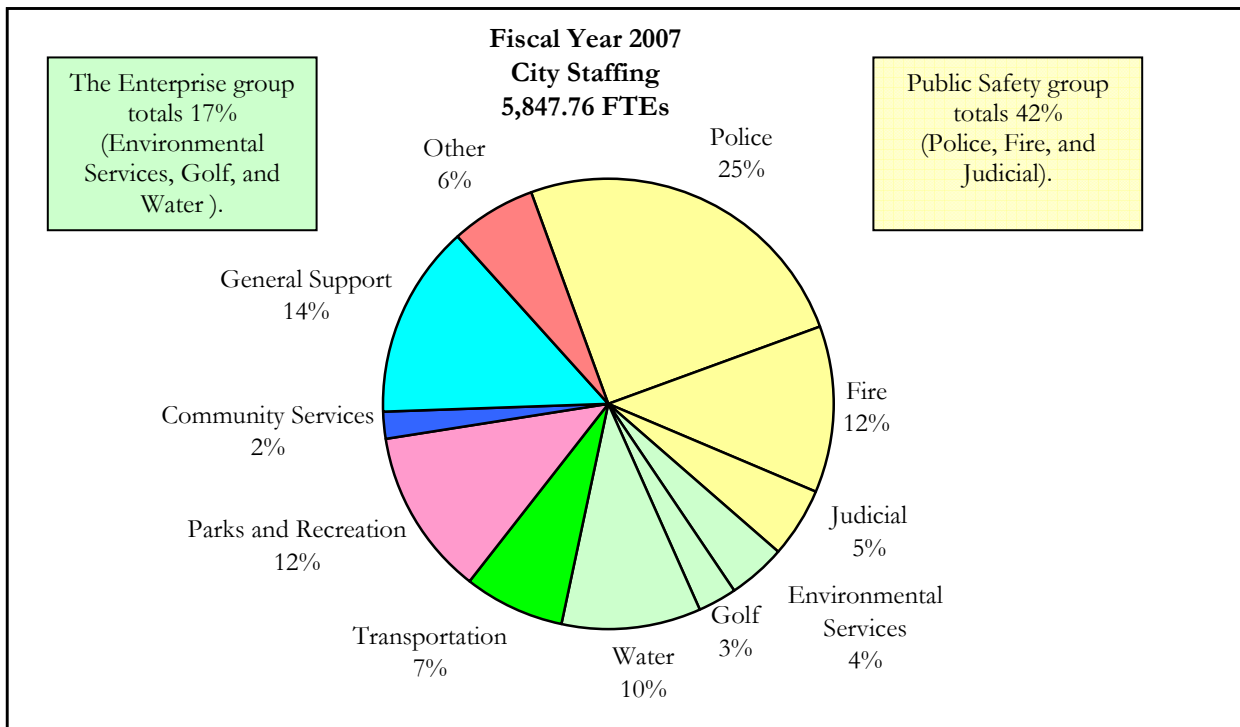
The \$63.8 million increase in Fiscal Year 2007 is primarily due to the use of certificates of participation for public safety facilities, capacity for the possible programming of impact fee and Regional Transportation Authority revenues, and funds carried forward for projects not completed as scheduled in Fiscal Year 2006. For Fiscal Year 2008, the capital budget decreases by \$79.2 million as projects are completed.

Staffing

For Fiscal Year 2007, 42% of all employees are in the Public Safety group, which includes Police, Fire, and Judicial departments. The three largest departments providing other direct services to the public (Parks and Recreation, Transportation, and Community Services) employ 21% of all employees. The self-supporting Enterprise group employs 17% of the city workforce. The remaining 20% of employees provide support services and other public services, including Neighborhood Resources, Development Services, and the Tucson Convention Center.

The number of city employees in the adopted budget for Fiscal Year 2007 totals 5,847.76, a decrease of 193.75 full-time equivalent (FTE) positions from Fiscal Year 2006. The decrease in positions is primarily due to the transfer of Library staff to Pima County. Additional positions were reduced in the City Clerk's Office, because there is no election in Fiscal Year 2007. Offsetting those reductions are new positions for the first year of the Financial Sustainability Plan, a Fire ladder company, and enhanced code enforcement in Neighborhood Resources.

For Fiscal Year 2008, the position total is 6,006.71, an increase of 158.95 FTEs. That increase is primarily due to more positions for the second year of the Financial Sustainability Plan and non-permanent positions in the City Clerk's Office, because Fiscal Year 2008 is an election year. New positions are also added for further enhancements to consolidated code enforcement in Neighborhood Resources.



Staffing Changes

The changes in positions by department or department category, from Fiscal Year 2006 to Fiscal Year 2007 and from Fiscal Year 2007 to Fiscal Year 2008, are briefly noted on the following page. For more detail, see the individual department pages in Volume II and Appendix A in Volume IIA.

City Staffing (full-time equivalents)					
	FY 2006	FY 2007		FY 2008	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Budget</u>	<u>Change</u>
Public Safety					
Police	1,411.50	1,468.00	56.50	1,520.00	52.00
Fire	646.00	694.00	48.00	741.00	47.00
Judicial	283.30	296.80	13.50	305.80	9.00
Public Safety Sub-Total	2,340.80	2,458.80	118.00	2,566.80	108.00
Enterprise Departments					
Environmental Services	262.00	251.00	(11.00)	251.00	-
Golf	154.75	154.75	-	154.75	-
Water	571.00	573.00	2.00	573.00	-
Enterprise Sub-Total	987.75	978.75	(9.00)	978.75	-
Other Operating Departments					
Transportation	405.00	404.50	(0.50)	404.50	-
Community Services	152.50	152.50	-	152.50	-
Library	307.75	-	(307.75)	-	-
Parks and Recreation	697.00	711.00	14.00	737.00	26.00
General Support*	812.71	799.21	(13.50)	819.16	19.95
Other	338.00	343.00	5.00	348.00	5.00
Other Operating Sub-Total	2,712.96	2,410.21	(302.75)	2,461.16	50.95
Total	6,041.51	5,847.76	(193.75)	6,006.71	158.95
* Includes City Clerk Elections which decreases or increases 20.5 FTEs depending on election years.					

Public Safety Changes

Police. The Fiscal Year 2007 increase for the department of 56.5 FTEs is primarily due to 52 positions for the first year of the Financial Sustainability Plan, which has a ten-year goal of 2.4 officers per 1,000 population. Also, 5.50 FTEs were added due to state's new requirement that vehicles be impounded if a driver is found to be impaired. One position, which supports the Public Safety Retirement System board, was transferred to Finance. For Fiscal Year 2008, the additional 52 FTEs are for the second year of the Financial Sustainability Plan.

Fire. The increase of 48 FTEs in Fiscal Year 2007 is primarily due to 36 positions for the first year of the Financial Sustainability Plan. Also, a new ladder company of 14 FTEs was added. The transfer of two inspector positions to Neighborhood Resources as part of the city's efforts to consolidate code enforcement offsets those increases. For Fiscal Year 2008, the additional 47 FTEs are for the second year of the Financial Sustainability Plan.

Judicial. The Judicial departments are City Attorney, City Court, and Office of the Public Defender. The Fiscal Year 2007 total for these department's increased by 13.50 FTEs primarily due to 12.50 positions added for the first year of the Financial Sustainability Plan. One system analyst position in City Court was also added during Fiscal Year 2006 to cope with the increasing automation of court processes. For Fiscal Year 2008, the total for these three departments will increase by 9 FTEs, which are for the second year of the Financial Sustainability Plan.

Enterprise Operations Changes

Environmental Services. The department's Fiscal Year 2007 staffing is reduced by 11 positions. As part of the city's consolidation of code enforcement, 14 inspector positions were transferred to Neighborhood Resources for Fiscal Year 2007. That reduction was offset by three positions transferred into the department from Tucson Water to assist with financial and personnel issues. No changes are included for Fiscal Year 2008.

Golf. There are no changes to the department's position totals in Fiscal Years 2007 and 2008.

Water. The department's Fiscal Year 2007 FTEs increased by two positions water conservation programs as directed by the Mayor and Council. No changes are included for Fiscal Year 2008.

Other Operating Department Changes

Transportation. The reduction of 0.5 FTEs in Fiscal Year 2007 resulted from a review of positions that have been vacant for an extended period. No changes are included for Fiscal Year 2008.

Community Services. There are no changes to the department's position totals in Fiscal Years 2007 and 2008.

Library. All staff (307.75 FTEs) for the Library has been transferred to Pima County, which is fully responsible for Library operations as of July 1, 2006.

Parks and Recreation. The Fiscal Year 2007 increase of 14 FTEs is primarily due to 13 positions for the first year of the Financial Sustainability Plan. The remaining 1 position was a deputy director position added during Fiscal Year 2006 with the goal of improving the department's management of capital projects. For Fiscal Year 2008, the additional 26 positions are for the second year of the Financial Sustainability Plan.

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 changes in positions for Fiscal Years 2007 and 2008 are primarily due to City Clerk positions for elections. Because Fiscal Year 2007 is not an election year, 20.5 non-permanent FTEs are not needed; those same FTEs are added back in Fiscal Year 2008, because it is a city election year. The remaining differences are due to the movement Intergovernmental Relations and the Zoning Examiner from the "Other" category to the "General Support" category and the creation of the Office of Conservation and Sustainable Development with positions from departments in the "Other" category.

Other. All remaining departments and offices are included in this category: Mayor and Council, Development Services, Urban Planning and Design, Neighborhood Resources, Tucson Convention Center, and Non-Departmental.

The increase of 5 FTEs in Fiscal Year 2007 is primarily due to the city's efforts to consolidate and enhance code enforcement in Neighborhood Resources. For Fiscal Year 2008, there are another 5 positions added for Neighborhood Resources.

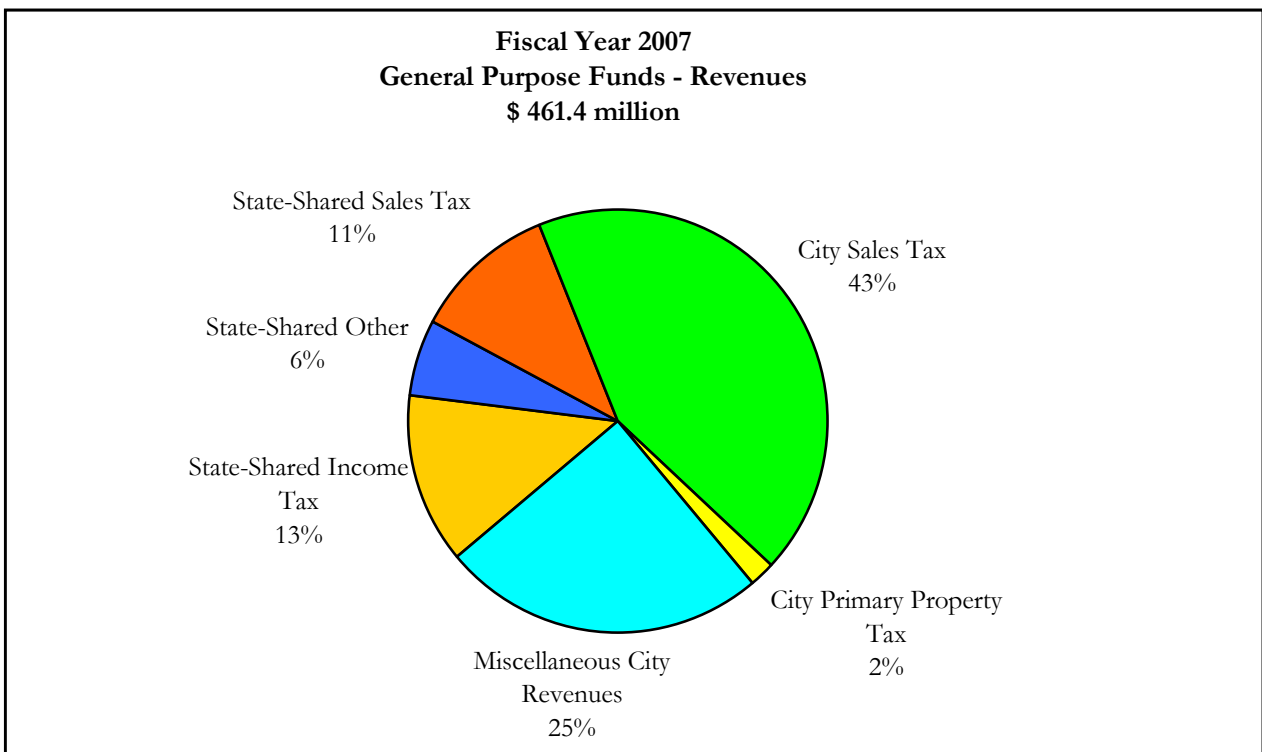
WHERE THE MONEY COMES FROM

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

General Purpose Funds – Revenues

General Purpose Funds revenues are those revenues that the Mayor and Council have full discretion to allocate. These revenues are used for basic city services, such as police and fire protection, mass transit service, and parks and recreation opportunities. These funds account for 42% of the total Fiscal Year 2007 budget.

General Purposes Funds revenue comes from both city-generated sources and state-shared sources. In Fiscal Year 2007, 70% of the General Purpose Funds will come from city sources and 30% from state-shared sources. Of the city sources, the largest contributor is city sales at 43% of the total. The 25% in Miscellaneous City Revenues shown in the chart below consists of local taxes and fees. The city's Primary Property Tax provides only 2% of the General Purpose Funds budget. Of the state-shared sources, the largest contributors are income and sales taxes, which together total 24%. Other state-shared sources include the auto-lieu tax and lottery contributions.



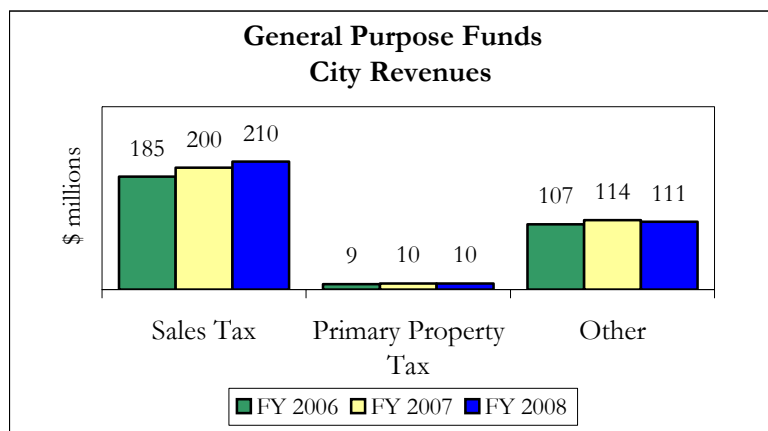
Revenue Changes – General Purpose Funds

The Fiscal Year 2007 General Purpose Funds budget increased \$36.7 million over the adopted budget for Fiscal Year 2006 due to an improving regional economy. The major changes are summarized in the table and discussion on the following pages. Additional information on revenues is available in Section E, Summary Information, in this volume.

General Purpose Funds Revenues (\$ millions)					
	FY 2006	FY 2007		FY 2008	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Budget</u>	<u>Change</u>
City Revenues:					
Sales Tax	184.5	199.5	15.0	209.5	10.0
Primary Property Tax	9.2	9.7	0.5	10.2	0.5
Other	106.6	114.4	7.8	110.6	(3.8)
City Sub-Total	300.3	323.6	23.3	330.3	6.7
State-Shared Revenues:					
Income Tax	\$ 50.9	\$ 60.5	\$ 9.6	\$ 69.6	\$ 9.1
Sales Tax	47.7	51.9	4.2	55.1	3.2
Other	25.8	25.4	(0.4)	26.3	0.9
State-Shared Sub-Total	124.4	137.8	13.4	151.0	13.2
Total	\$ 424.7	\$ 461.4	\$ 36.7	\$ 481.3	\$ 19.9

Following are brief explanations of the revenue differences between the Fiscal Year 2007 Adopted Budget and the Fiscal Year 2006 Adopted Budget.

City Revenues. City-generated revenues account for 70% of the Fiscal Year 2007 General Purpose Funds budget. The total of \$323.6 million for Fiscal Year 2007 is an increase of \$23.3 million, primarily from city sales tax revenue. For Fiscal Year 2008, city revenues will contribute an additional \$6.7 million to the General Purpose Funds budget.

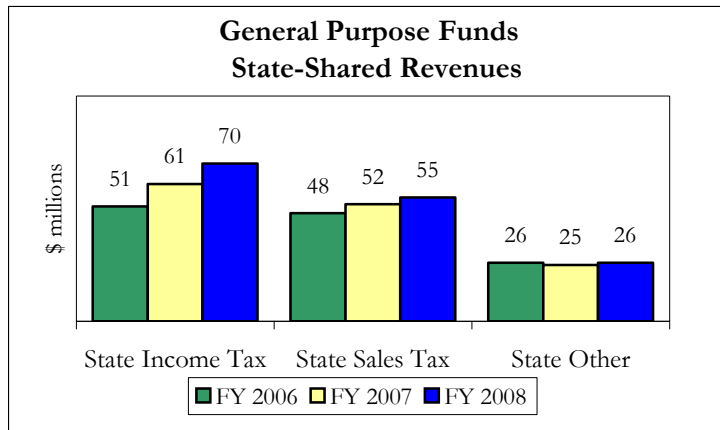


The city's sales tax is highly dependent on the local economy, which continues to expand. It is projected to grow 5% in Fiscal Year 2007. The budget includes \$199.5 million from city sales tax, an increase of \$15.0 million. The increase in Fiscal Year 2007 over the Fiscal Year 2006 adopted budget includes \$5.5 million additional revenue expected in Fiscal Year 2006 and \$10 million due to 5% growth in Fiscal Year 2007. For Fiscal Year 2008, city sales tax revenues are projected to increase another \$10 million due to 5% growth.

The budget for Fiscal Year 2007 also includes a small increase in the primary property tax levy to bring it to the maximum allowable of \$9.7 million. This increase will bring in an additional \$0.5 million. For Fiscal Year 2008, the projected maximum allowable property levy of \$10.2 million will bring in another \$0.5 million.

The remaining \$7.8 million of the Fiscal Year 2007 increase is primarily the result of increases in tourism-related revenues (up \$3.2 million) and revenues from fines, forfeitures, and penalties (up \$2.2 million). These other city sources are expected to decline \$3.8 million in Fiscal Year 2008 based on the assumption that no carryforward will be needed from Fiscal Year 2007.

State-Shared Revenues. Annually, the State of Arizona distributes a portion of its revenue receipts to cities and counties. The state-shared revenues that are used by the city for general purposes are state income tax, state sales tax, state auto lieu tax, and lottery proceeds. These revenues provide for 30% of the General Purpose Funds budget. State-shared revenues distributed to the city in Fiscal Year 2007 will be impacted by the mid-decade census in which the city's portion of the state's population declined.



For Fiscal Year 2007, state-shared revenues are projected at \$137.8 million, an increase of \$13.4 million more than in the adopted budget for Fiscal Year 2006. For Fiscal Year 2008, it is anticipated that these revenues will increase another \$13.2 million.

State income tax distributions for Fiscal Year 2007, which are based on collections in 2005, are expected to be \$60.5 million, a 19% increase, reflecting the improvements in the economy. Fiscal Year 2008 income tax distributions are projected to grow another \$9.1 million.

Distribution of state-shared sales tax is based on a city's percentage of the total state population. Because Tucson's percentage of the state's population has decreased, the city's increases in this revenue are less than the statewide increases in the collection of state sales tax. The adopted budget for Fiscal Year 2007 includes \$51.9 million of state-shared sales tax, which is an increase of \$4.2 million over the Fiscal Year 2006 budget of \$47.7 million. The increase in Fiscal Year 2007 is attributable to additional growth during Fiscal Year 2006; estimated revenue from state-shared sales tax for Fiscal Year 2006 is \$52.0 million. There is no net growth in Fiscal Year 2007, because any improvements in the economy are expected to be fully offset by the impact of the mid-decade census. Fiscal Year 2008 distributions are expected to increase 6% or \$3.2 million.

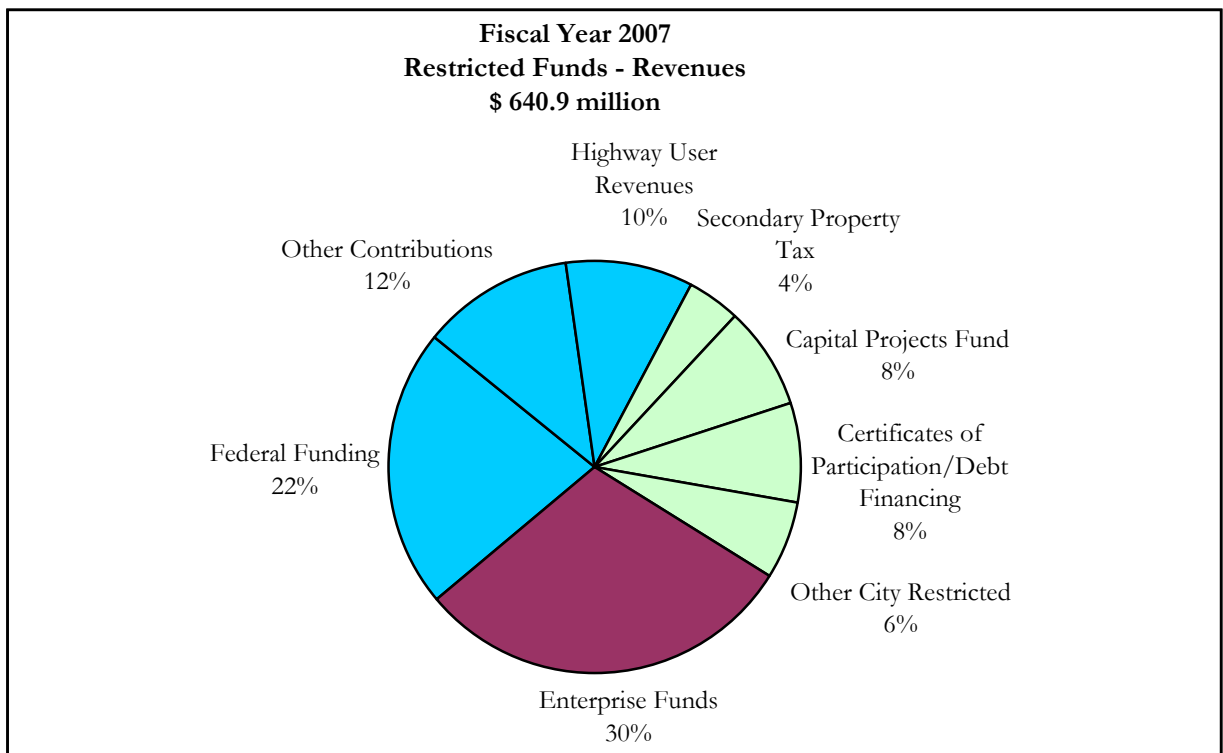
Other state-shared revenues include auto lieu taxes and lottery proceeds. The auto lieu tax is projected to decrease 1% or \$0.3 million in Fiscal Year 2007 net of the mid-decade census reduction, with an additional \$0.9 million anticipated for Fiscal Year 2008. No change is anticipated for lottery proceeds in either Fiscal Year 2007 or 2008.

Restricted Funds – Revenues

Restricted funds account for 58% of the total Fiscal Year 2007 budget. These funds are considered restricted because their use is limited to specific purposes. Restricted fund revenues are fairly evenly divided between:

- (1) grants, shared revenues, and contributions from other state and local governments
- (2) self-supporting enterprise funds
- (3) city revenues that are collected for a specific purpose, such as certificates of participation and other debt financing, and reserves set aside for a particular requirement

Restricted Funds come from federal, state, and local sources. For Fiscal Year 2007, federal funding is 22% of the Restricted Funds budget and provides revenue for public housing, roadway, and transit programs and projects. The restricted funding from the state is from grants and state-shared Highway User Revenue Funds (HURF), which together provide approximately 22% of the Restricted Funds budget. The remaining 56% is from local sources. The largest component of restricted local revenue is from the Enterprise Funds, but local sources also include bonds, certificates of participation, parking revenues, and debt service funds from the secondary property tax.



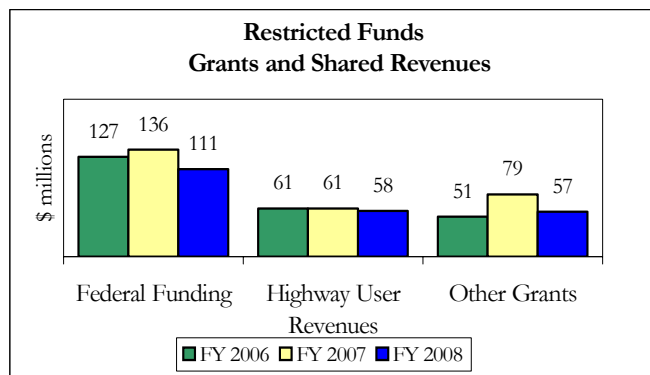
Revenue Changes – Restricted Funds Budget

In Fiscal Year 2007, the restricted funds revenues total \$640.9 million, a \$57.2 million increase over Fiscal Year 2006. Fiscal Year 2008 funding will decrease \$80.2 million as programs and projects funded from restricted sources are completed.

Restricted Fund Revenues (\$ millions)					
	FY 2006	FY 2007		FY 2008	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Budget</u>	<u>Change</u>
Grants and Shared Revenues:					
Federal Funding	\$ 127.2	\$ 135.6	\$ 8.4	\$ 110.7	\$ (24.9)
Highway User Revenues	60.8	60.8	-	57.8	(3.0)
Other Contributions	51.4	78.7	27.3	56.7	(22.0)
Grants and Shared Revenues Sub-Total	239.4	275.1	35.7	225.2	(49.9)
Restricted City Revenues:					
Secondary Property Tax	24.2	26.8	2.6	27.8	1.0
Capital Projects Fund	74.9	51.1	(23.8)	35.3	(15.8)
Other	55.1	93.2	38.1	69.8	(23.4)
Restricted City Sub-Total	154.2	171.1	16.9	132.9	(38.2)
Enterprise Revenues					
Environmental Services	37.8	39.5	1.7	47.4	7.9
Golf	13.1	10.9	(2.2)	10.9	-
Water	139.2	144.3	5.1	144.3	-
Enterprise Revenues Sub-Total	190.1	194.7	4.6	202.6	7.9
Total Restricted	\$ 583.7	\$ 640.9	\$ 57.2	\$ 560.7	\$ (80.2)

Following are brief explanations of the revenue differences between the Fiscal Year 2007 Adopted Budget and the Fiscal Year 2006 Adopted Budget. Additional information on restricted revenues is provided in Section E of this volume.

Grants and Shared Revenues. Revenues from grants and shared revenues total \$275.1 million in Fiscal Year 2007, which is an increase of \$35.7 million from Fiscal Year 2006. In Fiscal Year 2008, these revenues will decrease by \$49.9 million.

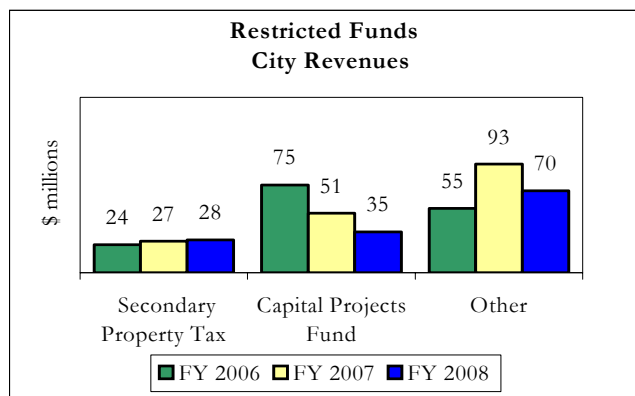


For Fiscal Year 2007, federal grants increase \$8.4 million, primarily for the HOPE IV funds awarded for the Martin Luther King Revitalization project. For Fiscal Year 2008, federal funding decreases as that and other projects are completed.

Revenues from Highway User Revenue Funds are expected to remain fairly level for Fiscal Year 2007 and drop by \$3.0 million in Fiscal Year 2008. The Fiscal Year 2008 reduction is primarily due to decrease in funds carried forward. HURF revenues are also impacted by the city's declining proportion of the state's population.

The Other Contributions group, which includes state grants and local contributions such as Pima County bonds, Regional Transportation Authority (RTA) funds, and Highway User Revenues distributed by the Pima Association of Governments, increase by \$27.3 million in Fiscal Year 2007. That increase is primarily due to the RTA funding and carryforward for roadway projects not completed as planned in Fiscal Year 2006. For Fiscal Year 2008, those revenue sources will decrease \$22.0 million as roadway projects are completed.

Restricted City Revenues. This group includes the Secondary Property Tax, Capital Projects Fund (bonds), and other restricted sources such as ParkWise, reserves, and certificates of participation. These revenues will increase \$16.9 million in Fiscal Year 2007 and decrease \$38.2 million in Fiscal Year 2008.



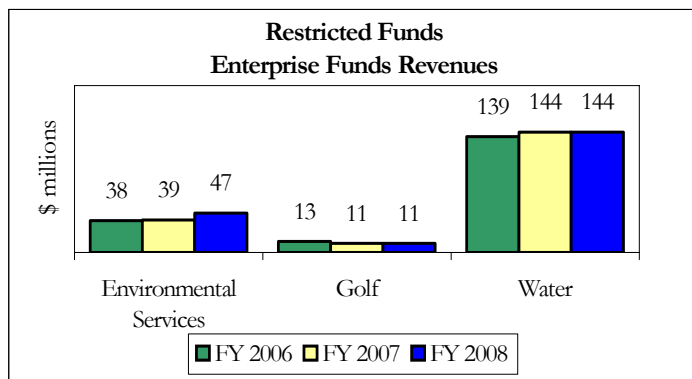
While the Fiscal Year 2007 secondary property tax levy is increasing by \$2.6 million, primarily from changes in the debt repayment schedule for outstanding bonds, the rate declines by \$0.0049 per \$100 of assessed valuation. A new bond sale is planned in Fiscal Year 2008, which will increase the revenues needed by \$1.0 million.

Because the voter-approved bond programs are nearing completion, the Capital Project Funds revenue decreases by \$23.8 million in Fiscal Year

2007. These revenues will decrease a further \$15.8 million as the 2000 bond authorization nears completion.

The Other group of restricted city revenues increases by \$38.1 million in Fiscal Year 2007 due to the additional certificates of participation being used to fund public safety facilities and the use of fund balance to cover one-time payments. For Fiscal Year 2008, these revenues decline by \$23.4 million as projects are completed.

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 \$4.6 million in Fiscal Year 2007. For Fiscal Year 2008, these revenues increase by \$7.9 million.



The Environmental Services Fund increases by \$1.7 million in Fiscal Year 2007, primarily from user revenues that are based on customer demand, not on rate changes. For Fiscal Year 2008, revenues are projected to increase by \$7.9 million because of certificates of participation used for facility projects.

One-time Golf revenues from certificates of participation will decrease by \$2.2 million in Fiscal Year 2007, because the Silverbell Golf Course improvements project has been completed. No change in revenues is

anticipated for Fiscal Year 2008.

For Fiscal Year 2007, Tucson Water's revenues increase \$5.1 million due to anticipated revenue from the Water System Equity Fee and commodity rate increases needed to cover the purchase of additional Central Arizona Project (CAP) water. For Fiscal Year 2008, Tucson Water's revenues are projected to remain the same, although more revenue will come from water sales and less from reserves.

CITIZEN IMPACTS

Changes to the City's "Bill for Services"

The cost impact to the average homeowner from the adopted Fiscal Year 2007 budget will be approximately \$2.59 per month or 9¢ per day more than in Fiscal Year 2006. That change will come from property tax collections and water usage. Although the city's property tax rates will decrease, the assessed value of property within the city has risen, generating the additional cost impact to the homeowner.

City "Bill for Services" for the Average Homeowner

	FY 2006	FY 2007	Increase
City Property Taxes ¹ :			
Primary	\$ 34.69	\$ 37.52	\$ 2.83
Secondary	111.19	127.38	16.19
City Sales Tax ²	434.60	434.60	-0-
Environmental	168.00	168.00	-0-
Service Fee			
Tucson Water ³	<u>234.84</u>	<u>246.84</u>	<u>12.00</u>
Annual Total	\$ 983.32	\$ 1,014.34	\$ 31.02
Per Month	\$ 81.94	\$ 84.53	\$ 2.59

¹Owner-occupied residence with the following assessed valuations:

	FY 2006	FY 2007	Change
Full cash value	\$ 125,000	\$ 144,000	+ 15%
Limited value	\$ 100,000	\$ 110,000	+ 10%

²Assumes an average income of \$41,000 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. The increase for FY 2007 reflects the water rate changes approved by Mayor and Council on July 6, 2006.

City Property Taxes. The city imposes two taxes on the assessed value of property within the city limits. The primary property tax, which is applied to the limited value assessed by the Pima County Assessor, is used for general purposes, and the secondary property tax, which is applied to the full cash value assessed by the Pima County Assessor, is used to pay off general obligation bond debt.

The combined property tax rate for the Fiscal Year 2007 Adopted Budget is \$1.2257 per \$100 of assessed valuation, which is a decrease of \$0.0107. For Fiscal Year 2008, the city's combined property tax rate is anticipated to drop another \$0.0219 for a combined rate of \$1.2038 per \$100 of assessed valuation.

City of Tucson Property Tax Comparisons

	Actual FY 2006	Estimated FY 2007	Changes
Rate Changes			
Primary	\$ 0.3469	\$ 0.3411	\$ (0.0058)
Secondary	<u>0.8895</u>	<u>0.8846</u>	<u>(0.0049)</u>
Total	\$ 1.2364	\$ 1.2257	\$ (0.0107)

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.

There is no change to the current city sales tax rate of 2% in the budgets for Fiscal Years 2007 and 2008. Any such change would require a majority vote of the electorate. (The recently approved ½ ¢ sales tax for the Regional Transportation Authority is a county-wide sales tax.)

Charges for Services. Not all of charges for services directly impact the general public; e.g., court fines and development fee increases. The charges for service that affect the majority of Tucson residents are the residential refuse fee and water usage rates.

There is no change to the residential refuse fee of \$14 per month.

The Mayor and Council approved water rate changes on July 6, 2006 (effective August 7, 2006) that are consistent with the Tucson Water Financial Plan that it adopted on June, 6, 2006. For single-family residential customers the increased rates vary based on usage: \$0.07/Ccf for usage between 1 to 15 Ccf, \$0.22/Ccf for usage between 16 to 30 Ccf, \$0.31/Ccf for usage between 31 to 45 Ccf, and \$0.37/Ccf for usage over 45 Ccf.

EXPENDITURE LIMITATION

Tucson, like all Arizona cities, is subject to a spending limit imposed by the state constitution, unless voters approve an alternative expenditure limitation that is also known as Home Rule.

In November 2005, city voters approved an alternative expenditure limitation for Fiscal Years 2007 through 2011. For each of those four fiscal years, the city's expenditure limitation will equal the total amount of budgeted expenditures in the annual budget adopted by the Mayor and Council.

BUDGET DEVELOPMENT PROCESS

Biennial Budget

The city has chosen to prepare biennial budgets that cover a two-year period. In the first year, a complete budget document is prepared; in the second year, only an update document is prepared. In addition to planning for a longer financial horizon, the biennial process gives staff time in the second year to investigate and evaluate service improvements.

This budget document covers the biennial period of Fiscal Years 2007 and 2008. The Mayor and Council have adopted Fiscal Year 2007; the Fiscal Year 2008 budget is considered approved. For Fiscal Year 2008, the approved budget, with necessary adjustments, will be brought to the Mayor and Council for adoption.

Budget Development

While state and city legal requirements dictate certain facets of the budget process, the budget evolved 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. The city's strategic plan serves as a guide for applying resources towards priority areas and focuses 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. These were amended in Fiscal Year 2006 to the following six priorities:

- Transportation
- Neighborhoods, Public Safety, and Emergency Preparedness
- Children, Families, and Seniors
- Environment, Planning, and Resource Management
- Economic and Workforce Development
- Rio Nuevo/Downtown, Arts, Culture, and History

Taken collectively, these priorities set the work plan for the city. A Financial Sustainability Plan presented to the Mayor and Council on April 18, 2006 provides a framework and clear benchmarks for addressing future service needs. See Section B of this volume for more information on that plan.

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 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 reference point for development of 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 and Financial Sustainability Plan, will revise department requested budgets and prepare a recommended budget for Mayor and Council consideration.

For the Fiscal Year 2007 and 2008 Biennial Budget, departments were given financial and staffing allocations equal to their Fiscal Year 2006 Adopted Budget with some adjustments. To stay within those allocations, departments had to review their operations and make revisions to their budgets to cover inflation and the full-year impact of Fiscal Year 2006 pay adjustments. Funding was added for prior commitments for such costs as the full-year funding of mid-year pay adjustments for public safety commissioned personnel and pension contributions. These adjustments to the Fiscal Year 2006 budget formed the base budgets for Fiscal Years 2007 and 2008. In addition to the base budgets, funding was included for the first two years of the Financial Sustainability Plan.

Step 4: Mayor and Council Adoption. This step in the process is governed by both state and city legal requirements and provides an opportunity 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.

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.

Budget Calendar

For a complete budget calendar for the Fiscal Years 2007 and 2008 Biennial Budget, see page iii.



City of Tucson



Section B **Strategic Priorities**

Adopted Biennial Budget Summary
Fiscal Years 2007 and 2008





CITY STRATEGIC PRIORITIES & FINANCIAL SUSTAINABILITY

VISION

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

STRATEGIC PRIORITIES

The City of Tucson continues to move towards being a more strategic, results-oriented organization. The process began in the mid-1990s with the introduction of performance measurement and the Livable Tucson program. Fiscal years 2007 and 2008 will begin with a new set of strategic priorities and a long-term financial sustainability plan approved by the Mayor and Council.

The Strategic Priorities for the City of Tucson are:

Children, Families, and Seniors

Environment, Planning, and Resource Management

Neighborhoods, Public Safety, and Emergency Preparedness

Transportation

Economic and Workforce Development

Rio Nuevo/Downtown, Arts, Culture, and History

The Mayor and Council has established subcommittees, made up of three council members each, to review and discuss strategies, information, and issues related to their assigned strategic priority. Recommendations are forwarded to the full Mayor and Council for consideration and action.

Citizen Participation

The Livable Tucson process 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 remain reflective of the community. One source of new community data is coming from citizen surveys. Gathering feedback from a broad section of Tucson residents on a routine basis is an important tool to gauge community perceptions of our city. In 2001, the City of Tucson in partnership with the International City/County Management Association (ICMA) conducted its first citizen survey. A second citizen survey was done in 2004 using a similar survey instrument. Results from the citizen surveys are being used by the Mayor and Council and the city organization to assess current practices and to help set future priorities.

Strategic Planning Process

The Mayor and Council adopted the city's first Strategic Plan in the spring of 2002. The plan was based on six focus areas approved by the Mayor and Council in December, 2001, and included associated goals, strategies, and priority projects. Since that time, the plan has evolved based on citizen surveys and progress achieved on the plan's strategies and projects. With the adoption of a new set of strategic priorities by the Mayor and Council in 2006, the city has begun developing a new Strategic Plan working through the Strategic Priority Subcommittees.

In the Strategic Plan, each priority area will be composed of strategies or goals and important performance measures that will be used to measure success. The priority areas will allow the city to concentrate management initiatives, projects, and strategies, as well as direct the training of employees and ensure the effective use of resources.

The City of Tucson follows a basic four-step strategic approach:

- Mayor and Council (and its six strategic subcommittees) establish and define the city's priorities.
- The city organization is aligned to effectively carry out the priorities.
- Programs and projects are approved and funded to further the priorities.
- Results are measured and evaluated with the goal of improved services.

It is anticipated that an updated Strategic Plan will be presented to the Mayor and Council in the fall of 2006.

Financial Sustainability Plan

Although the City of Tucson has a number of long-term plans on specific issues such as the capital improvement program and transportation, there is not one process that consolidates the strategic priorities and long-term plans and financial projections into a single long-term service and financial plan. The financial sustainability process fills that need by identifying future service levels consistent with the city's strategic priorities and the resources required to provide those services. The Financial Sustainability Plan will provide a basis for future biennial budgets and will guide workforce planning and other efforts to improve the effectiveness and efficiency of city services.

While the needs of the community appear daunting, a significant impact can be achieved through a managed effort that consistently grows the amount of funding allocated to priority services one year at a time.

Background. During December 2005 and January 2006, presentations were made to the Mayor and Council on three primary services that are the focus of the plan: road maintenance, public safety, and parks and recreational programs and services. The discussions also included such issues as crime prevention and youth funding. Staff developed revenue projections and a plan that allocated revenue growth to the primary services presented to the Mayor and Council. The Financial Sustainability Plan was approved by the Mayor and Council on April 18, 2006.

Use of Revenue Growth. One of the underlying premises of the Financial Sustainability Plan is that revenue growth would be applied to ensure continuous service improvements while still addressing human capital requirements of the city organization. Fiscal Year 2005, a year with positive economic conditions and a significant investment in services, was used as a guide for determining the allocation amounts. In that fiscal year, 58% of the year's revenue growth went to services and 42% was used for human capital.

Although it is recognized that future revenue growth will vary based on economic cycles, an average annual growth of \$24 million is anticipated over the next ten years. It is recommended that 60% or just over \$14 million of each year's revenue growth be allocated to services. Less than \$10 million would be used to support human capital costs, such as salary and benefit adjustments. Savings of \$2 to \$3 million annually are anticipated from efforts to improve the effectiveness and efficiency of city services that will offset inflationary costs. The total allocation for service improvements for the ten-year plan is over \$780 million beginning with \$16 million in the first year, Fiscal Year 2007, and growing to more than \$142 million in the tenth year. (Revenue projections do not include any general tax increases or new revenue sources.)

The recommended goals and allocations for the priority services are as follows:

Road Maintenance. Establish a sustainable road maintenance program to raise the condition of every roadway to "good" or better, with an emphasis on residential streets. The Financial Sustainability Plan proposes \$133 million from future General Fund revenues be allocated to this goal; an additional \$25 million is anticipated from Pima Association of Governments.

Public Safety – Police. Increase the number of Police officers to 2.4 per thousand residents to improve service and timely response, emphasizing crime prevention. A total of \$324 million is allocated to increase the Police force by 560 officers, including investments to improve effectiveness. This allocation includes \$38 million for the judicial support required because of the increase in enforcement.

Public Safety – Fire. Add new firefighters to ensure emergency call response within an average of 4 minutes and increase medical response capabilities, fire prevention efforts, and emergency and hazardous materials preparedness. The ten-year plan allocates \$223 million for this goal, including the addition of 354 firefighters and paramedics.

Parks and Recreation. Take care of our existing parks and centers and increase programs with an emphasis on youth, families, and seniors. Improvements in maintenance, programming, and other services, including those for social and educational issues, will be achieved with \$104 million in funding over ten years.

While many service needs are driven by a growing community, a significant portion is required to “catch up.” The above amounts do not include capital improvement project costs. Impact fees will help offset some of the costs associated with growth and capital improvements may be funded by future voter authorized bonds and other funding mechanisms. Revenue projections do not include any general tax increases or new revenue sources.

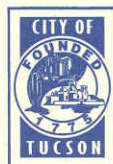


City of Tucson



Section C **Legal Authorization**

Adopted Biennial Budget Summary
Fiscal Years 2007 and 2008



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

Expenditure Limitation – Home Rule

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. The constitution also allows cities, with voter approval, to adopt an alternative expenditure limitation, which is commonly referred to as Home Rule.

In November 2005, the voters approved the Home Rule option for Fiscal Years 2007 through 2010. For each of those four fiscal years, the city's expenditure limitation will equal the total amount of budgeted expenditures in the annual budget adopted by the Mayor and Council after at least one public hearing. Because the city is also required to have a balanced budget, expenditures will never exceed available revenues.

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)

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.

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

The Mayor and Council have adopted a policy of increasing the General Fund unreserved fund balance to 10% of expenditures.

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. When a service benefits a large segment of the community and is considered a public service, then it should be funded with general tax dollars. When the service benefits individuals and is more of a private service, a market-based fee is appropriate. Services that fall in between should 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 fund balance 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 Tucson 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 provide maximum future borrowing flexibility.

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

**PRIMARY AND SECONDARY TAX LEVIES
FISCAL YEARS 2006, 2007, AND 2008 PROJECTED**

Property Tax	FY 2006 Adopted Levy	FY 2006 Revised Levy	FY 2007 Levy	FY 2007 Increase/ (Decrease)	FY 2008 Levy	FY 2008 Increase/ (Decrease)	FY 2007 Maximum Levy Amount	FY 2008 Maximum Levy Amount
Primary	\$ 9,174,950	\$ 9,163,090	\$ 9,733,050	\$ 569,960	\$ 10,219,700	\$ 486,650	\$ 9,733,050 ¹	\$ 10,219,700 ¹
Secondary	24,235,450	24,220,340	26,808,660	2,588,320	27,815,830 ²	1,007,170	26,808,660	27,815,830
Total	<u>\$ 33,410,400</u>	<u>\$ 33,383,430</u>	<u>\$ 36,541,710</u>	<u>\$ 3,158,280</u>	<u>\$ 38,035,530</u>	<u>\$ 1,493,820</u>	<u>\$ 36,541,710</u>	<u>\$ 38,035,530</u>

Property Tax	Actual FY 2006 Rate	Estimated FY 2007 Rate ³	FY 2007 Rate Increase/ (Decrease)	Estimated FY 2008 Rate ³	FY 2008 Rate Increase/ (Decrease)
Primary	\$ 0.3469	\$ 0.3411	\$ (0.0058)	\$ 0.3379	\$ (0.0032)
Secondary	0.8895	0.8846	(0.0049)	0.8659	(0.0187)
Total	<u>\$ 1.2364</u>	<u>\$ 1.2257</u>	<u>\$ (0.0107)</u>	<u>\$ 1.2038</u>	<u>\$ (0.0219)</u>

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 A general obligation bond sale of \$13.3 million is assumed for Fiscal Year 2008.

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

**CITY OF TUCSON
PROPERTY TAX SUMMARY**

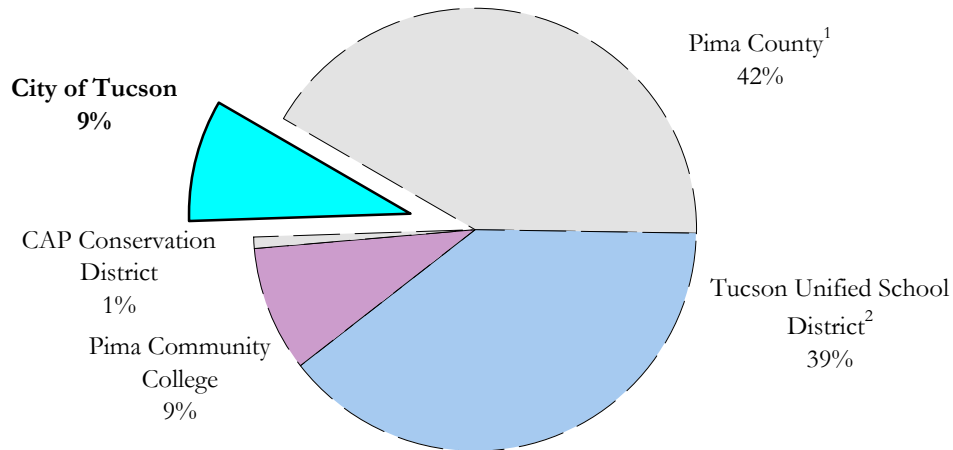
Taxing Jurisdiction	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Property Tax Rates (Per \$100 of assessed value)										
State of Arizona	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Pima County ¹	5.24	5.34	5.41	5.74	5.72	5.68	5.60	5.57	5.56	5.48
Tucson Unified School District ²	6.99	6.46	6.26	6.03	6.05	5.86	5.74	5.69	5.51	5.50
Pima Community College	1.24	1.18	1.19	1.37	1.56	1.55	1.53	1.49	1.34	1.31
Flood Control District	0.36	0.33	0.32	0.30	0.30	0.35	0.35	0.35	0.35	0.37
Fire District	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.04
Central Arizona Project (CAP) - Conservation District	0.14	0.14	0.14	0.14	0.13	0.13	0.13	0.12	0.12	0.12
Sub-Total without the City of Tucson	\$ 14.02	\$ 13.50	\$ 13.37	\$ 13.63	\$ 13.81	\$ 13.62	\$ 13.39	\$ 13.26	\$ 12.92	\$ 12.82
City of Tucson	1.15	0.99	0.96	1.02	1.13	1.12	1.12	1.16	1.18	1.24
Total ³	\$ 15.17	\$ 14.49	\$ 14.33	\$ 14.65	\$ 14.94	\$ 14.74	\$ 14.51	\$ 14.42	\$ 14.10	\$ 14.06
Percent increase/(decrease) from prior year	1.4%	(4.5%)	(1.1%)	2.2%	2.0%	(1.3%)	(1.6%)	(0.6%)	(2.2%)	(0.3%)
Assessed Valuation										
Primary (billions)	\$ 1.582	\$ 1.727	\$ 1.830	\$ 1.887	\$ 1.999	\$ 2.088	\$ 2.203	\$ 2.344	\$ 2.477	\$ 2.641
Secondary (billions)	\$ 1.599	\$ 1.819	\$ 1.904	\$ 1.945	\$ 2.049	\$ 2.138	\$ 2.269	\$ 2.427	\$ 2.558	\$ 2.723

¹ Includes the Education Assistance rate (\$0.44 in Fiscal Year 2006).

² Tucson Unified School District tax levy reflects State Aid to Education reduction (\$2.38 in Fiscal Year 2006).

³ Does not include any special assessment districts.

**City of Tucson's Share of
Residential Property Owner Tax Valuation
Fiscal Year 2006 Property Taxes**



	Tax Rate Per \$1,000	Percent of Total
Pima County ¹	\$ 5.89	42%
Tucson Unified School District ²	5.50	39%
Pima Community College	1.31	9%
Central Arizona Project (CAP) Conservation District	0.12	1%
Sub-Total	\$ 12.82	91%
City of Tucson	1.24	9%
Total	\$ 14.06	100%

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 13, 2006

RESOLUTION NO. 20350

RELATING TO FINANCE; FINALLY DETERMINING AND ADOPTING ESTIMATES OF PROPOSED EXPENDITURES BY THE CITY OF TUCSON FOR THE FISCAL YEAR BEGINNING JULY 1, 2006 AND ENDING JUNE 30, 2007, 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, 2006 and ending June 30, 2007, which was tentatively adopted on May 16, 2006 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

CITY CLERK NOTE: This resolution contained a scrivener's error in Section 3. See memorandum from the City Attorney dated August 28, 2006.

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convened in special meeting to finally determine and adopt estimates of proposed expenditures for the various purposes set forth in the published proposal, all as required by law;

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

SECTION 1. The Mayor and Council have finally determined the estimates of revenue and expenditures, as set forth in Schedules A, B, C, D, and E, attached and incorporated herein by this reference, which will be required of the City of Tucson for the Fiscal Year beginning July 1, 2006 and ending June 30, 2007, and such finally determined estimates are hereby adopted as the budget of the City of Tucson for said fiscal year.

SECTION 2. The Purposes of Expenditure and the amount finally determined upon for each purpose, as set forth in this section, are necessary for the conduct of the business of the government of the City of Tucson, and such amounts and purposes shall constitute the adopted Expenditure Plan for the City for the 2007 Fiscal Year:

<u>Purpose of Expenditure</u>	<u>Final 2007 Budget</u>
Elected and Official	\$ 18,562,920
Neighborhood Services	438,455,120
Environment and Development	465,813,560
Strategic Initiatives	10,860,320
Support Services	66,307,500
Non-Departmental	<u>102,305,150</u>
TOTAL	<u>\$ 1,102,304,570</u>


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 2007 Fiscal Year which is subject to the State Budget Law:

<u>Purpose of Expenditure</u>	<u>Final 2007 Budget Subject to State Budget Law</u>
Elected and Official	\$ 18,224,480
Neighborhood Services	353,362,950
Environment and Development	367,696,350
Strategic Initiatives	10,860,320
Support Services	65,507,500
Non-Departmental	<u>99,513,190</u>
 TOTAL	 <u>\$ 915,164,790</u>


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

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Tucson, Arizona, this 13th day of June, 2006.



MAYOR

ATTEST:



CITY CLERK

APPROVED AS TO FORM:



CITY ATTORNEY

REVIEWED BY:



CITY MANAGER

DD:tc
06/05/2006 10:02 AM

SCHEDULE A TO RESOLUTION NO. 20350
City of Tucson
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2006-07

FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2005-06*	ACTUAL EXPENDITURES/ EXPENSES 2005-06**	FUND BALANCE/ NET ASSETS*** July 1, 2006**	DIRECT PROPERTY TAX REVENUES 2006-07	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2006-07	OTHER FINANCING 2006-07		INTERFUND TRANSFERS 2006-07		TOTAL FINANCIAL RESOURCES AVAILABLE 2006 07	BUDGETED EXPENDITURES/ EXPENSES 2006-07
						SOURCES	<USES>	IN	<OUT>		
1. General Fund	\$ 382,563,890	\$ 364,353,020	\$	Primary: \$ 9,733,050	\$ 445,664,950	\$ 50,785,800	\$	\$ 12,648,100	\$ 47,890,350	\$ 470,941,550	\$ 470,941,550
2. Special Revenue Funds	319,331,690	261,257,310		Secondary:	288,538,910	2,175,490		60,013,420	8,827,240	341,900,580	341,900,580
3. Debt Service Funds Available	41,438,560	38,647,210		26,808,660	8,042,000			8,827,240		43,677,900	43,677,900
4. Less: Designation for Future Debt Retirement											
5. Total Debt Service Funds	41,438,560	38,647,210		26,808,660	8,042,000			8,827,240		43,677,900	43,677,900
6. Capital Projects Funds	74,933,900	77,098,900				51,059,900				51,059,900	51,059,900
7. Permanent Funds											
8. Enterprise Funds Available	190,126,440	188,175,930			184,235,650	1,571,000		11,862,350	2,944,360	194,724,640	194,724,640
9. Less: Designation for Future Debt Retirement											
10. Total Enterprise Funds	190,126,440	188,175,930			184,235,650	1,571,000		11,862,350	2,944,360	194,724,640	194,724,640
11. Internal Service Funds											
12. TOTAL ALL FUNDS	\$ 1,008,394,480	\$ 929,532,370	\$	\$ 36,541,710	\$ 926,481,510	\$ 105,592,190	\$	\$ 93,351,110	\$ 59,661,950	\$ 1,102,304,570	\$ 1,102,304,570

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

2005-06	2006-07 (Home Rule Option)
\$ 1,008,394,480	\$ 1,102,304,570
1,008,394,480	1,102,304,570
461,558,580	
\$ 546,835,900	\$ 1,102,304,570
\$ 547,129,880	\$ 1,102,304,570

☐ 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 2005-06 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.

*** 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. 20350
City of Tucson
Summary of Tax Levy and Tax Rate Information
Fiscal Year 2006-07

	2005-06 FISCAL YEAR	2006-07 FISCAL YEAR
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A).	\$ <u>9,174,950</u>	\$ <u>9,733,050</u>
2. Amount received from primary property taxation in the 2005-06 fiscal year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18).	\$ <u></u>	
3. Property tax levy amounts		
A. Primary property taxes	\$ <u>9,163,090</u>	\$ <u>9,733,050</u>
B. Secondary property taxes	<u>24,220,340</u>	<u>26,808,660</u>
C. Total property tax levy amounts	\$ <u>33,383,430</u>	\$ <u>36,541,710</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) 2005-06 year's levy	\$ <u>9,163,090</u>	
(2) Prior years' levies		
(3) Total primary property taxes	\$ <u>9,163,090</u>	
B. Secondary property taxes		
(1) 2005-06 year's levy	\$ <u>24,220,340</u>	
(2) Prior years' levies		
(3) Total secondary property taxes	\$ <u>24,220,340</u>	
C. Total property taxes collected	\$ <u>33,383,430</u>	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	<u>0.3469</u>	<u>0.3411</u>
(2) Secondary property tax rate	<u>0.8895</u>	<u>0.8846</u>
(3) Total city/town tax rate	<u>1.2364</u>	<u>1.2257</u>

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. 20350
City of Tucson
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2006-07

SOURCE OF REVENUES	ESTIMATED REVENUES 2005-06	ACTUAL REVENUES 2005-06*	ESTIMATED REVENUES 2006-07
GENERAL FUND			
Local taxes			
Business Privilege Tax	\$ 184,540,000	\$ 190,000,000	\$ 199,500,000
Public Utility Tax	8,250,000	7,601,300	7,750,000
Transient Occupancy Tax	7,760,000	9,819,830	10,210,000
Room Tax	2,130,000	2,240,440	2,280,000
Occupational Taxes	2,130,000	2,425,400	2,470,000
Liquor Taxes	780,000	794,000	810,000
Use Tax	4,900,000	5,373,250	5,640,000
Licenses and permits			
Application Fees	190,000	271,150	267,000
Sign Permits	305,000	339,520	340,000
Parking Meter Collections	440,000	304,220	388,650
Vehicle Permits	75,000	336,890	360,000
Developer In Lieu Fees	220,700		
Fire Inspection Fee	600,000		
Temporary Workzone Traffic Control Fee	500,000	212,360	300,000
Cable Television Licenses	3,040,000	3,056,260	3,180,000
Public, Educational, Government (PEG) Operating Support	970,000	1,045,780	1,090,000
PEG Capital Support	600,000	608,960	630,000
Telecommunications Licenses and Franchise Fees	760,000	672,780	760,000
Utility Franchise Fees			
	12,620,000	13,200,000	13,800,000
Intergovernmental			
Auto Lieu Taxes	23,230,000	23,695,750	22,900,000
State Sales Tax	47,670,000	52,000,000	51,930,000
State Revenue Sharing	50,930,000	50,954,690	60,500,000
Grants-in-Aid	410,820	358,180	351,070
Other	813,000	879,890	995,650
Charges for services			
	580,940	248,500	198,920
	6,973,000	7,810,690	8,201,000
	10,980,000	11,885,640	11,750,000
	4,200,000	3,838,930	3,540,000
Fines and forfeits			
Prosecutor's Diversion Program	1,520,000	1,843,240	1,900,000
Criminal Traffic Violations	570,000	908,010	940,000
Driving Under the Influence	5,430,000	6,676,330	6,700,000
City Court Miscellaneous	460,000	303,280	320,000
Zoning Code Violations	590,000	622,410	660,000
False Alarm Violations	2,155,330	2,155,330	2,169,410
Other	2,060,000	2,198,150	2,281,200
Interest on investments			
	750,000	1,214,630	1,300,000

SCHEDULE C TO RESOLUTION NO. 20350
City of Tucson
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2006-07

SOURCE OF REVENUES	ESTIMATED REVENUES 2005-06	ACTUAL REVENUES 2005-06*	ESTIMATED REVENUES 2006-07
In-lieu property taxes			
Contributions			
Voluntary contributions			
Miscellaneous			
Tenant Rent	1,561,990	1,715,210	1,829,100
	805,000	1,116,890	1,110,000
	413,000	459,450	462,000
	275,000	144,610	278,000
	3,750,000		2,000,000
	3,109,060	2,949,880	3,003,260
	2,304,110	4,434,860	10,569,690
Total General Fund	\$ 402,351,950	\$ 416,716,690	\$ 445,664,950

* 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. 20350
City of Tucson
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2006-07

SOURCE OF REVENUES	ESTIMATED REVENUES 2005-06	ACTUAL REVENUES 2005-06*	ESTIMATED REVENUES 2006-07
SPECIAL REVENUE FUNDS			
Highway User Revenue Fund			
State Grants-in-Aid	\$ 42,468,000	\$ 42,985,410	\$ 42,468,000
Interest Earnings	550,000	518,400	520,000
Non-Revenue Receipts	2,525,000	1,825,000	1,525,000
Total Highway User Revenue Fund	\$ 45,543,000	\$ 45,328,810	\$ 44,513,000
Local Transportation Assistance Fund			
State Grants-in-Aid	\$ 2,592,000	\$ 2,592,000	\$ 2,592,000
Total Local Transportation Assistance Fund	\$ 2,592,000	\$ 2,592,000	\$ 2,592,000
Mass Transit Fund			
Charges for Current Services	\$ 8,800,000	\$ 9,604,530	\$ 9,930,000
Local Operating Assistance	3,100,000	3,579,430	3,600,000
State Grants-in-Aid	609,040		
Federal Grants	31,197,410	18,814,320	34,853,610
Total Mass Transit	\$ 43,706,450	\$ 31,998,280	\$ 48,383,610
Library Fund			
Charges for Current Services	\$ 570,000	\$ 570,000	\$
Local Operating Assistance	13,915,830	12,915,830	
Total Library Fund	\$ 14,485,830	\$ 13,485,830	\$
Intergovernmental Funds			
State Grants-in-Aid	\$ 8,645,930	\$ 5,414,300	\$ 6,261,960
County/Local	7,498,000	6,241,800	21,639,600
Pima Association of Governments	14,076,500	1,866,200	23,067,000
Regional Transportation Authority			25,000,000
Total Intergovernmental Funds	\$ 30,220,430	\$ 13,522,300	\$ 75,968,560
Housing Assistance Funds			
Public Housing Local Revenue	\$ 2,280,000	\$ 2,280,000	\$ 2,280,000
Public Housing Federal Revenue	46,003,450	45,799,920	58,049,750
Total Housing Assistance Funds	\$ 48,283,450	\$ 48,079,920	\$ 60,329,750
Other Federal Funds			
Community Development	\$ 13,153,730	\$ 10,173,740	\$ 11,353,760
Block Grant Entitlement			
Police Grants	5,430,830	2,939,820	5,516,110
Transportation Grants	24,711,420	22,546,300	17,855,700
Other Federal Grants	4,393,560	3,963,790	5,670,450
Total Other Federal Funds	\$ 47,689,540	\$ 39,623,650	\$ 40,396,020
Other Special Revenue Funds			
Public Safety Academy	\$ 878,950	\$ 758,950	\$ 883,240
Tucson Convention Center	3,501,500	3,642,690	4,083,000
ParkWise	3,526,000	3,421,740	4,187,230
Impact Fees			6,852,500
Contributions	3,510,000	1,451,540	350,000
Total Other Special Revenue Funds	\$ 11,416,450	\$ 9,274,920	\$ 16,355,970
Total Special Revenue Funds	\$ 243,937,150	\$ 203,905,710	\$ 288,538,910

* 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. 20350
City of Tucson
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2006-07

SOURCE OF REVENUES	ESTIMATED REVENUES 2005-06	ACTUAL REVENUES 2005-06*	ESTIMATED REVENUES 2006-07
DEBT SERVICE FUNDS			
Street and Highway Debt Service			
Highway User Revenue Funds	\$ 8,042,000	\$ 8,054,090	\$ 8,042,000
Total Street and Highway Debt Service	\$ 8,042,000	\$ 8,054,090	\$ 8,042,000
Total Debt Service Funds	\$ 8,042,000	\$ 8,054,090	\$ 8,042,000
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. 20350
City of Tucson
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2006-07

SOURCE OF REVENUES	ESTIMATED REVENUES 2005-06	ACTUAL REVENUES 2005-06*	ESTIMATED REVENUES 2006-07
PERMANENT FUNDS			
None	\$	\$	\$
	\$	\$	\$
Total Permanent Funds	\$	\$	\$
ENTERPRISE FUNDS			
Environmental Services Fund			
Operating Revenue	\$ 37,227,000	\$ 38,840,800	\$ 39,487,600
Non-Operating Revenue	1,089,490	681,000	510,500
Miscellaneous Grants	410,000	410,000	910,500
Total Environmental Services Fund	\$ 38,726,490	\$ 39,931,800	\$ 40,908,600
Golf Course Fund			
Operating Revenue	\$ 10,344,540	\$ 8,238,000	\$ 10,344,540
Non-Operating Revenue	563,510	1,667,480	563,510
Total Golf Fund	\$ 10,908,050	\$ 9,905,480	\$ 10,908,050
Water Utility Fund			
Operating Revenue	\$ 128,765,000	\$ 124,822,000	\$ 120,714,000
Non-Operating Revenue	9,770,000	10,412,000	10,855,000
Miscellaneous Grants	400,000	400,000	850,000
Total Water Utility Fund	\$ 138,935,000	\$ 135,634,000	\$ 132,419,000
Total Enterprise Funds	\$ 188,569,540	\$ 185,471,280	\$ 184,235,650

* 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. 20350
City of Tucson
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2006-07

SOURCE OF REVENUES	ESTIMATED REVENUES 2005-06	ACTUAL REVENUES 2005-06*	ESTIMATED REVENUES 2006-07
INTERNAL SERVICE FUNDS			
Not Applicable	\$	\$	\$
	\$	\$	\$
Total Internal Service Funds	\$	\$	\$
TOTAL ALL FUNDS	\$ <u>842,900,640</u>	\$ <u>814,147,770</u>	\$ <u>926,481,510</u>

* 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. 20350

City of Tucson

**Summary by Fund Type of Other Financing Sources/<Uses> and Interfund Transfers
Fiscal Year 2006-07**

FUND	OTHER FINANCING 2006-07		INTERFUND TRANSFERS 2006-07	
	SOURCES	<USES>	IN	<OUT>
GENERAL FUND				
	\$ 50,785,800	\$	\$	\$
Business Privilege Tax				47,890,350
Transfers from Fund Balance			12,648,100	
Total General Fund	\$ 50,785,800	\$	\$ 12,648,100	\$ 47,890,350
SPECIAL REVENUE FUNDS				
Certificates of Participation	\$ 2,175,490	\$	\$	\$
Highway User Revenue Fund				8,827,240
Library Fund				
Public Safety Academy Fund			5,583,860	
Tucson Convention Center Fund			6,624,260	
Mass Transit Fund			35,682,230	
Transfers from Fund Balance			12,123,070	
Total Special Revenue Funds	\$ 2,175,490	\$	\$ 60,013,420	\$ 8,827,240
DEBT SERVICE FUNDS				
Transfer from Highway User Revenue Fund	\$	\$	\$ 8,827,240	\$
Total Debt Service Funds	\$	\$	\$ 8,827,240	\$
CAPITAL PROJECTS FUNDS				
General Obligation Bond Funds	\$ 18,174,700	\$	\$	\$
Street and Highway Revenue Bond	85,300			
Environmental Services Bond Funds	2,899,000			
Water Revenue Bond Funds	29,900,900			
Total Capital Projects Funds	\$ 51,059,900	\$	\$	\$
PERMANENT FUNDS				
None	\$	\$	\$	\$
Total Permanent Funds	\$	\$	\$	\$
ENTERPRISE FUNDS				
Certificates of Participation	\$ 1,571,000	\$	\$	\$
Transfers from/to Fund Balance			11,862,350	2,944,360
Total Enterprise Funds	\$ 1,571,000	\$	\$ 11,862,350	\$ 2,944,360
INTERNAL SERVICE FUNDS				
Not Applicable	\$	\$	\$	\$
Total Internal Service Funds	\$	\$	\$	\$
TOTAL ALL FUNDS	\$ 105,592,190	\$	\$ 93,351,110	\$ 59,661,950

SCHEDULE E TO RESOLUTION NO. 20350

City of Tucson

Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2006-07

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2005-06	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2005-06	ACTUAL EXPENDITURES/ EXPENSES 2005-06*	BUDGETED EXPENDITURES/ EXPENSES 2006-07
GENERAL FUND				
Mayor and Council	\$ 3,264,070	\$	\$ 3,128,540	\$ 3,272,010
City Manager	2,281,310		2,211,740	2,825,200
City Clerk	4,921,830		4,125,610	3,699,070
City Attorney	7,511,890		7,540,050	8,279,940
City Court	9,974,690		9,929,540	10,483,020
Community Services	7,061,800		7,061,800	7,455,860
Fire	59,359,610		58,790,860	75,009,730
Neighborhood Resources	3,487,970		2,763,210	3,825,780
Parks and Recreation	44,427,450		42,365,580	50,673,360
Police	134,192,390		130,304,280	158,422,580
Office of Equal Opportunity Programs & Independent Police Review	740,020		731,870	757,470
Office of Public Defender	2,813,750		2,755,570	3,000,810
Development Services	11,013,910		10,203,910	11,427,740
Urban Planning & Design	4,459,240		4,372,260	3,678,530
Transportation	6,569,200		6,243,950	10,719,920
Zoning Examiner	192,820		190,080	
Office of Economic Development	1,169,480		1,110,520	
Intergovernmental Relations	565,860		655,840	
Tucson Mexico Trade Office	886,920		461,740	
Budget and Research	2,183,580		1,964,170	2,455,910
Finance	10,844,310		9,886,870	11,053,660
Human Resources	2,854,660		2,811,450	2,701,950
Information Technology	25,672,350		18,544,340	32,517,110
General Services	10,769,300		11,115,360	12,407,350
Procurement	3,545,090		3,532,360	3,841,520
Non-Departmental	21,800,390		21,551,520	52,433,030
Total General Fund	\$ 382,563,890	\$	\$ 364,353,020	\$ 470,941,550
SPECIAL REVENUE FUNDS				
Highway User Revenue Fund				
Neighborhood Resources	\$ 3,801,600	\$	\$ 1,401,220	\$ 4,101,600
Urban Planning & Design	148,980		148,980	88,530
Transportation	40,729,820		38,643,040	39,509,510
Non-Departmental	1,215,840		1,415,840	1,791,090
Total	\$ 45,896,240	\$	\$ 41,609,080	\$ 45,490,730
Local Transportation Assistance Fund				
Transportation	2,592,000		2,592,000	2,592,000
Total	\$ 2,592,000	\$	\$ 2,592,000	\$ 2,592,000
Mass Transit Fund				
Transportation	82,667,340		67,076,530	86,225,940
Total	\$ 82,667,340	\$	\$ 67,076,530	\$ 86,225,940
Library Fund				
Library	22,485,830		21,485,790	
Total	\$ 22,485,830	\$	\$ 21,485,790	\$

SCHEDULE E TO RESOLUTION NO. 20350

City of Tucson

Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2006-07

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2005-06	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2005-06	ACTUAL EXPENDITURES/ EXPENSES 2005-06*	BUDGETED EXPENDITURES/ EXPENSES 2006-07
Intergovernmental Funds				
City Attorney	\$ 148,870	\$	\$ 103,090	\$ 148,260
City Court	399,140		260,390	362,190
Community Services	650,000		650,000	1,972,700
Fire	350,000		17,040	350,000
Library	1,000,000		946,250	
Parks & Recreation	3,337,590		3,450,210	15,533,290
Police	1,273,380		1,143,390	1,181,980
Urban Planning & Design	210,000		210,000	210,000
Transportation	19,743,800		5,411,930	55,480,140
Tucson Mexico Trade Office	277,650			
Information Technology	30,000		30,000	30,000
General Services	1,500,000			500,000
Non-Departmental	1,300,000		1,300,000	200,000
Total	\$ 30,220,430	\$	\$ 13,522,300	\$ 75,968,560
Housing Assistance Funds				
Community Services	\$ 48,190,170	\$	\$ 47,953,160	\$ 60,183,380
Non-Departmental	93,280		126,760	146,370
Total	\$ 48,283,450	\$	\$ 48,079,920	\$ 60,329,750
Community Development Block Grant				
Community Services	\$ 9,478,030	\$	\$ 9,398,030	\$ 7,425,170
Neighborhood Resources	3,475,000		575,010	3,907,500
Office of Economic Development	171,470		171,470	
Non-Departmental	29,230		29,230	21,090
Total	\$ 13,153,730	\$	\$ 10,173,740	\$ 11,353,760
Other Federal Grant Funds				
City Attorney	\$ 424,700	\$	\$ 204,720	\$ 338,440
Community Services	535,840		535,840	398,540
Fire	98,380		2,040,390	911,880
Information Technology				300,000
Library			53,250	
Parks & Recreation	720,930		237,220	581,590
Police	5,430,830		2,939,820	5,516,110
Urban Planning & Design	390,000		390,000	390,000
Transportation	24,711,420		22,546,300	17,855,700
Office of Economic Development	342,050		342,050	
Tucson Mexico Trade Office	381,660		160,320	
General Services	1,500,000			500,000
Non-Departmental				2,250,000
Total	\$ 34,535,810	\$	\$ 29,449,910	\$ 29,042,260
Public Safety Academy Fund				
Fire	\$ 2,951,860	\$	\$ 3,011,300	\$ 2,821,160
Police	2,693,610		2,766,940	3,367,370
Non-Departmental	278,680		278,680	278,570
Total	\$ 5,924,150	\$	\$ 6,056,920	\$ 6,467,100
Tucson Convention Center Fund				
Tucson Convention Center	\$ 10,789,740	\$	\$ 10,682,040	\$ 10,860,320
Non-Departmental				4,940
Total	\$ 10,789,740	\$	\$ 10,682,040	\$ 10,865,260
ParkWise Fund				
City Court	\$ 118,230	\$	\$ 118,230	\$ 115,510
Transportation	3,051,780		3,006,140	2,944,060
Non-Departmental	4,536,560		4,198,170	1,127,660
Total	\$ 7,706,570	\$	\$ 7,322,540	\$ 4,187,230

SCHEDULE E TO RESOLUTION NO. 20350

City of Tucson

Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2006-07

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2005-06	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2005-06	ACTUAL EXPENDITURES/ EXPENSES 2005-06*	BUDGETED EXPENDITURES/ EXPENSES 2006-07
Fleet Services Funds				
Fire	\$ 1,755,000	\$	\$ 1,755,000	\$ 2,175,490
General Services	9,811,400			
Total	\$ 11,566,400	\$	\$ 1,755,000	\$ 2,175,490
Impact Fees				
Parks & Recreation	\$	\$	\$	\$ 775,000
Transportation				6,077,500
Total	\$	\$	\$	\$ 6,852,500
Contributions				
Parks & Recreation	\$ 3,100,000	\$	\$ 108,300	\$
Transportation	410,000		1,343,240	350,000
Total	\$ 3,510,000	\$	\$ 1,451,540	\$ 350,000
Total Special Revenue Funds	\$ 319,331,690	\$	\$ 261,257,310	\$ 341,900,580
DEBT SERVICE FUNDS				
Street and Highway Debt Service				
Non-Departmental	\$ 17,203,110	\$	\$ 16,936,270	\$ 16,869,240
General Obligation Debt Service				
Non-Departmental	24,235,450		21,710,940	26,808,660
Total Debt Service Funds	\$ 41,438,560	\$	\$ 38,647,210	\$ 43,677,900
CAPITAL PROJECTS FUNDS				
General Obligation Bonds				
Fire	\$ 2,681,400	\$	\$ 3,473,490	\$ 2,639,300
Library	439,000		1,489,930	
Parks & Recreation	4,811,400		2,940,850	3,528,700
Police	211,700		3,655,710	
Transportation	15,938,200		7,915,940	11,632,200
Tucson Convention Center	928,000		907,000	
Non-Departmental				374,500
Total	\$ 25,009,700	\$	\$ 20,382,920	\$ 18,174,700
Street and Highway Revenue Bonds				
Transportation	2,727,200		5,434,020	85,300
Total	\$ 2,727,200	\$	\$ 5,434,020	\$ 85,300
Environmental Services Bonds				
Environmental Services	7,994,000		8,893,710	2,899,000
Total	\$ 7,994,000	\$	\$ 8,893,710	\$ 2,899,000
Water Revenue Bonds				
Tucson Water	39,203,000		42,388,250	29,900,900
Total	\$ 39,203,000	\$	\$ 42,388,250	\$ 29,900,900
Total Capital Projects Funds	\$ 74,933,900	\$	\$ 77,098,900	\$ 51,059,900
PERMANENT FUNDS				
None	\$	\$	\$	\$
Total Permanent Funds	\$	\$	\$	\$
ENTERPRISE FUNDS				
Environmental Services	\$ 37,860,090	\$	\$ 37,015,120	\$ 39,465,240
Tucson City Golf	13,088,050		12,015,480	10,978,050
Tucson Water	139,178,300		139,145,330	144,281,350
Total Enterprise Funds	\$ 190,126,440	\$	\$ 188,175,930	\$ 194,724,640

SCHEDULE E TO RESOLUTION NO. 20350

City of Tucson

Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2006-07

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2005-06	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2005-06	ACTUAL EXPENDITURES/ EXPENSES 2005-06*	BUDGETED EXPENDITURES/ EXPENSES 2006-07
INTERNAL SERVICE FUNDS				
Not Applicable	\$ _____	\$ _____	\$ _____	\$ _____
Total Internal Service Funds	\$ _____	\$ _____	\$ _____	\$ _____
TOTAL ALL FUNDS	\$ 1,008,394,480	\$ _____	\$ 929,532,370	\$ 1,102,304,570

* 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.



City of Tucson

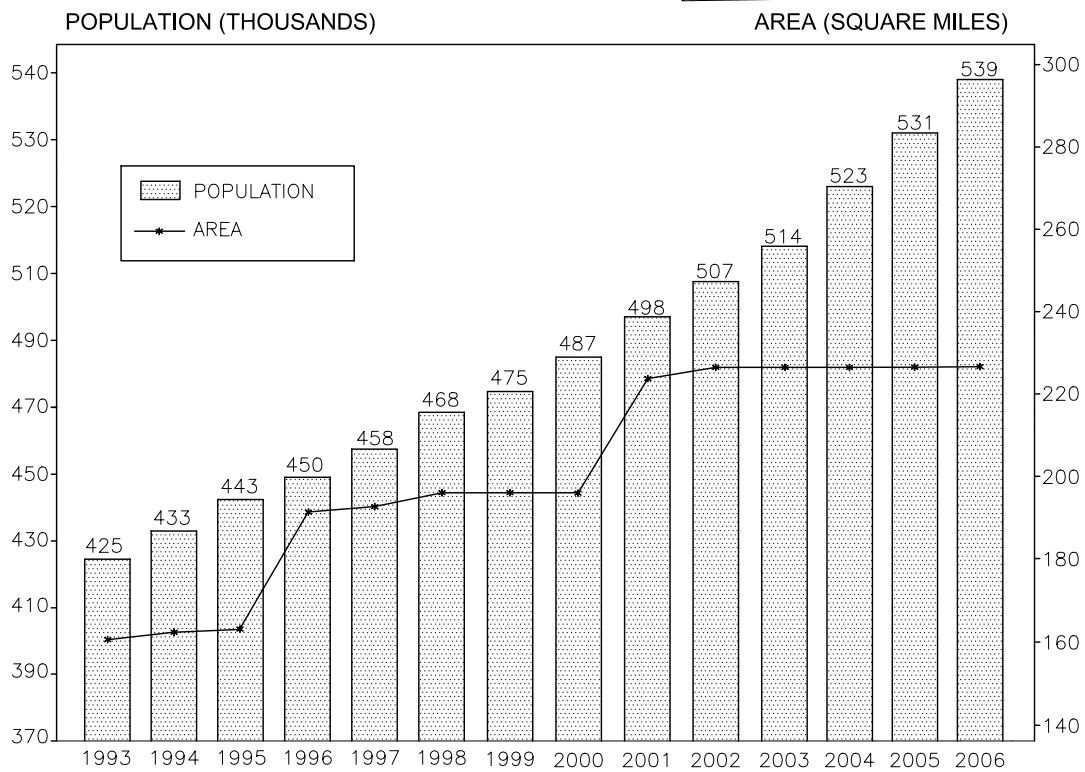
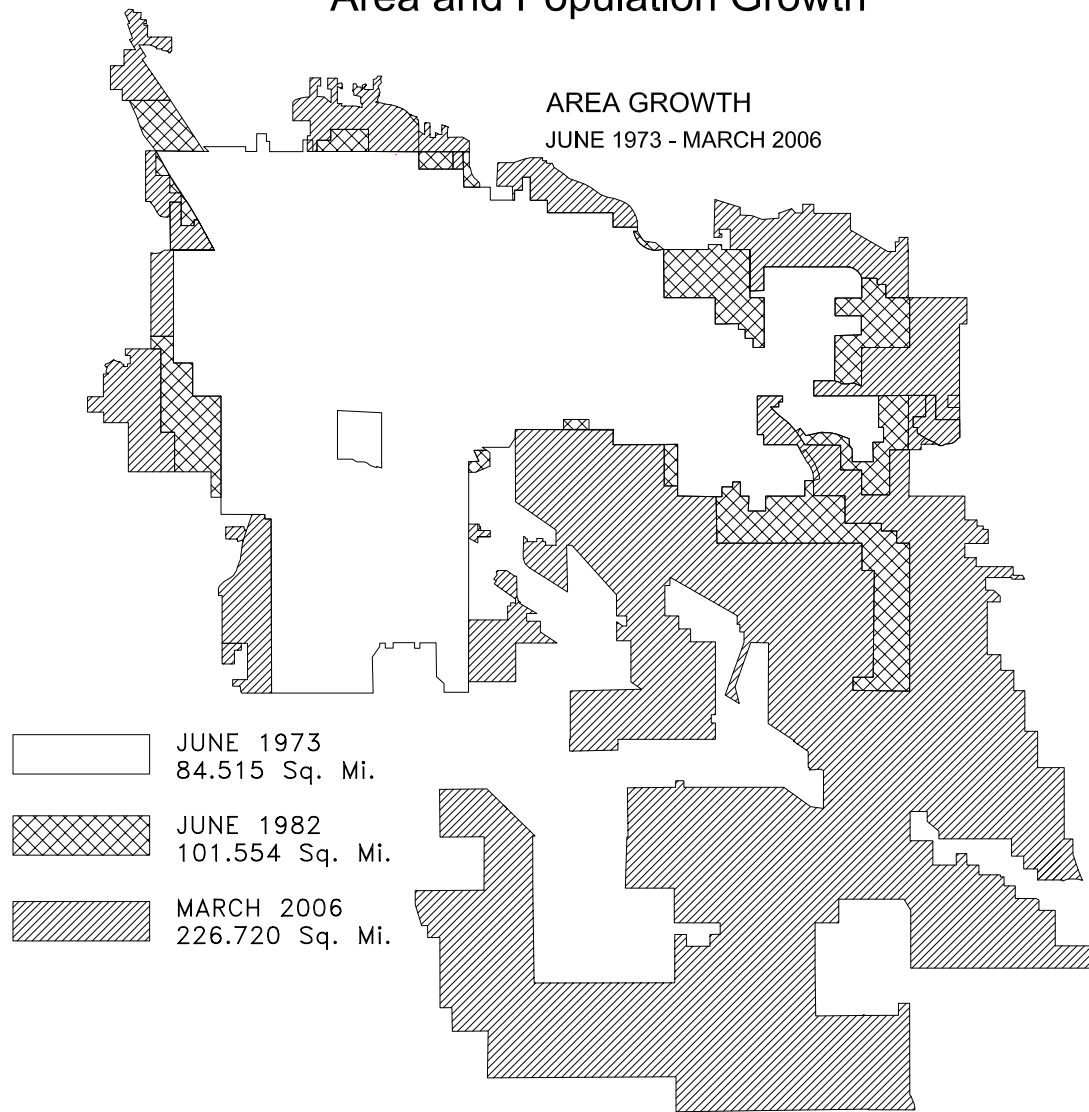


Section D **Community Statistical Profile**

Adopted Biennial Budget Summary
Fiscal Years 2007 and 2008

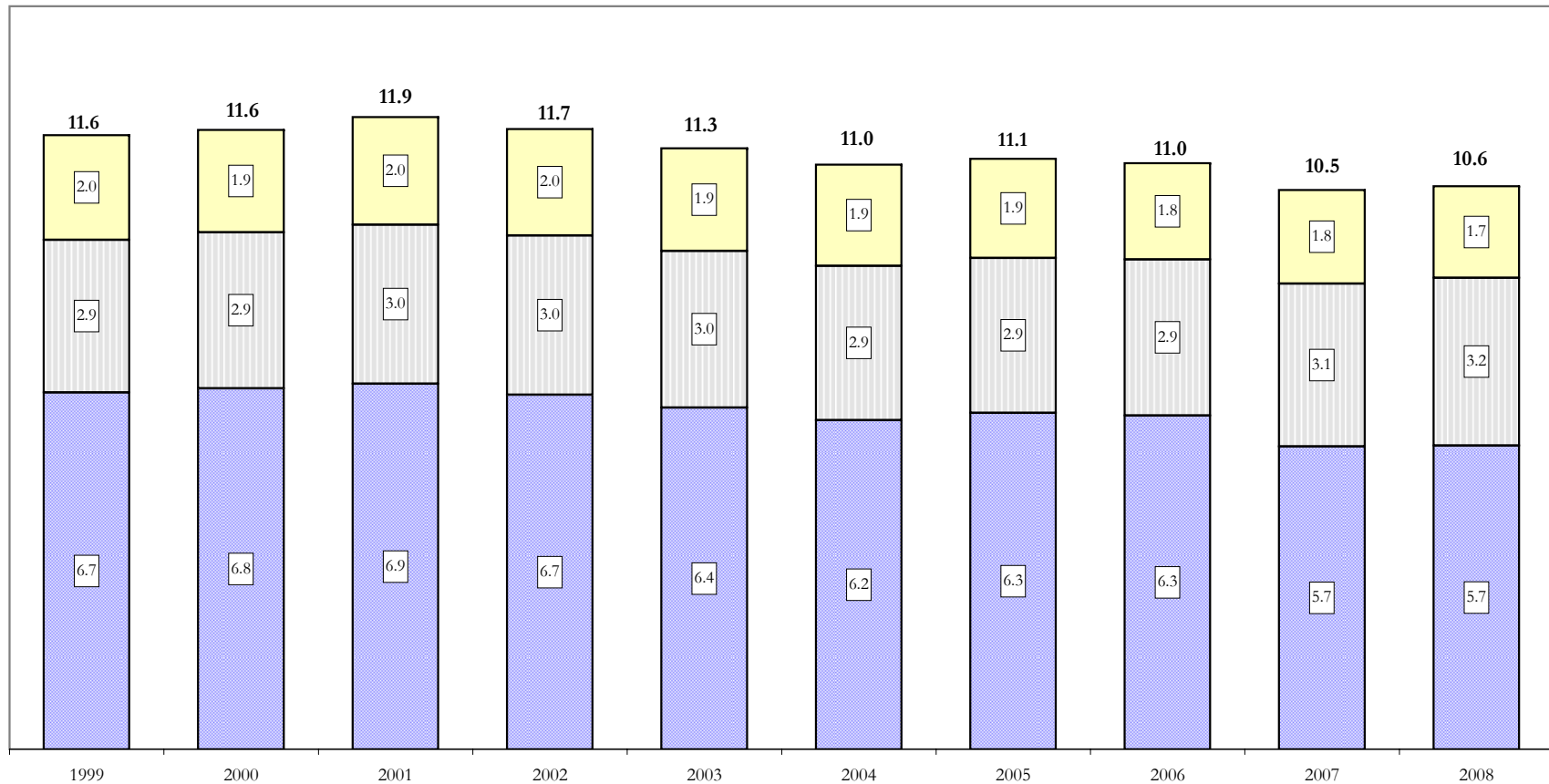


City of Tucson Area and Population Growth



NUMBER OF CITY EMPLOYEES PER 1,000 POPULATION

■ Other*
 ■ Commissioned Public Safety Personnel**
 ■ Enterprise Positions***



* Beginning in Fiscal Year 2007, Library staff was transferred to Pima County.

** Includes Fire and Police personnel.

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

SELECTED ECONOMIC INDICATORS

Tucson Metro Area

Description	2005	Calendar Year		2008
		2006	2007	
Personal Income (Billions of Dollars)	\$ 26.408	\$ 28.348	\$ 30.248	\$ 31.968
Percentage Change from Prior Year	6.9	7.4	6.7	5.7
Retail Sales-Excluding Food (Billions of Dollars)*	\$ 8.566	\$ 9.200	\$ 9.621	\$ 10.036
Percentage Change from Prior Year	9.7	7.4	4.6	4.3
Residential Building Permits (Units)	11,913	11,317	10,584	9,637
Percentage Change from Prior Year	14.4	(5.0)	(6.5)	(8.9)
Gasoline Sales (Millions of Gallons)	394.0	399.7	412.3	424.9
Percentage Change from Prior Year	2.5	1.5	3.1	3.1
Population (000)**	957.6	986.2	1,013.0	1,037.5
Percentage Change from Prior Year	2.8	3.0	2.7	2.4
Wage and Salary Employment (000)	369.1	383.5	395.2	402.9
Percentage Change from Prior Year	2.5	3.9	3.1	1.9
Employment/Population Ratio	.385	.389	.390	.388
Real Per Capita Disposable Income (1982 Dollars)	\$ 12,448	\$ 12,605	\$ 12,802	\$ 12,936
Percentage Change from Prior Year	0.1	1.3	1.6	1.0
Annual Earnings Per Worker	\$ 38,477	\$ 39,844	\$ 41,336	\$ 42,843
Percentage Change from Prior Year	4.2	3.6	3.7	3.6
Consumer Price Index (CPI) Western Region (Percent Change)	3.1	2.7	1.9	2.1
Personal Consumption Deflator (Percent Change)	2.8	2.3	2.0	2.1
Gross Domestic Product (GDP) Implicit Price Deflator (Percent Change)	2.7	2.5	2.0	2.1

Source: Economic Outlook, May 2006, Economics and Business Research Program, Eller College of Business and Public Administration, 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 descendants of the Hohokam were joined by new arrivals from Spain, Mexico, and the eastern United States.

Mission San Xavier del Bac, the “White Dove of the Desert,” was established by the Franciscan Order in the late 1600s and still serves the Tohono O’Odham Native American community. The mission has been restored, with the cleaning of the interior frescoes that were painted 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 about 350 days of sunshine each year and an average temperature of 83 degrees.

Leisure activities are abundant. 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 40 public and private golf courses, and the Tucson area annually hosts a Professional Golfers’ Association (PGA) Tournament. In the winter, skiing is only a one-hour drive from Tucson.

In February, the Professional Golfers’ Association announced that the Accenture Match Play Championship will be moving to Tucson in 2007. The event will feature the top 64 golfers in the world.

The University of Arizona provides a full range of intercollegiate athletic events. The women’s softball team has won seven National Collegiate Athletic Association (NCAA) championships including the 2006 title. 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 minor league (AAA) affiliate of the Arizona Diamondbacks, offers a full schedule of summer baseball. In addition, Tucson is the new home of the Arizona Heat of the 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. The university is rich in history. It was established in 1885 as the first university in the Arizona Territory and is the state's only land grant institution. It has 334 fields of study with 18 colleges and 12 schools located on a 378-acre campus.

Pima Community College (PCC) offers courses in more than 160 program areas. It has six campuses. For most of its 35 plus years PCC has ranked among the ten largest multi campus community colleges in the nation.

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, including 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, 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 540,000 in 2006. 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.

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 member candidates are nominated in primary elections in 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
2003	514,725	910,950
2004	522,850	932,500
2005	529,770	957,635
2006*	540,386	981,110

Land Area

1990	158.30	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	231.70	square miles
2005	226.55	square miles
2006*	229.50	square miles

Land Use, 2003

Undeveloped	52.84%
Residential	22.50%
Commercial	4.06%
Government	3.26%
Industrial	3.09%
Open Space	2.59%
Agricultural	0.77%
Other	10.89%

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
2004	32.3 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, 2005* (Based on number of full-time equivalent positions)

U.S. Army Fort Huachuca	13,098
Raytheon Missile Systems	10,756
University of Arizona	10,282
State of Arizona	9,742
Davis-Monthan Air Force Base	8,233
Tucson Unified School District	7,623
Pima County	6,765
City of Tucson	5,306*
Wal-Mart	4,980
Phelps Dodge Mining Company	4,123
Carondelet Health Network	3,751
Tohono O'Odham Nation	3,665
Tucson Medical Center HealthCare	3,276
University Medical Center	2,969
U.S. Border Patrol	2,515
Pima Community College	2,248
Pascua Yaqui Tribe	2,184
Amphitheater Public Schools	2,174

*The staffing per Adopted Update for Fiscal Year 2006 was 6,041.51.

Total Employment		Unemployment Rates	
(Pima County)		(Pima County)	
2000	444,400	2000	2.8%
2001	443,900	2001	3.5%
2002	448,900	2002	4.6%
2003	451,200	2003	4.2%
2004	465,560	2004	3.7%
2005	487,300	2005	4.4%
2006*	507,300		

Annual Rate of Earnings	
(Per worker in current dollars)	
2000	\$31,475
2001	\$32,419
2002	\$33,677
2003	\$35,271
2004	\$36,489
2005	\$38,076

Building Permits Issued			
	Residential	Commercial	Industrial
2001	2,712	140	8
2002	2,719	191	17
2003	2,497	208	7
2004	2,430	268	16
2005	2,302	159	8
2006 (Projected)	2,680	150	6

*Source: "Star Two Hundred," The Arizona Daily Star, March 12, 2006.

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)	136
Recreation Centers	10
Neighborhood/Senior Centers	8
After-School Program Sites	38
Senior Citizen Program Sites	13
Municipal Swimming Pools	27
Municipal Golf Courses	5
Tennis Court Sites	17
Playfields	250

Environmental Services

Tons of Waste Collected	597,576
Tons of Waste Collected by City of Tucson refuse and recycling services	307,980
Tons of Material Recycled	47,608
Number of Christmas Trees Mulched or Composted	35,697

Transportation

Number of Street Miles Maintained	1,750
Miles of Bikeways	446
Miles of Drainageway	1,154
Number of Street Lights	17,243
Annual Miles of Fixed-Route Bus Service	7,972,000
Annual Miles of Paratransit Service	3,821,431
Number of Traffic Signals	508

Tucson Water

Miles of Water Lines	4,374
Miles of Reclaimed Water Lines	106
Number of Water Connections	229,210
Millions of gallons of potable water storage capacity	287
Billions of gallons of potable water delivered annually	39.4

Public Safety

Number of Commissioned Law Enforcement Personnel	1,031
Average Police Emergency Response Time (in minutes)	4.79
Average Police Response Time for All Emergency, Critical, Urgent, and General Response Calls (in minutes)	38.92
Number of Commissioned Fire Personnel	591
Annual Number of Structural Fire Runs	2,800
Annual Number of Paramedic Runs (Advanced Life Support only)	22,200
Annual Number of Other Emergency Responses	51,800
Number of Paramedic Personnel	133



City of Tucson



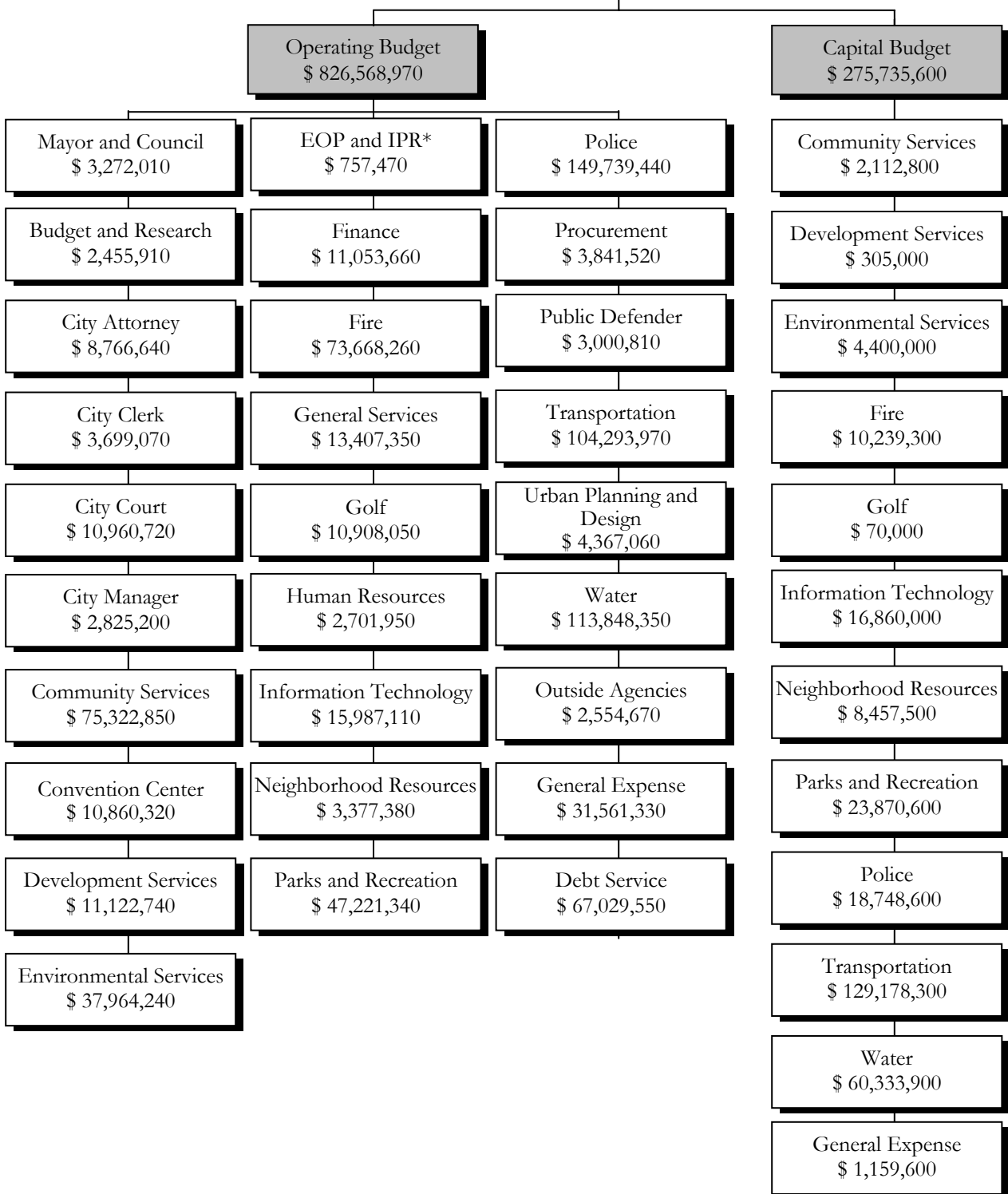
Section E **Summary Information**

Adopted Biennial Budget Summary
Fiscal Years 2007 and 2008



CITY OF TUCSON
Components of the Total Financial Plan
Fiscal Year 2007

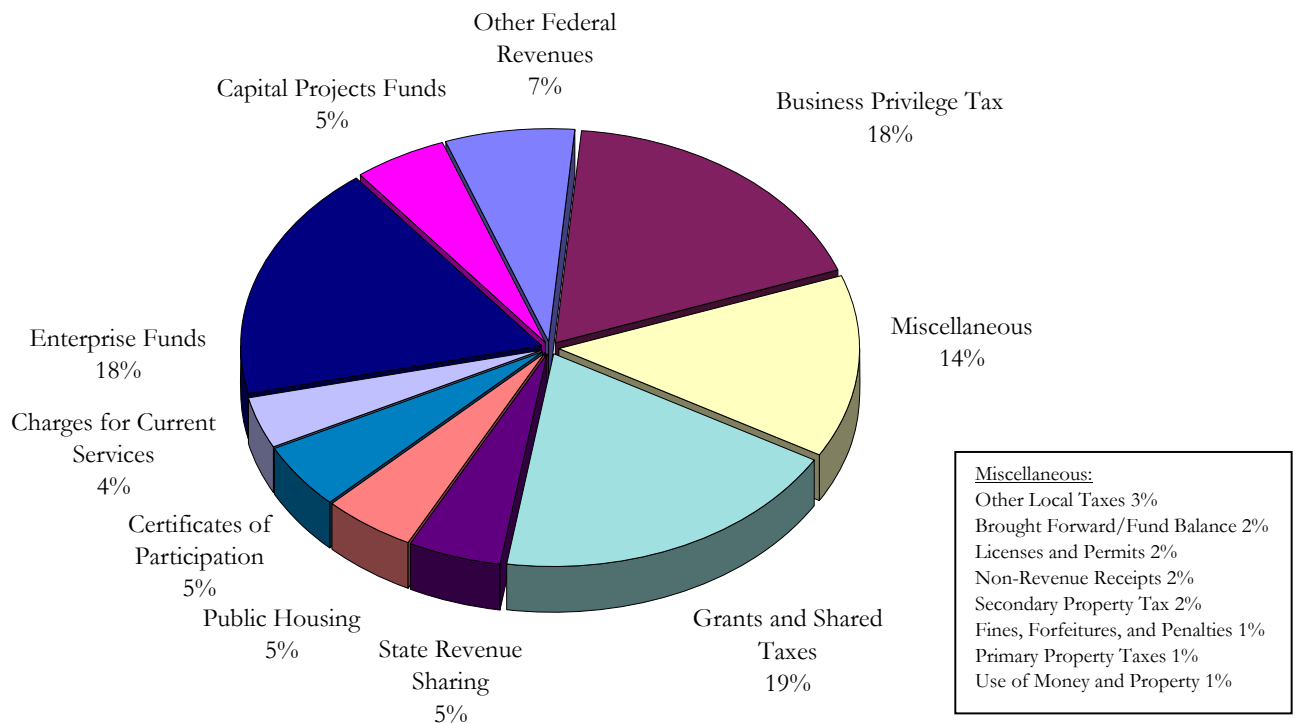
Total Budget
\$ 1,102,304,570



*Equal Opportunity Programs and Independent Police Review

REVENUES

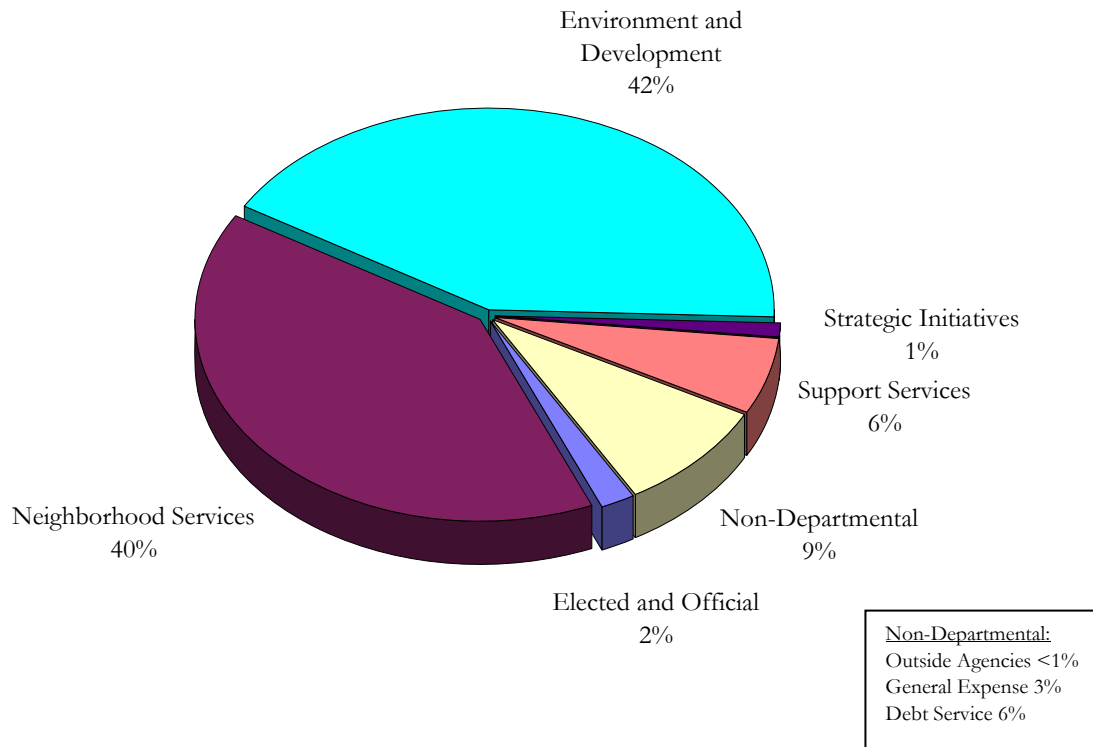
FISCAL YEAR 2007 ADOPTED



Funds Available	Annual Budget Total	Percent of Total
Primary Property Tax	\$ 9,733,050	1%
Secondary Property Tax	26,808,660	2%
Business Privilege Tax	199,500,000	18%
Other Local Taxes	29,160,000	3%
Licenses and Permits	21,713,630	2%
Fines, Forfeitures, and Penalties	15,630,610	1%
Use of Money and Property	6,563,350	1%
Grants and Shared Taxes	204,251,630	19%
State Revenue Sharing	60,500,000	5%
Charges for Current Services	43,181,810	4%
Non-Revenue Receipts	26,165,450	2%
Public Housing	60,329,750	5%
Other Federal Revenues	75,249,630	7%
Enterprise Funds	194,724,640	18%
Certificates of Participation	52,961,290	5%
Capital Projects Funds	51,059,900	5%
Brought Forward/Fund Balance	24,771,170	2%
Total Funds Available	\$1,102,304,570	100%

EXPENDITURES

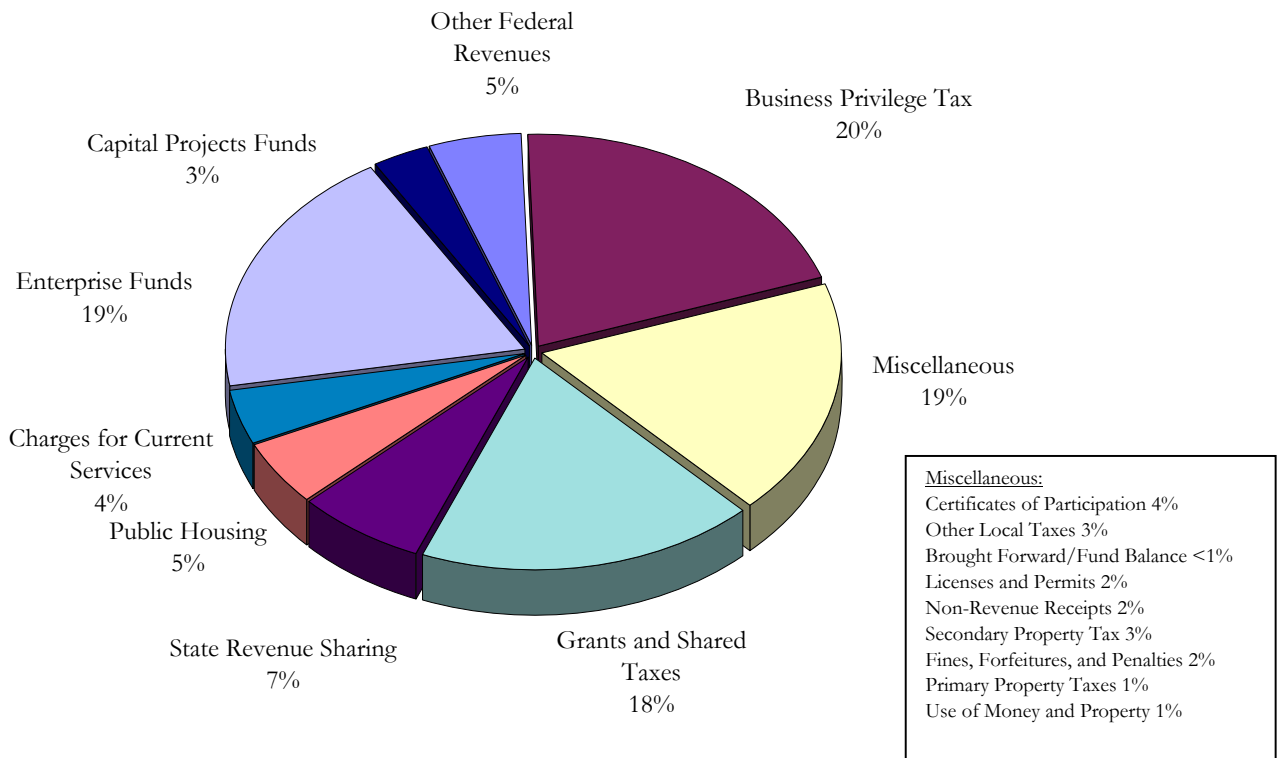
FISCAL YEAR 2007 ADOPTED



Funds Available	Annual Budget Total	Percent of Total
Elected and Official	\$ 18,562,920	2%
Neighborhood Services	438,455,120	40%
Environment and Development	465,813,560	42%
Strategic Initiatives	10,860,320	1%
Support Services	66,307,500	6%
Non-Departmental		
Outside Agencies	2,554,670	<1%
General Expense	32,720,930	3%
Debt Service	67,029,550	6%
Total Funds Available	\$1,102,304,570	100%

REVENUES

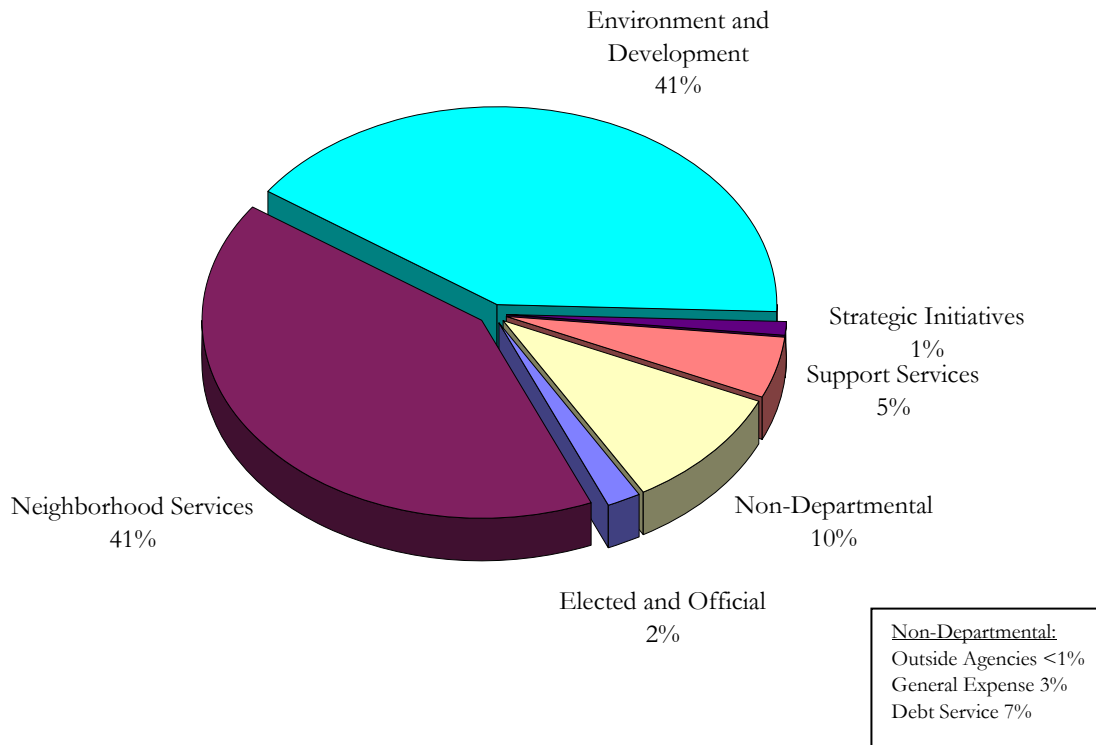
FISCAL YEAR 2008 APPROVED



Funds Available	Annual Budget Total	Percent of Total
Primary Property Tax	\$ 10,219,700	1%
Secondary Property Tax	27,815,830	3%
Business Privilege Tax	209,500,000	20%
Other Local Taxes	29,970,000	3%
Licenses and Permits	22,153,630	2%
Fines, Forfeitures, and Penalties	15,906,680	2%
Use of Money and Property	6,570,700	1%
Grants and Shared Taxes	189,092,170	18%
State Revenue Sharing	69,580,000	7%
Charges for Current Services	44,256,960	4%
Non-Revenue Receipts	20,150,220	2%
Public Housing	55,929,320	5%
Other Federal Revenues	54,803,430	5%
Enterprise Funds	202,621,570	19%
Certificates of Participation	43,604,640	4%
Capital Projects Funds	35,331,000	3%
Brought Forward/Fund Balance	4,446,030	<1%
Total Funds Available	\$ 1,041,951,880	100%

EXPENDITURES

FISCAL YEAR 2008 APPROVED



Funds Available	Annual Budget Total	Percent of Total
Elected and Official	\$ 19,861,750	2%
Neighborhood Services	428,806,790	41%
Environment and Development	426,580,160	41%
Strategic Initiatives	10,860,320	1%
Support Services	51,874,810	5%
Non-Departmental		
Outside Agencies	2,554,670	<1%
General Expense	30,399,350	3%
Debt Service	71,014,030	7%
Total Funds Available	\$ 1,041,951,880	100%

SUMMARY OF EXPENDITURES BY DEPARTMENT

	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Elected and Official					
Mayor and Council	\$ 2,907,872	\$ 3,264,070	\$ 3,128,540	\$ 3,272,010	\$ 3,272,010
City Manager	1,980,651	2,281,310	2,211,740	2,825,200	2,820,980
City Clerk	2,694,863	4,921,830	4,125,610	3,699,070	4,899,130
City Attorney	7,349,787	8,085,460	7,847,860	8,766,640	8,869,630
Sub-Total	14,933,173	18,552,670	17,313,750	18,562,920	19,861,750
Neighborhood Services					
City Court	10,751,463	10,492,060	10,308,160	10,960,720	11,238,860
Community Services	57,185,437	65,915,840	65,598,830	77,435,650	70,971,160
Fire	65,553,024	67,196,250	69,088,080	83,907,560	97,893,990
Library	21,408,383	23,924,830	23,975,220	-0-	-0-
Neighborhood Resources	4,593,539	10,764,570	4,739,440	11,834,880	6,420,880
Parks and Recreation	52,499,344	56,397,370	49,102,160	71,091,940	62,660,340
Tucson City Golf	11,782,697	13,088,050	12,015,480	10,978,050	10,908,050
Police	126,158,302	143,801,910	140,810,140	168,488,040	164,960,230
Office of Equal Opportunity Programs and Independent Police Review	701,199	740,020	731,870	757,470	757,470
Office of the Public Defender	2,750,612	2,813,750	2,755,570	3,000,810	2,995,810
Sub-Total	353,384,000	395,134,650	379,124,950	438,455,120	428,806,790
Environment and Development					
Development Services	8,926,462	11,013,910	10,203,910	11,427,740	11,237,740
Transportation	143,460,268	199,140,760	160,213,090	233,472,270	185,733,940
Urban Planning and Design	3,901,419	5,208,220	5,121,240	4,367,060	4,363,960
Utility Services					
Environmental Services	39,622,252	45,854,090	45,908,830	42,364,240	48,961,910
Tucson Water	142,038,553	178,381,300	181,533,580	174,182,250	176,282,610
Zoning Examiner	177,202	192,820	190,080	-0-	-0-
Sub-Total	338,126,156	439,791,100	403,170,730	465,813,560	426,580,160
Strategic Initiatives					
Tucson Convention Center	10,650,224	11,717,740	11,589,040	10,860,320	10,860,320
Intergovernmental Relations	594,673	565,860	655,840	-0-	-0-
Sub-Total	11,244,897	12,283,600	12,244,880	10,860,320	10,860,320

Summary of Expenditures by Department (Continued)

	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Support Services					
Budget and Research	\$ 1,924,643	\$ 2,183,580	\$ 1,964,170	\$ 2,455,910	\$ 2,360,050
Finance	8,898,653	10,844,310	9,886,870	11,053,660	9,310,730
General Services	10,405,659	23,580,700	11,115,360	13,407,350	12,782,350
Human Resources	2,819,390	2,854,660	2,811,450	2,701,950	2,701,950
Information Technology	13,442,115	25,702,350	18,574,340	32,847,110	20,933,210
Procurement	3,337,933	3,545,090	3,532,360	3,841,520	3,786,520
Sub-Total	40,828,393	68,710,690	47,884,550	66,307,500	51,874,810
Non-Departmental					
Outside Agencies	2,584,405	1,963,160	1,963,160	2,554,670	2,554,670
General Expense	20,750,041	12,810,180	12,687,130	32,720,930	30,399,350
Debt Service	43,831,015	55,919,200	52,897,120	67,029,550	71,014,030
Office of Economic Development	1,465,514	1,683,000	1,624,040	-0-	-0-
Tucson-Mexico Trade Office	689,181	1,546,230	622,060	-0-	-0-
Sub-Total	69,320,156	73,921,770	69,793,510	102,305,150	103,968,050
Total All Departments	\$ 827,836,775	\$ 1,008,394,480	\$ 929,532,370	\$ 1,102,304,570	\$ 1,041,951,880

SUMMARY BY CHARACTER OF EXPENDITURES

	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Personal Services	\$ 356,686,157	\$ 391,548,490	\$ 383,802,460	\$ 393,941,750	\$ 410,382,340
Services	194,844,771	215,690,075	211,794,140	225,369,850	219,645,070
Commodities	65,123,869	65,943,325	65,680,830	67,017,800	68,279,610
Equipment	14,249,772	22,276,060	11,166,370	16,547,820	11,544,340
Other	79,530,576	100,996,830	95,024,590	123,691,750	135,532,920
Operating Total	710,435,145	796,454,780	767,468,390	826,568,970	845,384,280
Capital Improvements	117,401,630	211,939,700	162,063,980	275,735,600	196,567,600
Total All Expenditures	\$ 827,836,775	\$ 1,008,394,480	\$ 929,532,370	\$ 1,102,304,570	\$ 1,041,951,880

REVENUES AND EXPENDITURES COMPARISONS

CLASSIFICATION	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
FUNDS AVAILABLE					
Primary Property Tax	\$ 9,382,696	\$ 9,174,950	\$ 9,163,090	\$ 9,733,050	\$ 10,219,700
Secondary Property Tax	20,388,546	24,235,450	24,220,340	26,808,660	27,815,830
Business Privilege Tax	176,654,012	184,540,000	190,000,000	199,500,000	209,500,000
Other Local Taxes	26,211,715	25,950,000	28,254,220	29,160,000	29,970,000
Licenses and Permits	20,234,189	21,066,700	20,519,250	21,713,630	22,153,630
Fines, Forfeitures, and Penalties	10,887,548	13,375,330	15,329,160	15,630,610	15,906,680
Use of Money and Property	4,611,992	5,036,990	5,764,240	6,563,350	6,570,700
Grants and Shared Taxes	139,692,196	169,158,120	156,123,560	204,251,630	189,092,170
State Revenue Sharing	45,774,828	50,930,000	50,954,690	60,500,000	69,580,000
Charges for Current Services	39,247,756	40,397,390	42,819,250	43,181,810	44,256,960
Non-Revenue Receipts	13,662,072	16,706,170	12,408,680	26,165,450	20,150,220
Public Housing	43,789,443	48,283,450	48,079,920	60,329,750	55,929,320
Other Federal Revenues	28,576,848	78,886,950	58,437,970	75,249,630	54,803,430
Enterprise Funds	169,682,829	190,126,440	188,175,930	194,724,640	202,621,570
Less General Fund Contribution	(1,655,000)	-0-	-0-	-0-	-0-
Certificates of Participation	38,801,667	34,403,600	14,631,880	52,961,290	43,604,640
Capital Projects Funds	48,223,957	74,933,900	77,098,900	51,059,900	35,331,000
Brought Forward/Fund Balance	8,319,663	21,189,040	10,470,160	24,771,170	4,446,030
TOTAL FUNDS AVAILABLE	\$ 842,486,957	\$ 1,008,394,480	\$ 952,451,240	\$ 1,102,304,570	\$ 1,041,951,880
EXPENDITURES					
Elected and Official	\$ 14,933,173	\$ 18,552,670	\$ 17,313,750	\$ 18,562,920	\$ 19,861,750
Neighborhood Services	353,384,000	395,134,650	379,124,950	438,455,120	428,806,790
Environment and Development	338,126,156	439,791,100	403,170,730	465,813,560	426,580,160
Strategic Initiatives	11,244,897	12,283,600	12,244,880	10,860,320	10,860,320
Support Services	40,828,393	68,710,690	47,884,550	66,307,500	51,874,810
Non-Departmental	69,320,156	73,921,770	69,793,510	102,305,150	103,968,050
TOTAL EXPENDITURES	\$ 827,836,775	\$ 1,008,394,480	\$ 929,532,370	\$ 1,102,304,570	\$ 1,041,951,880

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, because the expenditures are reflected in the funds of departments using those services. The major funds included in the budget are the General Fund, Special Revenue Funds, Enterprise Funds, Debt Service Funds, and Capital Projects Funds.

General Fund

The General Fund accounts for all revenues and expenditures used to finance 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 shared-state taxes, license and permit fees, fines and penalties, charges for services, certificates of participation, and other miscellaneous funding sources. These funds are expended in the 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 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 for goods or services provided to the general public are recovered primarily through user charges. The three enterprise funds of the city are Environmental Services, Golf, and Water Utility.

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 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 revenue 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. 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.”

EXPLANATION OF CITY FUNDS (Continued)

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. 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 purpose funds 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.

BASIS OF BUDGETING

The basis of budgeting is best described as a modified cash basis, because 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. A good example is bond funds, which are sold and received in the fiscal year prior to the fiscal year they are budgeted and 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.

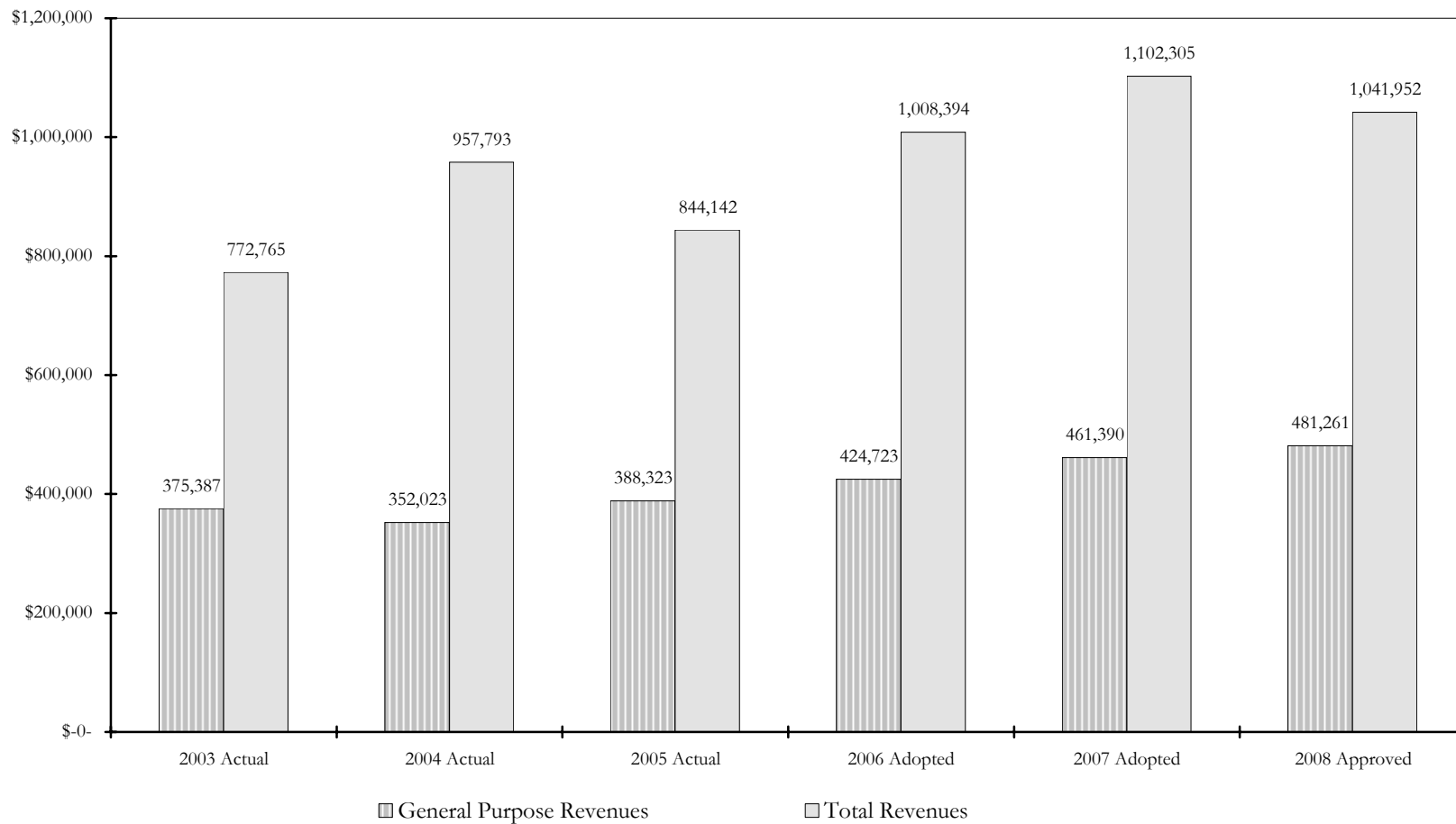
As indicated above, there are certain funds, such as internal service funds and other fiduciary funds that are reported in the CAFR but not in the budget. In the budget, expenses for these funds are reflected in the funds and programs that use services that are internal to the city organization.

Where the general fund contributes to a special revenue fund, those special revenue funds do not carry an unreserved fund balance, because 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 TO 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 EXPENDITURES SUMMARY
FISCAL YEARS 2007 AND 2008 BIENNIAL BUDGET

CLASSIFICATION	FY 2007 FUNDING			FY 2008 FUNDING		
	GENERAL PURPOSE	RESTRICTED	TOTAL	GENERAL PURPOSE	RESTRICTED	TOTAL
FUNDS AVAILABLE						
Primary Property Tax	\$ 9,733,050	\$ -0-	\$ 9,733,050	\$ 10,219,700	\$ -0-	\$ 10,219,700
Secondary Property Tax	-0-	26,808,660	26,808,660	-0-	27,815,830	27,815,830
Business Privilege Tax	199,500,000	-0-	199,500,000	209,500,000	-0-	209,500,000
Other Local Taxes	29,160,000	-0-	29,160,000	29,970,000	-0-	29,970,000
Licenses and Permits	20,485,650	1,227,980	21,713,630	20,910,650	1,242,980	22,153,630
Fines, Forfeitures, and Penalties	12,540,000	3,090,610	15,630,610	12,790,000	3,116,680	15,906,680
Use of Money and Property	2,420,000	4,143,350	6,563,350	2,420,000	4,150,700	6,570,700
Grants and Shared Taxes	77,422,000	126,829,630	204,251,630	81,462,000	107,630,170	189,092,170
State Revenue Sharing	60,500,000	-0-	60,500,000	69,580,000	-0-	69,580,000
Charges for Current Services	41,640,650	1,541,160	43,181,810	42,663,510	1,593,450	44,256,960
Non-Revenue Receipts	1,650,000	24,515,450	26,165,450	1,640,020	18,510,200	20,150,220
Public Housing	-0-	60,329,750	60,329,750	-0-	55,929,320	55,929,320
Other Federal Revenues	-0-	75,249,630	75,249,630	-0-	54,803,430	54,803,430
Enterprise Funds	-0-	194,724,640	194,724,640	-0-	202,621,570	202,621,570
Certificates of Participation	-0-	52,961,290	52,961,290	-0-	43,604,640	43,604,640
Capital Projects Funds	-0-	51,059,900	51,059,900	-0-	35,331,000	35,331,000
Brought Forward/Fund Balance	6,338,200	18,432,970	24,771,170	100,000	4,346,030	4,446,030
TOTAL FUNDS AVAILABLE	\$ 461,389,550	\$ 640,915,020	\$ 1,102,304,570	\$ 481,255,880	\$ 560,696,000	\$ 1,041,951,880
EXPENDITURES						
Elected and Official	\$ 17,806,210	\$ 756,710	\$ 18,562,920	\$ 19,105,040	\$ 756,710	\$ 19,861,750
Neighborhood Services	274,473,310	163,981,810	438,455,120	285,273,840	143,532,950	428,806,790
Environment and Development	75,485,520	390,328,040	465,813,560	75,902,360	350,677,800	426,580,160
Strategic Initiatives	10,219,320	641,000	10,860,320	10,219,320	641,000	10,860,320
Support Services	43,771,250	22,536,250	66,307,500	43,318,460	8,556,350	51,874,810
Non-Departmental	39,633,940	62,671,210	102,305,150	47,436,860	56,531,190	103,968,050
TOTAL EXPENDITURES	\$ 461,389,550	\$ 640,915,020	\$ 1,102,304,570	\$ 481,255,880	\$ 560,696,000	\$ 1,041,951,880

REVENUES AND EXPENDITURES SUMMARY
FISCAL YEAR 2007 BY OPERATING AND CAPITAL

CLASSIFICATION	TOTAL BUDGET	GENERAL PURPOSE FUNDS			RESTRICTED FUNDS		
		OPERATING	CAPITAL	TOTAL	OPERATING	CAPITAL	TOTAL
FUNDS AVAILABLE							
Primary Property Tax	\$ 9,733,050	\$ 9,733,050	\$ -0-	\$ 9,733,050	\$ -0-	\$ -0-	\$ -0-
Secondary Property Tax	26,808,660	-0-	-0-	-0-	26,808,660	-0-	26,808,660
Business Privilege Tax	199,500,000	198,170,700	1,329,300	199,500,000	-0-	-0-	-0-
Other Local Taxes	29,160,000	29,160,000	-0-	29,160,000	-0-	-0-	-0-
Licenses and Permits	21,713,630	20,485,650	-0-	20,485,650	1,227,980	-0-	1,227,980
Fines, Forfeitures, and Penalties	15,630,610	12,540,000	-0-	12,540,000	3,090,610	-0-	3,090,610
Use of Money and Property	6,563,350	2,420,000	-0-	2,420,000	4,143,350	-0-	4,143,350
Grants and Shared Taxes	204,251,630	77,422,000	-0-	77,422,000	50,691,530	76,138,100	126,829,630
State Revenue Sharing	60,500,000	60,500,000	-0-	60,500,000	-0-	-0-	-0-
Charges for Current Services	43,181,810	41,640,650	-0-	41,640,650	1,327,160	214,000	1,541,160
Non-Revenue Receipts	26,165,450	1,650,000	-0-	1,650,000	15,296,850	9,218,600	24,515,450
Public Housing	60,329,750	-0-	-0-	-0-	59,980,750	349,000	60,329,750
Other Federal Revenues	75,249,630	-0-	-0-	-0-	25,618,130	49,631,500	75,249,630
Enterprise Funds	194,724,640	-0-	-0-	-0-	162,720,640	32,004,000	194,724,640
Certificates of Participation	52,961,290	-0-	-0-	-0-	7,112,690	45,848,600	52,961,290
Capital Projects Funds	51,059,900	-0-	-0-	-0-	-0-	51,059,900	51,059,900
Brought Forward/Fund Balance	24,771,170	3,045,600	3,292,600	6,338,200	11,782,970	6,650,000	18,432,970
TOTAL FUNDS AVAILABLE	\$ 1,102,304,570	\$ 456,767,650	\$ 4,621,900	\$ 461,389,550	\$ 369,801,320	\$ 271,113,700	\$ 640,915,020
EXPENDITURES							
Elected and Official	\$ 18,562,920	\$ 17,806,210	\$ -0-	\$ 17,806,210	\$ 756,710	\$ -0-	\$ 756,710
Neighborhood Services	438,455,120	273,923,310	550,000	274,473,310	101,033,010	62,948,800	163,981,810
Environment and Development	465,813,560	72,198,720	3,286,800	75,485,520	199,397,640	190,930,400	390,328,040
Strategic Initiatives	10,860,320	10,219,320	-0-	10,219,320	641,000	-0-	641,000
Support Services	66,307,500	43,771,250	-0-	43,771,250	5,676,250	16,860,000	22,536,250
Non-Departmental	102,305,150	38,848,840	785,100	39,633,940	62,296,710	374,500	62,671,210
TOTAL EXPENDITURES	\$ 1,102,304,570	\$ 456,767,650	\$ 4,621,900	\$ 461,389,550	\$ 369,801,320	\$ 271,113,700	\$ 640,915,020

REVENUES AND EXPENDITURES SUMMARY
FISCAL YEAR 2008 BY OPERATING AND CAPITAL

CLASSIFICATION	TOTAL BUDGET	GENERAL PURPOSE FUNDS			RESTRICTED FUNDS		
		OPERATING	CAPITAL	TOTAL	OPERATING	CAPITAL	TOTAL
FUNDS AVAILABLE							
Primary Property Tax	\$ 10,219,700	\$ 10,219,700	\$ -0-	\$ 10,219,700	\$ -0-	\$ -0-	\$ -0-
Secondary Property Tax	27,815,830	-0-	-0-	-0-	27,815,830	-0-	27,815,830
Business Privilege Tax	209,500,000	208,167,700	1,332,300	209,500,000	-0-	-0-	-0-
Other Local Taxes	29,970,000	29,970,000	-0-	29,970,000	-0-	-0-	-0-
Licenses and Permits	22,153,630	20,910,650	-0-	20,910,650	1,242,980	-0-	1,242,980
Fines, Forfeitures, and Penalties	15,906,680	12,790,000	-0-	12,790,000	3,116,680	-0-	3,116,680
Use of Money and Property	6,570,700	2,420,000	-0-	2,420,000	4,150,700	-0-	4,150,700
Grants and Shared Taxes	189,092,170	81,462,000	-0-	81,462,000	56,479,970	51,150,200	107,630,170
State Revenue Sharing	69,580,000	69,580,000	-0-	69,580,000	-0-	-0-	-0-
Charges for Current Services	44,256,960	42,663,510	-0-	42,663,510	1,366,550	226,900	1,593,450
Non-Revenue Receipts	20,150,220	1,640,020	-0-	1,640,020	10,849,700	7,660,500	18,510,200
Public Housing	55,929,320	-0-	-0-	-0-	55,782,620	146,700	55,929,320
Other Federal Revenues	54,803,430	-0-	-0-	-0-	23,388,530	31,414,900	54,803,430
Enterprise Funds	202,621,570	-0-	-0-	-0-	176,233,570	26,388,000	202,621,570
Certificates of Participation	43,604,640	-0-	-0-	-0-	2,002,540	41,602,100	43,604,640
Capital Projects Funds	35,331,000	-0-	-0-	-0-	-0-	35,331,000	35,331,000
Brought Forward/Fund Balance	4,446,030	100,000	-0-	100,000	3,031,030	1,315,000	4,346,030
TOTAL FUNDS AVAILABLE	\$ 1,041,951,880	\$ 479,923,580	\$ 1,332,300	\$ 481,255,880	\$ 365,460,700	\$ 195,235,300	\$ 560,696,000
EXPENDITURES							
Elected and Official	\$ 19,861,750	\$ 19,105,040	\$ -0-	\$ 19,105,040	\$ 756,710	\$ -0-	\$ 756,710
Neighborhood Services	428,806,790	285,273,840	-0-	285,273,840	94,689,250	48,843,700	143,532,950
Environment and Development	426,580,160	74,570,060	1,332,300	75,902,360	211,882,300	138,795,500	350,677,800
Strategic Initiatives	10,860,320	10,219,320	-0-	10,219,320	641,000	-0-	641,000
Support Services	51,874,810	43,318,460	-0-	43,318,460	1,960,250	6,596,100	8,556,350
Non-Departmental	103,968,050	47,436,860	-0-	47,436,860	55,531,190	1,000,000	56,531,190
TOTAL EXPENDITURES	\$ 1,041,951,880	\$ 479,923,580	\$ 1,332,300	\$ 481,255,880	\$ 365,460,700	\$ 195,235,300	\$ 560,696,000

REVENUES AND EXPENDITURES COMPARISONS AND FUND BALANCE GENERAL FUND

	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Beginning Fund Balance	\$ 10,871,979	\$ 35,174,030	\$ 28,315,663	\$ 48,725,133	\$ 48,725,133
Revenues and Other Sources					
Primary Property Tax	9,382,696	9,174,950	9,163,090	9,733,050	10,219,700
Business Privilege Tax	176,654,012	184,540,000	190,000,000	199,500,000	209,500,000
Less Transfers	(53,018,483)	(55,905,910)	(52,361,140)	(47,890,350)	(47,468,510)
Other Local Taxes	26,211,715	25,950,000	28,254,220	29,160,000	29,970,000
Licenses and Permits	18,889,468	20,320,700	20,047,920	21,115,650	21,540,650
Fines, Forfeitures, and Penalties	10,341,490	12,785,330	14,706,750	14,970,610	15,236,680
Use of Money and Property	2,616,594	2,311,990	2,929,840	3,129,100	3,129,100
Grants and Shared Taxes	69,014,175	71,310,820	76,053,930	75,181,070	79,130,070
State Revenue Sharing	45,774,828	50,930,000	50,954,690	60,500,000	69,580,000
Charges for Current Services	22,774,261	23,546,940	24,663,650	24,685,570	25,258,430
Non-Revenue Receipts	9,934,842	10,656,170	9,105,690	17,422,950	18,385,220
Certificates of Participation	30,238,268	19,335,200	9,738,280	50,785,800	41,999,640
Brought Forward/Fund Balance	-0-	7,607,700	1,505,570	12,648,100	470,000
Total Sources	368,813,866	382,563,890	384,762,490	470,941,550	476,950,980
Less Unbudgeted Fund Balance					
Requirements	\$ (10,871,979)	\$ (35,174,030)	\$ (28,315,663)	\$ (48,725,133)	\$ (48,725,133)
Total Funds Available	368,813,866	382,563,890	384,762,490	470,941,550	476,950,980
Expenditures					
Elected and Official	\$ 14,620,385	\$ 17,979,100	\$ 17,005,940	\$ 18,076,220	\$ 19,375,050
Neighborhood Services	236,943,322	262,057,680	254,702,710	309,628,610	323,729,400
Environment and Development	39,496,753	22,235,170	21,010,200	25,826,190	29,665,160
Strategic Initiatives	2,457,807	2,622,260	2,228,100	-0-	-0-
Support Services	40,675,515	55,869,290	47,854,550	64,977,500	50,544,810
Non-Departmental	19,969,905	21,800,390	21,551,520	52,433,030	53,636,560
Total Expenditures	354,163,687	382,563,890	364,353,020	470,941,550	476,950,980
Available Funds Over/(Under)					
Expenditures	\$ 14,650,179	\$ -0-	\$ 20,409,470	\$ -0-	\$ -0-
Unbudgeted Fund Balance					
Requirements					
From Prior year	\$ 10,871,979	\$ 35,174,030	\$ 28,315,663	\$ 48,725,133	\$ 48,725,133
From Available Funds	14,650,179	-0-	20,409,470	-0-	-0-
Transfers from/ (to) other Funds or Reserves	2,793,505	-0-	-0-	-0-	-0-
Total	\$ 28,315,663	\$ 35,174,030	\$ 48,725,133	\$ 48,725,133	\$ 48,725,133

Notes on Changes to Fund Balance:

FY 2005 - Funds previously reserved now available for future needs.

REVENUES AND EXPENDITURES COMPARISONS AND FUND BALANCE OTHER FUNDS

	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
SPECIAL REVENUE FUNDS					
Beginning Fund Balance	\$ 33,151,787	\$ 33,761,787	\$ 30,978,515	\$ 30,978,515	\$ 30,978,515
Revenues and Other Sources	219,956,341	319,331,690	261,257,310	341,900,580	282,395,300
Expenditures	(219,956,338)	(319,331,690)	(261,257,310)	(341,900,580)	(282,395,300)
Surplus/(Deficit)	3	-0-	-0-	-0-	-0-
Transfers from/(to) other Funds or Reserves	(2,173,275)	-0-	-0-	-0-	-0-
Ending Fund Balance	<u>\$ 30,978,515</u>	<u>\$ 33,761,787</u>	<u>\$ 30,978,515</u>	<u>\$ 30,978,515</u>	<u>\$ 30,978,515</u>
ENTERPRISE FUNDS					
Beginning Fund Balance	\$ 39,610,142	\$ 42,124,882	\$ (18,560,531)	\$ (18,237,931)	\$ (27,155,921)
Revenues and Other Sources	170,145,025	192,846,790	188,498,530	185,806,650	205,011,640
Expenditures	(169,682,829)	(190,126,440)	(188,175,930)	(194,724,640)	(202,621,570)
Surplus/(Deficit)	462,196	2,720,350	322,600	(8,917,990)	2,390,070
Transfers from/(to) other Funds or Reserves	(58,632,869)	-0-	-0-	-0-	-0-
Ending Fund Balance	<u>\$ (18,560,531)</u>	<u>\$ 44,845,232</u>	<u>\$ (18,237,931)</u>	<u>\$ (27,155,921)</u>	<u>\$ (24,765,851)</u>
DEBT SERVICE FUNDS					
Beginning Fund Balance	\$ -0-	\$ -0-	\$ -0-	\$ 2,509,400	\$ 2,509,400
Revenues and Other Sources	35,809,964	41,438,560	41,156,610	43,677,900	44,653,030
Expenditures	(35,809,964)	(41,438,560)	(38,647,210)	(43,677,900)	(44,653,030)
Surplus/(Deficit)	-0-	-0-	2,509,400	-0-	-0-
Ending Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,509,400</u>	<u>\$ 2,509,400</u>	<u>\$ 2,509,400</u>
CAPITAL PROJECTS FUND					
Beginning Fund Balance	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Revenues and Other Sources	48,223,957	74,933,900	77,098,900	51,059,900	35,331,000
Expenditures	(48,223,957)	(74,933,900)	(77,098,900)	(51,059,900)	(35,331,000)
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:

Special Revenue Funds - Environmental Services Fund transferred from Special Revenue to Enterprise Funds.

Enterprise Funds - In Fiscal Year 2005, the establishment of Environmental Services as an enterprise fund resulted in a negative fund balance of (\$61.8 million) due to long-term liabilities associated with landfill closure and post-closure costs.

REVENUE DETAIL ALL FUNDS SUMMARY

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
GENERAL FUND	\$ 368,813,866	\$ 382,563,890	\$ 384,762,490	\$ 470,941,550	\$ 476,950,980
SPECIAL REVENUE FUNDS	219,956,341	319,331,690	261,257,310	341,900,580	282,395,300
ENTERPRISE FUNDS	169,682,829	190,126,440	188,175,930	194,724,640	202,621,570
DEBT SERVICE FUNDS	35,809,964	41,438,560	41,156,610	43,677,900	44,653,030
CAPITAL PROJECTS FUNDS	48,223,957	74,933,900	77,098,900	51,059,900	35,331,000
TOTAL ALL FUNDS	\$ 842,486,957	\$ 1,008,394,480	\$ 952,451,240	\$ 1,102,304,570	\$ 1,041,951,880
General Fund					
Primary Property Tax	\$ 9,382,696	\$ 9,174,950	\$ 9,163,090	\$ 9,733,050	\$ 10,219,700
Business Privilege Tax	176,654,012	184,540,000	190,000,000	199,500,000	209,500,000
less Contributions to Other Funds	(53,018,483)	(55,905,910)	(52,361,140)	(47,890,350)	(47,468,510)
Other Local Taxes	26,211,715	25,950,000	28,254,220	29,160,000	29,970,000
Licenses and Permits	18,889,468	20,320,700	20,047,920	21,115,650	21,540,650
Fines, Forfeitures, and Penalties	10,341,490	12,785,330	14,706,750	14,970,610	15,236,680
Use of Money and Property	2,616,594	2,311,990	2,929,840	3,129,100	3,129,100
Grants and Shared Taxes	69,014,175	71,310,820	76,053,930	75,181,070	79,130,070
State Revenue Sharing	45,774,828	50,930,000	50,954,690	60,500,000	69,580,000
Charges for Current Services	22,774,261	23,546,940	24,663,650	24,685,570	25,258,430
Non-Revenue Receipts	9,934,842	10,656,170	9,105,690	17,422,950	18,385,220
Certificates of Participation	30,238,268	19,335,200	9,738,280	50,785,800	41,999,640
Brought Forward	-0-	3,628,700	1,141,600	4,078,100	-0-
Use of Fund Balance	-0-	3,979,000	363,970	8,570,000	470,000
Total General Fund	\$ 368,813,866	\$ 382,563,890	\$ 384,762,490	\$ 470,941,550	\$ 476,950,980
Special Revenue Funds					
General Fund Contributions	\$ 51,363,483	\$ 55,905,910	\$ 52,361,140	\$ 47,890,350	\$ 47,468,510
Licenses and Permits	1,344,721	746,000	471,330	597,980	612,980
Fines, Forfeitures, and Penalties	546,058	590,000	622,410	660,000	670,000
Use of Money and Property	1,995,398	2,725,000	2,834,400	3,434,250	3,441,600
Grants and Shared Taxes	55,256,603	80,644,190	63,133,360	112,201,320	93,124,900
Charges for Current Services	16,473,495	16,850,450	18,155,600	18,496,240	18,998,530
Public Housing Local Revenue	2,555,153	2,280,000	2,280,000	2,280,000	2,280,000
Federal Grants	69,811,138	124,890,400	104,237,890	133,299,380	108,452,750
Non-Revenue Receipts	3,727,230	6,050,000	3,302,990	8,742,500	1,765,000
Certificates of Participation	8,563,399	15,068,400	4,893,600	2,175,490	1,605,000
Brought Forward	3,236,600	2,972,920	5,115,720	5,717,400	-0-
Use of Fund Balance	5,083,063	10,608,420	3,848,870	6,405,670	3,976,030
Total Special Revenue Funds	\$ 219,956,341	\$ 319,331,690	\$ 261,257,310	\$ 341,900,580	\$ 282,395,300

REVENUE DETAIL ALL FUNDS SUMMARY

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Enterprise Funds					
Environmental Services	\$ 33,062,534	\$ 37,860,090	\$ 37,015,120	\$ 39,465,240	\$ 47,460,910
General Fund Contributions	1,655,000	-0-	-0-	-0-	-0-
Golf Course	11,782,697	13,088,050	12,015,480	10,978,050	10,908,050
Water Utility	123,182,598	139,178,300	139,145,330	144,281,350	144,252,610
Total Enterprise Funds	<u>\$ 169,682,829</u>	<u>\$ 190,126,440</u>	<u>\$ 188,175,930</u>	<u>\$ 194,724,640</u>	<u>\$ 202,621,570</u>
Debt Service Funds					
Secondary Property Tax	\$ 20,388,546	\$ 24,235,450	\$ 24,220,340	\$ 26,808,660	\$ 27,815,830
State Shared Taxes	15,421,418	17,203,110	16,936,270	16,869,240	16,837,200
Total Debt Service Funds	<u>\$ 35,809,964</u>	<u>\$ 41,438,560</u>	<u>\$ 41,156,610</u>	<u>\$ 43,677,900</u>	<u>\$ 44,653,030</u>
Capital Projects Funds					
Bond Funds Proceeds	\$ 48,223,957	\$ 74,933,900	\$ 77,098,900	\$ 51,059,900	\$ 35,331,000
Total Capital Projects Funds	<u>\$ 48,223,957</u>	<u>\$ 74,933,900</u>	<u>\$ 77,098,900</u>	<u>\$ 51,059,900</u>	<u>\$ 35,331,000</u>

GENERAL FUND

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Primary Property Tax	\$ 9,382,696	\$ 9,174,950	\$ 9,163,090	\$ 9,733,050	\$ 10,219,700
Business Privilege Tax	\$ 176,654,012	\$ 184,540,000	\$ 190,000,000	\$ 199,500,000	\$ 209,500,000
Less Contributions to Special Revenue Funds	(53,018,483)	(55,905,910)	(52,361,140)	(47,890,350)	(47,468,510)
Business Privilege Tax	\$ 123,635,529	\$ 128,634,090	\$ 137,638,860	\$ 151,609,650	\$ 162,031,490
Other Local Taxes					
Public Utility Tax	\$ 7,654,851	\$ 8,250,000	\$ 7,601,300	\$ 7,750,000	\$ 7,750,000
Transient Occupancy Tax	8,814,161	7,760,000	9,819,830	10,210,000	10,620,000
Room Tax	1,954,331	2,130,000	2,240,440	2,280,000	2,330,000
Occupational Taxes	2,098,216	2,130,000	2,425,400	2,470,000	2,520,000
Liquor Taxes	740,742	780,000	794,000	810,000	830,000
Use Tax	4,949,414	4,900,000	5,373,250	5,640,000	5,920,000
Total	\$ 26,211,715	\$ 25,950,000	\$ 28,254,220	\$ 29,160,000	\$ 29,970,000
Licenses and Permits					
Application Fees	\$ 200,120	\$ 190,000	\$ 271,150	\$ 267,000	\$ 267,000
Sign Permits	316,884	305,000	339,520	340,000	340,000
Parking Meter Collections	295,848	440,000	304,220	388,650	398,650
Vehicle Permits	56,597	75,000	336,890	360,000	365,000
Developer In Lieu Fees	43,546	220,700	-0-	-0-	-0-
Fire Inspection Fee	-0-	600,000	-0-	-0-	-0-
Temporary Workzone Traffic Control Fee	-0-	500,000	212,360	300,000	310,000
Cable Television Licenses	3,106,676	3,040,000	3,056,260	3,180,000	3,180,000
Public, Educational, Government (PEG) Operating Support	785,108	970,000	1,045,780	1,090,000	1,090,000
PEG Capital Support	590,991	600,000	608,960	630,000	630,000
Telecommunications Licenses and Franchise Fees	739,001	760,000	672,780	760,000	760,000
Utility Franchise Fees	12,754,697	12,620,000	13,200,000	13,800,000	14,200,000
Total	\$ 18,889,468	\$ 20,320,700	\$ 20,047,920	\$ 21,115,650	\$ 21,540,650

GENERAL FUND

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Fines, Forfeitures, and Penalties					
Civil Traffic Diversion Program	\$ 1,355,022	\$ 1,520,000	\$ 1,843,240	\$ 1,900,000	\$ 1,940,000
Prosecutor's Diversion Program	325,782	380,000	276,100	300,000	308,000
Civil Traffic Violations	585,567	570,000	908,010	940,000	960,000
Criminal Traffic Violations	5,158,667	5,430,000	6,676,330	6,700,000	6,830,000
Driving Under the Influence	153,105	175,000	147,750	160,000	160,000
Filing Fees-Domestic Violence	10,615	12,000	14,270	16,000	16,000
Probation Fees	405,455	460,000	303,280	320,000	330,000
City Court Miscellaneous	993,351	1,060,000	1,235,400	1,260,000	1,285,000
Time Payment Fees	250,365	250,000	260,000	261,200	262,420
Sub-Total	9,237,929	9,857,000	11,664,380	11,857,200	12,091,420
Other Fines/Forfeitures					
Parking Violations	\$ 559,216	\$ 590,000	\$ 622,410	\$ 660,000	\$ 670,000
Zoning Code Violations	23,110	27,000	17,930	25,000	30,000
Fire Code Violations	1,871	3,000	5,730	10,000	10,000
Building Code Violations	7,118	10,000	8,620	10,000	10,000
Other Civil Fines/Violations	1,753	4,000	7,130	8,000	10,000
Forfeitures/Assessments	354,379	2,155,330	2,155,330	2,169,410	2,184,260
False Alarm Violations	144,030	128,000	213,750	220,000	220,000
Offroad Vehicle Violations	794	1,000	860	1,000	1,000
Dishonored Check Recovery	11,290	10,000	10,610	10,000	10,000
Sub-Total	1,103,561	2,928,330	3,042,370	3,113,410	3,145,260
Total	\$ 10,341,490	\$ 12,785,330	\$ 14,706,750	\$ 14,970,610	\$ 15,236,680
Use of Money and Property					
Rentals and Leases	1,066,164	782,000	998,120	1,112,000	1,112,000
Tenant Rent	808,213	761,990	709,100	709,100	709,100
Telephone Pay Booths	14,903	18,000	7,990	8,000	8,000
Interest Earnings	727,314	750,000	1,214,630	1,300,000	1,300,000
Total	\$ 2,616,594	\$ 2,311,990	\$ 2,929,840	\$ 3,129,100	\$ 3,129,100
Grants and Shared Taxes					
Shared State Taxes					
Auto Lieu Taxes	\$ 23,187,797	\$ 23,230,000	\$ 23,695,750	\$ 22,900,000	\$ 23,820,000
State Sales Tax	45,700,066	47,670,000	52,000,000	51,930,000	55,050,000
Sub-Total	68,887,863	70,900,000	75,695,750	74,830,000	78,870,000

GENERAL FUND

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Grants and Shared Taxes (Continued)					
State and Local Grants					
City Manager's Office	\$ 3,910	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Parks and Recreation Grants	7,804	410,820	335,880	269,070	194,070
General Services Grants	93,670	-0-	22,300	82,000	66,000
Other	20,928	-0-	-0-	-0-	-0-
Sub-Total	126,312	410,820	358,180	351,070	260,070
Total	\$ 69,014,175	\$ 71,310,820	\$ 76,053,930	\$ 75,181,070	\$ 79,130,070
State Revenue Sharing	\$ 45,774,828	\$ 50,930,000	\$ 50,954,690	\$ 60,500,000	\$ 69,580,000
Charges for Current Services					
General Government					
Mutual Aid Communication System	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000
Dispatch Intergovernmental Agreement	685,492	680,000	736,110	849,650	852,510
Sale of Codes, Regulations, and Maps	18,143	20,000	23,260	25,000	25,000
Information Technology Services	235,292	220,000	177,920	148,920	148,920
Tucson-Mexico Trade Office	46,259	313,080	20,500	-0-	-0-
Other	15,743	27,860	26,820	25,000	25,000
Sub-Total	1,026,929	1,286,940	1,010,610	1,074,570	1,077,430
Public Safety					
University of Arizona Fire Services	107,602	107,000	117,780	120,000	120,000
Emergency Medical Transport	6,663,360	6,893,000	7,644,100	8,030,000	8,430,000
Police Reprographics Services	78,378	79,000	97,080	100,000	100,000
Police Vehicle Impoundment	-0-	-0-	69,480	70,000	70,000
Police Protection Orders	54	1,000	30	1,000	1,000
Sub-Total	6,849,394	7,080,000	7,928,470	8,321,000	8,721,000
Development Services Charges					
Permit and Inspection Fees	8,056,764	8,550,000	9,145,960	9,100,000	9,190,000
Review Fees	1,950,346	1,820,000	2,038,500	1,990,000	1,990,000
Zoning Adjustments	477,824	560,000	638,150	610,000	610,000
Other	83,769	50,000	63,030	50,000	50,000
Sub-Total	10,568,703	10,980,000	11,885,640	11,750,000	11,840,000

GENERAL FUND

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Charges for Current Services (Continued)					
Recreation					
Fee Classes	\$ 988,749	\$ 1,050,000	\$ 989,620	\$ 940,000	\$ 960,000
Facility Reservations	430,208	430,000	359,570	320,000	320,000
Permits	133,482	140,000	108,500	100,000	100,000
Civic Events Equipment	56,602	40,000	36,060	40,000	40,000
General Recreation Programs	311,621	290,000	315,850	260,000	260,000
Sports Programs	195,641	180,000	144,240	160,000	160,000
Udall Center Programs	211,517	220,000	174,420	160,000	160,000
Randolph Center Programs	44,557	50,000	37,080	30,000	40,000
Tennis Centers	8,364	70,000	5,090	70,000	70,000
Aquatics Fees	240,481	380,000	383,280	340,000	340,000
El Pueblo Center Programs	132,781	140,000	114,590	100,000	100,000
Zoo	982,646	870,000	633,160	620,000	650,000
Baseball	342,512	220,000	260,630	200,000	220,000
Adaptive Recreation Center	-0-	-0-	87,980	70,000	70,000
El Rio Center Programs	17,818	20,000	21,030	20,000	20,000
Quincie Douglas Center	27,687	20,000	31,550	20,000	20,000
Clements Center	25,265	20,000	84,430	40,000	40,000
Rodeo Grounds	73,488	20,000	20,440	20,000	20,000
Miscellaneous	105,816	40,000	31,410	30,000	30,000
Sub-Total	4,329,235	4,200,000	3,838,930	3,540,000	3,620,000
Total	\$ 22,774,261	\$ 23,546,940	\$ 24,663,650	\$ 24,685,570	\$ 25,258,430
Non-Revenue Receipts					
Sale of Property					
Real Property	\$ 3,993,636	\$ 510,000	\$ 613,160	\$ 620,000	\$ 620,000
Used Vehicles	267,407	60,000	202,000	200,000	200,000
Inventory and Other Materials	89,094	80,000	192,110	150,000	150,000
Unclaimed Property	38,013	30,000	42,550	40,000	40,000
Other	29,940	125,000	67,070	100,000	100,000
Sub-Total	4,418,090	805,000	1,116,890	1,110,000	1,110,000
Recovered Expenditures					
Uninsured Damages	7,199	30,000	40,080	40,000	40,000
Industrial Insurance	167,858	195,000	209,810	200,000	200,000
Payroll Deductions Charges	1,906	3,000	1,950	2,000	2,000
Reimbursement for Services	81,258	45,000	39,910	50,000	50,000
Other	135,466	140,000	167,700	170,000	170,000
Sub-Total	393,687	413,000	459,450	462,000	462,000

GENERAL FUND

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Non-Revenue Receipts (Continued)					
Sundry Income					
Reimbursement Court Attorney Fees	\$ 90,059	\$ 75,000	\$ 75,360	\$ 80,000	\$ 80,000
Employee Fees	8,116	8,000	8,180	8,000	8,000
Election Campaign Contributions	182	50,000	13,050	50,000	50,000
Open Space Contributions	11,297	12,000	10,210	10,000	10,000
Other	389,338	130,000	37,810	130,000	130,000
Sub-Total	498,992	275,000	144,610	278,000	278,000
Other General Revenues	-0-	3,750,000	-0-	2,000,000	2,000,000
Off Duty Police Program	3,067,927	3,109,060	2,949,880	3,003,260	3,003,260
Other Funding Sources	1,556,146	2,304,110	4,434,860	10,569,690	11,531,960
Total	\$ 9,934,842	\$ 10,656,170	\$ 9,105,690	\$ 17,422,950	\$ 18,385,220
Certificates of Participation	\$ 30,238,268	\$ 19,335,200	\$ 9,738,280	\$ 50,785,800	\$ 41,999,640
Brought Forward	\$ -0-	\$ 3,628,700	\$ 1,141,600	\$ 4,078,100	\$ -0-
Use/Transfers to Fund Balance					
Uses of Fund Balance	-0-	3,979,000	363,970	8,570,000	470,000
Transfers to Fund Balance	-0-	-0-	-0-	-0-	-0-
Use/Transfers to Fund Balance	\$ -0-	\$ 3,979,000	\$ 363,970	\$ 8,570,000	\$ 470,000
Total General Fund	\$ 368,813,866	\$ 382,563,890	\$ 384,762,490	\$ 470,941,550	\$ 476,950,980

GENERAL FUND

HIGHLIGHTS

Primary Property Tax

The city's Fiscal Year 2007 projected primary property tax revenue is \$558,100 higher than the Fiscal Year 2006 adopted revenues. Although the tax rate will be lower, assessed property valuations have risen, which results in the additional revenue. The Fiscal Year 2007 levy of \$9,733,050 is set at the maximum allowable primary property tax as estimated by the Pima County Assessor. The Fiscal Year 2008 projected primary property tax increases another \$486,650, which is due to further projected increases in property valuations.

Business Privilege Tax

Revenue from the business privilege tax, or sales tax, is a funding source for the General Fund and the Special Revenue Funds. For Fiscal Year 2007 the total projected sales tax collections are \$199,500,000, an increase of 8% over the Fiscal Year 2006 Adopted Budget. For Fiscal Year 2008, projected tax collections are \$209,500,000, another 5% increase. The increases for Fiscal Years 2007 and 2008 are based on a continuation of the strong economic growth Tucson is experiencing.

The amount of city sales tax allocated to the General Fund for Fiscal Year 2007 increases \$22,975,560, while the allocation to the Special Revenue Funds decreases by \$8,015,560. The decrease to the Special Revenue Funds is partially due to the transfer of the contribution for the Library from Special Revenue Funds to the General Fund. The amount allocated to the General Fund for Fiscal Year 2008 increases another \$10,421,840.

Other Local Taxes

Other local tax revenues projected for Fiscal Year 2007 increased \$3,210,000 over adopted Fiscal Year 2006 amounts, a 12% increase, which is primarily due to the rebounding of the tourism sector of the local economy. The Fiscal Year 2008 estimate is another increase of \$810,000 or 3%, reflecting a return to moderate growth in the near future.

Licenses and Permits

For Fiscal Year 2007, this revenue source increased by \$794,950 or 4% over the adopted Fiscal Year 2006 revenues, primarily due to an increase in Utility Franchise Fees that is based on economic growth. The Fiscal Year 2008 estimate increases by \$425,000, because Utility Franchise Fees are expected to continue growing.

Fines, Forfeitures, and Penalties

Total revenues in Fiscal Year 2007 from all fines, forfeitures, and penalties are forecast to increase \$2,185,280 from Fiscal Year 2006 adopted revenues. Much of the increase is due to projections for criminal traffic violations, based on revenue growth experienced during Fiscal Year 2006. The increase for Fiscal Year 2008 is \$266,070.

Use of Money and Property

An increase of \$817,110 for Fiscal Year 2007 from Fiscal Year 2006 adopted revenues is projected due to higher interest rates and rental income. The Fiscal Year 2008 projection anticipates no change from Fiscal Year 2007.

Grants and Shared Taxes

State-shared taxes and other state and local grant funds increased \$3,870,250 for Fiscal Year 2007 over Fiscal Year 2006 adopted revenues. Auto lieu taxes are projected to decrease \$330,000 and grants by \$59,750. Those reductions are offset by an increase of \$4,260,000 in state-shared sales tax. For Fiscal Year 2008, revenues from grants and shared taxes are expected to increase another \$3,949,000. The increases in Fiscal Years 2007 and 2008 reflect Arizona's continuing economic growth.

Fiscal Year 2007 revenue from state-shared sales and auto lieu taxes reflects the results of the mid-decade census: Tucson is growing at a slower rate than many other Arizona cities and towns. Tucson's share is anticipated to decrease 8.6% or \$6,466,000: a loss of \$1,979,000 in auto lieu taxes and \$4,487,000 in state sales tax. This reduction is offset by strong revenue growth anticipated in Fiscal Years 2006 and 2007.

GENERAL FUND

State Revenue Sharing

An increase in state-shared income taxes of 19% or \$9,570,000 is expected for Fiscal Year 2007. The Fiscal Year 2008 estimate increases another \$9,080,000. The Fiscal Years 2007 and 2008 distributions from the state are based on Fiscal Years 2005 and 2006 state income tax collections. As is the case with state-shared taxes, \$5,227,000 was lost in state-shared revenues due to the mid-decade census. The growth in the Arizona economy fully offset that loss.

Charges for Current Services

Total charges for current services for Fiscal Year 2007 are projected to increase \$1,138,630 over Fiscal Year 2006 adopted revenues. There is a decrease of \$660,000 in Parks and Recreation fee revenues based on a roll-back of certain fees to Fiscal Year 2004 levels and to reflect a change in the manner of accounting for discounts. (In Fiscal Year 2006 adopted budget, the Parks fee discounts were counted as an expense against revenue. Because no expenditures are recorded, the revenue has been reduced for Fiscal Year 2007.) This decrease is offset by an increase of \$1,137,000 in Emergency Medical Transport fees and moderate increases in other fees for services. The Fiscal Year 2008 revenues from fees and charges are expected to increase another \$572,860.

Non-Revenue Receipts

These sources are projected to increase \$6,766,780 for Fiscal Year 2007. That increase is primarily due to capacity included for a possible payment of \$4,500,000 to the Irvington area developer and the debt service on certificates of participation covered by Rio Nuevo's first repayment to the General Fund of \$2,200,000. The increase of \$962,270 in Fiscal Year 2008 is primarily due to the elimination of the one-time payment to the Irvington area developer, which is offset by \$5,250,000 from potential private sector participation in a downtown parking garage.

Certificates of Participation

Certificates of participation increased \$31,450,600 based on new financing requirements in Fiscal Year 2007, primarily for public safety facilities and the emergency communication system. In Fiscal Year 2008, the use of certificates of participation decreases by \$8,786,160 due to the completion of certain of those facilities.

Brought Forward

Brought Forward funding will decrease \$449,400 from the Fiscal Year 2006 adopted amount based on Fiscal Year 2007 carryforward requirements. No Brought Forward funds are anticipated at this time for the Fiscal Year 2008 budget.

Use/Transfers to Fund Balances

Use of fund balance increases by \$4,591,000 for Fiscal Year 2007. This includes the use of reserves for the emergency communications project and for fire apparatus. For Fiscal Year 2008, the use of fund balance decreases by \$8,100,000. The \$470,000 budgeted in Fiscal Year 2008 includes the use of reserves designated for Development Service to complete the upgrade of a computerized permitting system.

SPECIAL REVENUE FUNDS

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
General Fund Contributions					
Library Fund	\$ 10,052,144	\$ 8,000,000	\$ 7,999,960	\$ -0-	\$ -0-
Public Safety Academy Fund	5,691,866	5,045,200	5,297,970	5,583,860	5,614,050
Tucson Convention Center Fund	7,043,378	6,797,740	6,897,330	6,624,260	6,444,260
Mass Transit Fund	28,576,095	36,062,970	32,165,880	35,682,230	35,410,200
Total	\$ 51,363,483	\$ 55,905,910	\$ 52,361,140	\$ 47,890,350	\$ 47,468,510
Licenses and Permits					
ParkWise Meter Collections	\$ 410,641	\$ 730,000	\$ 456,330	\$ 582,980	\$ 597,980
Hooded Meter Fees	14,662	16,000	15,000	15,000	15,000
Highway User Revenue Fund	919,418	-0-	-0-	-0-	-0-
Total	\$ 1,344,721	\$ 746,000	\$ 471,330	\$ 597,980	\$ 612,980
Fines, Forfeitures, and Penalties					
ParkWise Parking Violations	\$ 546,058	\$ 590,000	\$ 622,410	\$ 660,000	\$ 670,000
Total	\$ 546,058	\$ 590,000	\$ 622,410	\$ 660,000	\$ 670,000
Use of Money and Property					
ParkWise Parking Revenues	\$ 1,343,372	\$ 2,175,000	\$ 2,316,000	\$ 2,914,250	\$ 2,891,600
Interest Earnings					
Public Safety Fund	4,038	-0-	-0-	-0-	-0-
ParkWise	203,105	-0-	-0-	-0-	-0-
Highway User Revenue Fund	444,883	550,000	518,400	520,000	550,000
Total	\$ 1,995,398	\$ 2,725,000	\$ 2,834,400	\$ 3,434,250	\$ 3,441,600
Grants and Shared Taxes					
Shared State Taxes					
Highway User Revenue Fund	\$ 41,332,129	\$ 42,468,000	\$ 42,985,410	\$ 42,468,000	\$ 44,167,000
Transfer to Debt Service	(7,466,467)	(9,161,110)	(8,882,180)	(8,827,240)	(7,656,870)
Local Transit Assistance Fund	2,646,230	2,592,000	2,592,000	2,592,000	2,592,000
Sub-Total	36,511,892	35,898,890	36,695,230	36,232,760	39,102,130

SPECIAL REVENUE FUNDS

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Grants and Shared Taxes (Continued)					
State and Local Grants					
City Attorney Grants	\$ 69,500	\$ 148,870	\$ 103,090	\$ 148,260	\$ 148,260
City Court Grants	48,959	399,140	260,390	362,190	363,970
Community Services Grants	47,400	650,000	650,000	700,000	700,000
Fire Grants	-0-	350,000	17,040	350,000	350,000
Human Resources Grants	3,534	-0-	-0-	-0-	-0-
Pima County Library Support	9,041,455	13,915,830	12,915,830	-0-	-0-
Library Grants	80,165	1,000,000	946,250	-0-	-0-
Neighborhood Resources	181,208	-0-	-0-	-0-	-0-
Parks and Recreation Grants	1,059,343	2,345,590	1,302,200	966,390	966,390
Police Grants	804,972	1,273,380	1,143,390	1,181,980	1,107,110
Transportation Grants	3,676,834	16,743,800	2,802,570	52,280,140	33,924,040
Mass Transit Grants	-0-	609,040	-0-	-0-	-0-
Urban Planning	1,800	210,000	210,000	210,000	210,000
Information Technology	15,000	30,000	30,000	30,000	30,000
General Services Grants	-0-	1,500,000	-0-	500,000	500,000
General Expense	271,599	277,650	-0-	200,000	200,000
Debt Service	550,000	1,300,000	1,300,000	-0-	-0-
Pima County Bonds	2,892,942	3,992,000	4,757,370	19,039,600	15,523,000
Sub-Total	18,744,711	44,745,300	26,438,130	75,968,560	54,022,770
Total	\$ 55,256,603	\$ 80,644,190	\$ 63,133,360	\$ 112,201,320	\$ 93,124,900
Charges for Current Services					
Public Safety Academy	\$ 308,045	\$ 878,950	\$ 758,950	\$ 883,240	\$ 887,530
Library Charges	576,012	570,000	570,000	-0-	-0-
Public Transportation					
Full Fares	6,095,448	6,100,000	6,702,910	6,750,000	6,850,000
Special Reduced Fares	1,569,803	1,800,000	2,343,340	2,340,000	2,340,000
Shuttle Service	46,307	20,000	27,040	20,000	20,000
Advertising Revenue	274,923	380,000	66,020	310,000	320,000
County/Other Local Operating Assistance	3,589,689	3,100,000	3,579,430	3,600,000	3,760,000
Special Needs	340,957	320,000	416,360	330,000	330,000
Other	133,334	180,000	48,860	180,000	180,000
Sub-Total	12,050,461	11,900,000	13,183,960	13,530,000	13,800,000

SPECIAL REVENUE FUNDS

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Charges for Current Services (Continued)					
Tucson Convention Center					
Room and Space Rental	\$ 1,174,572	\$ 1,236,000	\$ 1,365,550	\$ 1,500,000	\$ 1,590,000
Box Office Fees	217,820	209,000	194,000	175,000	188,000
Parking	802,406	732,500	810,000	981,000	1,007,000
Parking Facility Fee	114,653	77,500	77,500	120,000	127,000
Recovered Expenditures	83,820	92,000	120,000	126,000	126,000
Catering and Concessions	453,378	503,500	509,500	516,000	557,000
Program Sales	57,297	58,000	58,300	60,000	60,000
Commission Revenues	118,601	125,000	125,000	136,000	146,000
Facility User Fees	318,224	432,000	332,340	363,000	404,000
Miscellaneous	198,206	36,000	50,500	106,000	106,000
Sub-Total	3,538,977	3,501,500	3,642,690	4,083,000	4,311,000
Total	\$ 16,473,495	\$ 16,850,450	\$ 18,155,600	\$ 18,496,240	\$ 18,998,530
Public Housing Local Revenue	\$ 2,555,153	\$ 2,280,000	\$ 2,280,000	\$ 2,280,000	\$ 2,280,000
Federal Grants					
Public Housing Federal Revenue					
Conventional/Development Fund	\$ 3,225,997	\$ 3,651,970	\$ 3,685,450	\$ 3,818,200	\$ 3,868,200
H.O.M.E. Fund	4,150,158	8,125,390	8,125,390	9,142,280	8,277,500
Section 8 Fund	28,695,256	27,580,020	27,580,020	27,710,190	27,603,790
Comprehensive Housing Fund	1,517,399	2,789,730	2,789,730	3,388,130	3,203,200
Miscellaneous Federal Housing Funds	2,829,231	3,539,340	3,539,340	4,889,270	4,789,350
HOPE VI Funds	816,249	317,000	79,990	9,101,680	5,907,280
Sub-Total	41,234,290	46,003,450	45,799,920	58,049,750	53,649,320
Other Federal Revenue					
Community Development Block Grant Entitlement	6,599,993	13,153,730	10,173,740	11,353,760	8,010,290
City Attorney Grants	243,288	424,700	204,720	338,440	338,440
Community Services Grants	417,415	535,840	535,840	398,540	317,870
Fire Grants	1,089,008	98,380	2,040,390	911,880	556,840
Information Technology Grants	-0-	-0-	-0-	300,000	300,000
Library Grants	98,748	-0-	53,250	-0-	-0-
Parks and Recreation Grants	304,403	720,930	237,220	581,590	581,590
Police Grants	4,302,224	5,430,830	2,939,820	5,516,110	5,373,950
Urban Planning Grants	89,947	390,000	390,000	390,000	390,000
Mass Transit Grants	9,124,679	31,197,410	18,814,320	34,853,610	25,981,510
Transportation Grants	6,163,778	24,711,420	22,546,300	17,855,700	10,852,940

SPECIAL REVENUE FUNDS

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Federal Grants					
Other Federal Revenue (Continued)					
General Expense Grants	\$ 121,353	\$ 723,710	\$ 502,370	\$ 2,250,000	\$ 1,600,000
General Services Grants	22,012	1,500,000	-0-	500,000	500,000
Sub-Total	28,576,848	78,886,950	58,437,970	75,249,630	54,803,430
Total	\$ 69,811,138	\$ 124,890,400	\$ 104,237,890	\$ 133,299,380	\$ 108,452,750
Non-Revenue Receipts					
Sale of Property					
Highway User Revenue Fund	\$ 558,273	\$ 200,000	\$ -0-	\$ -0-	\$ -0-
Mass Transit	82,150	-0-	14,450	-0-	-0-
Sub-Total	640,423	200,000	14,450	-0-	-0-
Other Non-Revenue Receipts					
Library Fund	220	-0-	-0-	-0-	-0-
Contributions	39,890	3,510,000	1,451,540	350,000	350,000
Highway User Revenue Fund	2,198,710	2,325,000	1,825,000	1,525,000	1,400,000
Impact Fees	-0-	-0-	-0-	6,852,500	-0-
ParkWise Shuttle	11,506	15,000	12,000	15,000	15,000
ParkWise Contributions	836,481	-0-	-0-	-0-	-0-
Sub-Total	3,086,807	5,850,000	3,288,540	8,742,500	1,765,000
Total	\$ 3,727,230	\$ 6,050,000	\$ 3,302,990	\$ 8,742,500	\$ 1,765,000
Certificates of Participation					
ParkWise	\$ 8,563,399	\$ 3,502,000	\$ 3,138,600	\$ -0-	\$ -0-
Fleet Services Fund	-0-	11,566,400	1,755,000	2,175,490	1,605,000
Total	\$ 8,563,399	\$ 15,068,400	\$ 4,893,600	\$ 2,175,490	\$ 1,605,000
Brought Forward					
Highway User Revenue Fund	\$ 1,416,800	\$ 75,000	\$ 2,217,800	\$ 3,557,300	\$ -0-
Mass Transit Fund	1,819,800	2,897,920	2,897,920	2,160,100	-0-
Total	\$ 3,236,600	\$ 2,972,920	\$ 5,115,720	\$ 5,717,400	\$ -0-

SPECIAL REVENUE FUNDS

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Use of Fund Balance					
Impact Fees	\$ 3,329,729	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Highway User Revenue Fund	756,953	9,439,350	2,944,650	6,247,670	3,866,030
Library	119,676	-0-	-0-	-0-	-0-
Mass Transit Fund	651,161	-0-	-0-	-0-	-0-
Public Safety Academy	94,453	-0-	-0-	-0-	-0-
Tucson Convention Center	(53,123)	490,500	142,020	158,000	110,000
ParkWise	184,214	678,570	762,200	-0-	-0-
Total	\$ 5,083,063	\$ 10,608,420	\$ 3,848,870	\$ 6,405,670	\$ 3,976,030
Total Special Revenue Funds	\$ 219,956,341	\$ 319,331,690	\$ 261,257,310	\$ 341,900,580	\$ 282,395,300

SPECIAL REVENUE FUNDS

HIGHLIGHTS

General Fund Contributions

Changes from Fiscal Year 2006 reflect increases and decreases necessary to offset the expenditures of specific funds supported by general revenues based on their projected budgets and revenues. For Fiscal Year 2007, General Fund Contributions decreased \$8,015,560, primarily due to the transfer of the Library contribution to the General Fund. With Pima County taking full operational control of the Library on July 1, 2006, it is no longer necessary for the city to account for Library expenses in a special revenue fund. For Fiscal Year 2008, General Fund contributions are expected to decrease by \$421,840.

Licenses and Permits

This revenue consists of parking meter collections and fees, which are projected to decrease \$148,020 from the Fiscal Year 2006 Adopted Budget. The anticipated increase in revenue in Fiscal Year 2006, which was based on new parking meter installations, has not materialized. The Fiscal Year 2007 estimate is based on more modest growth over the actual collections for Fiscal Year 2006. The Fiscal Year 2008 projection increases by \$15,000.

Fines, Forfeitures, and Penalties

Parking violation fine revenues, the only revenue in this category, are projected to increase \$70,000 from the adopted Fiscal Year 2006 budget due to expanded enforcement. The Fiscal Year 2008 projection is \$10,000 higher than Fiscal Year 2007.

Use of Money and Property

The majority of the projected \$709,250 increase in Fiscal Year 2007 is due to higher parking garage revenues, including revenues from the new Pennington Garage. The Fiscal Year 2008 projection increases by \$7,350.

Grants and Shared Taxes

For Fiscal Year 2007, state-shared taxes and other state and local grants increase by \$31,557,130 from the Fiscal Year 2006 adopted budget based on the implementation of funded programs and projects. Most of that increase is due to inclusion of \$25 million capacity for the expenditures of Regional Transportation Authority funds. Other major changes include the following:

- ◆ Budget capacity for Pima County support of the Library has been eliminated due to its transfer to Pima County.
- ◆ Grant capacity in several departments has been reduced to more accurately reflect historical awards.
- ◆ Grant and intergovernmental agreement funding for transportation purposes increased for street and public transportation projects.
- ◆ The use of Pima County bonds increased, primarily for Parks and Recreation projects.

The Fiscal Year 2008 estimate decreases by \$19,076,420, primarily due to the anticipated completion of Transportation projects.

Charges for Current Services

User fees are projected to increase \$1,645,790 in Fiscal Year 2007, primarily due to increased Sun Tran revenues based on Fiscal Year 2006 ridership and Tucson Convention Center revenues; Library charges will be collected by Pima County. The Fiscal Year 2008 projection increases by \$502,290, due to further increases in Sun Tran and Tucson Convention Center revenues.

SPECIAL REVENUE FUNDS

Public Housing Local Revenue

Local revenues restricted to public housing are not anticipated to change for Fiscal Years 2007 or 2008.

Federal Grants

Federal funding is anticipated to be \$8,408,980 higher for Fiscal Year 2007 based on anticipated grant awards and the completion of projects. Major changes are as follows:

- ◆ HOPE VI funding increases by \$8,784,680.
- ◆ Other federal housing funds increase by \$3,261,620.
- ◆ Community Development Block Grant (CDBG) funds decrease by \$1,799,970.
- ◆ Mass Transit and other transportation grants for capital projects decrease by \$3,199,520.
- ◆ Debt repayment from federal grants increases by \$1,606,290.

The Fiscal Year 2008 estimate decreases by \$24,846,630 due to the completion of housing and transportation projects.

Non-Revenue Receipts

The \$2,692,500 increase in Fiscal Year 2007 is primarily due to the inclusion of impact fee revenue, which is offset by a reduction in developer contributions for transportation improvements. (Impact fee capacity of \$6,852,500 is being included in Fiscal Year 2007 should the Mayor and Council decide to program those funds for specific impact fee eligible projects.) The Fiscal Year 2008 estimate decreases by \$6,977,500 due to zero impact fee revenue. (Capacity for Fiscal Year 2008 impact fee revenue will be included in the Fiscal Year 2008 Update to the biennial budget.)

Certificates of Participation

Certificates of Participation decrease \$12,892,910 in Fiscal Year 2007 based on the completion of the Pennington Garage and a change in the use of lease/purchase agreements, rather than certificates of participation, for vehicle replacement. The Fiscal Year 2008 requirement decreases by \$570,490 due to a decline in financing requirements for fire apparatus replacement.

Brought Forward

Brought forward funding increases \$2,744,480 for Fiscal Year 2007 due to Transportation projects not being completed as planned in Fiscal Year 2006. No requirements are anticipated for Fiscal Year 2008.

Use of Fund Balance

Use of fund balances decreases \$4,202,750 for Fiscal Year 2007 based primarily on reduced requirements for Transportation and ParkWise programs and projects. The Fiscal Year 2008 estimate decreases another \$2,429,640 due to reduced requirements for Transportation programs and projects.

ENTERPRISE FUNDS

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Environmental Services Fund					
Operating Revenue					
General Fund Contributions	\$ 1,655,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Commercial Refuse Services	5,710,785	7,123,000	6,460,600	6,460,600	6,460,600
Residential Refuse Services	17,622,887	18,959,000	19,384,800	19,772,000	20,167,000
Brush and Bulky Refuse Service	3,212,981	3,160,000	3,230,800	3,295,000	3,361,000
Landfill Services Charges	6,217,365	5,507,000	7,067,700	7,209,000	7,353,000
Self Haul Fee	1,034,942	1,015,000	1,200,000	1,224,000	1,248,000
Refuse Penalties	138,431	142,000	155,000	158,000	161,000
Recycling	1,474,219	1,321,000	1,341,900	1,369,000	1,396,000
Sub-Total	37,066,610	37,227,000	38,840,800	39,487,600	40,146,600
Non-Operating Revenue					
Interest Earnings	43,671	-0-	237,000	196,000	196,000
Household Hazardous Waste	-0-	-0-	332,000	314,500	314,500
Federal Grants	-0-	-0-	-0-	500,500	181,500
State and Local Grants	170,467	410,000	410,000	410,000	410,000
Certificates of Participation and Debt Financing	-0-	917,250	917,250	1,501,000	8,144,000
Miscellaneous Revenues	165,848	1,089,490	112,000	-0-	-0-
Transfers to Reserves	(2,729,062)	(1,783,650)	(3,833,930)	(2,944,360)	(1,931,690)
Sub-Total	(2,349,076)	633,090	(1,825,680)	(22,360)	7,314,310
Total	\$ 34,717,534	\$ 37,860,090	\$ 37,015,120	\$ 39,465,240	\$ 47,460,910
Golf Course Fund					
El Rio	\$ 801,300	\$ 1,304,460	\$ 699,000	\$ 1,304,460	\$ 1,304,460
Randolph	4,896,836	5,557,200	5,015,000	5,557,200	5,557,200
Fred Enke	1,714,474	1,665,980	1,687,000	1,665,980	1,665,980
Silverbell	1,372,786	1,816,900	837,000	1,816,900	1,816,900
Other	2,997,301	563,510	1,667,480	563,510	563,510
Certificates of Participation	-0-	2,180,000	2,110,000	70,000	-0-
Total	\$ 11,782,697	\$ 13,088,050	\$ 12,015,480	\$ 10,978,050	\$ 10,908,050

ENTERPRISE FUNDS

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
Water Utility					
Operating Water Revenue					
Potable Water Sales	\$ 93,335,582	\$ 101,082,800	\$ 96,165,000	\$ 101,813,000	\$ 110,762,000
Central Arizona Project Surcharge	1,852,266	2,011,000	1,931,000	1,983,000	2,026,000
Connection Fees	2,997,238	3,000,000	2,900,000	2,900,000	2,900,000
Miscellaneous Revenue	4,929,786	3,396,000	6,138,000	4,923,000	8,028,000
Billing Services	1,914,630	1,877,000	2,962,000	2,992,000	3,022,000
Reclaimed Water Sales	5,652,916	6,789,200	5,239,000	6,103,000	6,632,000
Sales/Use Tax	-0-	10,609,000	9,487,000	-0-	-0-
Sub-Total	110,682,418	128,765,000	124,822,000	120,714,000	133,370,000
Non-Operating Water Revenue					
Interest Earnings	1,119,131	1,116,000	1,173,000	1,233,000	1,208,000
Tucson Airport Remediation Project Reimbursement	713,618	993,000	993,000	816,000	908,000
Metropolitan Water Company Reserve Account	3,417	-0-	-0-	-0-	-0-
Water System Equity Fees	7,438,248	6,754,000	7,772,000	8,332,000	8,594,000
Area Development Fees	439,244	907,000	474,000	474,000	474,000
Certificates of Participation	509,674	1,180,000	-0-	-0-	-0-
Transfers from Working Capital	2,266,866	(936,700)	3,511,330	11,862,350	(458,380)
Miscellaneous Grants	9,982	400,000	400,000	850,000	156,990
Sub-Total	12,500,180	10,413,300	14,323,330	23,567,350	10,882,610
Total	\$ 123,182,598	\$ 139,178,300	\$ 139,145,330	\$ 144,281,350	\$ 144,252,610
Total Enterprise Funds	\$ 169,682,829	\$ 190,126,440	\$ 188,175,930	\$ 194,724,640	\$ 202,621,570

ENTERPRISE FUNDS

HIGHLIGHTS

Environmental Services

Environmental Services revenues projected for Fiscal Year 2007 increase \$1,605,150 over the Fiscal Year 2006 adopted revenues. User revenues will increase by \$2,260,600 based on customer demand; no rate increases are included. Because the city took over the operation of the Household Hazardous Waste Program from Pima County, reimbursement revenues of \$314,500 are anticipated. A transfer to reserves, which will allow the department to meet future regulatory compliance requirements, offsets these increases. The Fiscal Year 2008 revenue projection is \$7,995,670 more than Fiscal Year 2007, primarily due to the use of certificates of participation for capital improvements at the city's landfills.

Golf Fund

Golf revenues are projected to decrease \$2,110,000 for Fiscal Year 2007 due to the near completion of work on the Silverbell Golf Course. Fiscal Year 2008 revenues are \$70,000 less due to the final completion of that project.

Water Utility

The projected revenue for Fiscal Year 2007 reflects an increase of \$5,103,050 over the Fiscal Year 2006 adopted amount based on growth in service demand and a rate increase that will generate a 3.7% increase in water sale revenues. The Fiscal Year 2008 decreases by \$28,740. The revenue increase in Fiscal Years 2007 and 2008 are partially driven by the need to purchase to additional Central Arizona Project water.

DEBT SERVICE FUNDS

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
General Obligation Debt Service					
Secondary Property Tax	\$ 20,388,546	\$ 24,235,450	\$ 24,220,340	\$ 26,808,660	\$ 27,815,830
Total	\$ 20,388,546	\$ 24,235,450	\$ 24,220,340	\$ 26,808,660	\$ 27,815,830
Street and Highway Debt Service					
State Shared Taxes	\$ 15,421,418	\$ 17,203,110	\$ 16,936,270	\$ 16,869,240	\$ 16,837,200
Total	\$ 15,421,418	\$ 17,203,110	\$ 16,936,270	\$ 16,869,240	\$ 16,837,200
Total Debt Service Funds	\$ 35,809,964	\$ 41,438,560	\$ 41,156,610	\$ 43,677,900	\$ 44,653,030

DEBT SERVICE FUNDS

HIGHLIGHTS

General Obligation Debt Service

General obligation debt service is funded from the secondary property tax, which increases \$2,573,210 for Fiscal Year 2007. No new sale is anticipated for Fiscal Year 2007. The increase is based on the debt repayment schedule. It includes a change in accounting for Environmental Services debt on general obligation bonds that last year was reflected in the Environmental Services Fund. For Fiscal Year 2008, the debt service requirement increases by \$1,007,170 based on the expected sale of the remaining \$13,300,000 of the 2000 general obligation bond authorization.

Street and Highway Debt Service

Street and highway debt service is financed entirely from state-shared gasoline taxes and highway user fees and charges. This debt service will decrease \$333,870 in Fiscal Year 2007. The Fiscal Year 2008 requirement decreases another \$32,040. The city has sold all of the 2000 street and highway revenue bond authorization.

CAPITAL PROJECTS FUNDS

FINANCIAL RESOURCES	Actual FY 2005	Adopted FY 2006	Estimated FY 2006	Adopted FY 2007	Approved FY 2008
General Obligation Bond Funds Proceeds	\$ 19,174,724	\$ 25,009,700	\$ 20,382,920	\$ 18,174,700	\$ 1,800,000
Street and Highway Revenue Bond Funds Proceeds	5,288,560	2,727,200	5,434,020	85,300	-0-
Environmental Services Bond Funds Proceeds	4,904,718	7,994,000	8,893,710	2,899,000	1,501,000
Water Revenue Bond Funds Proceeds	18,855,955	39,203,000	42,388,250	29,900,900	32,030,000
Total Capital Projects Funds	\$ 48,223,957	\$ 74,933,900	\$ 77,098,900	\$ 51,059,900	\$ 35,331,000

CAPITAL PROJECTS FUNDS

HIGHLIGHTS

General Obligation Bonds

General obligation bonds are used to finance capital projects other than street, environmental services, and water projects. The Fiscal Year 2007 use of these bonds decreases \$6,835,000 based on project implementation and completion. The Fiscal Year 2008 decreases a further \$16,374,700 as more bond projects are completed. It is anticipated that the 2000 authorization will be fully expended in Fiscal Year 2009.

Street and Highway Revenue Bonds

Street and highway revenue bonds are used to finance Transportation street and right-of-way capital projects. The Fiscal Year 2007 use of these bonds decreases \$2,641,900 due to project completion. The 2000 authorization will be fully expended in Fiscal Year 2007, which leaves no bonds available in Fiscal Year 2008.

Environmental Services Bonds

Environmental Services bonds are used to finance landfill and other environmental projects that were part of the 2000 general obligation bond authorization. The Fiscal Year 2007 use of these bonds decreases \$5,095,000 based on project implementation and completion. For Fiscal Year 2008, their use decreases another \$1,398,000. It is anticipated that the 2000 authorization will be fully expended in Fiscal Year 2008.

Water Revenue Bonds

Water revenue bonds used to finance water capital projects are from the 2005 authorization. The Fiscal Year 2007 use of these bonds decreases \$9,320,100 based on project implementation. For Fiscal Year 2008, their use increases another \$2,129,100. It is anticipated that the 2005 authorization will finance projects through Fiscal Year 2010.

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.

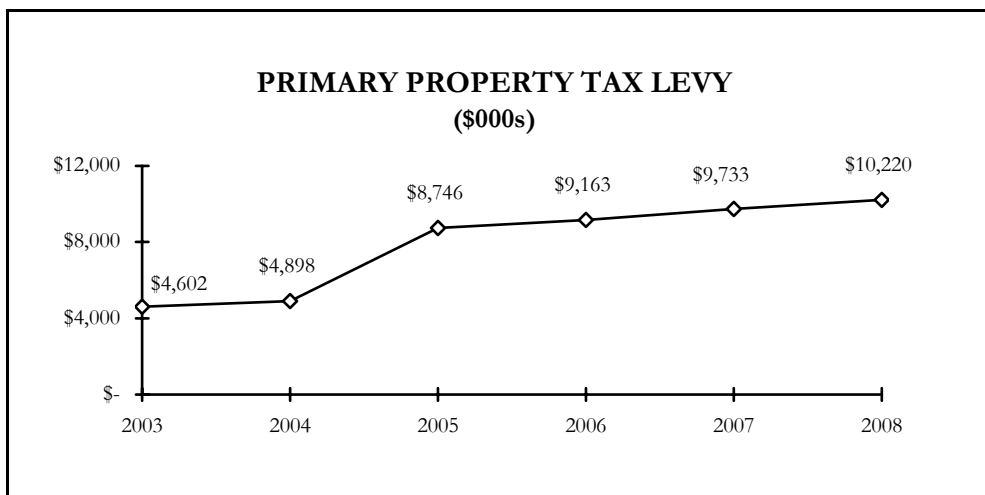
The Arizona State Constitution limits the amount of ad valorem taxes levied by the city to an amount not to exceed 2% greater than the maximum allowable levy in the preceding year. This levy limitation permits additional taxes to be levied on new or annexed property. New or annexed property may be taxed 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 2007 is \$9,733,050 or \$569,960 more than last year's levy of \$9,163,090. (The adopted levy for Fiscal Year 2006 was \$9,174,950.) The tax rate for Fiscal Year 2007 changes to \$0.3411 per \$100 of assessed valuation. The estimated primary property tax for Fiscal Year 2008 is \$10,219,700 or an increase of \$486,650. The Fiscal Year 2008 tax rate will decrease to \$0.3379 per \$100 of assessed valuation.

The following table and graph show the primary assessed valuations, levies, and rates since Fiscal Year 2003.

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>
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	2,477,050	5.6%	8,812	8,746	3,848	78.6%	0.3531
2006	2,641,419	6.6%	9,175	9,163	417	4.8%	0.3469
2007 (Estimate)	2,853,430	8.0%	9,733	9,733	570	6.2%	0.3411
2008 (Estimate)	3,025,636	6.0%	10,220	10,220	487	5.0%	0.3379



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.

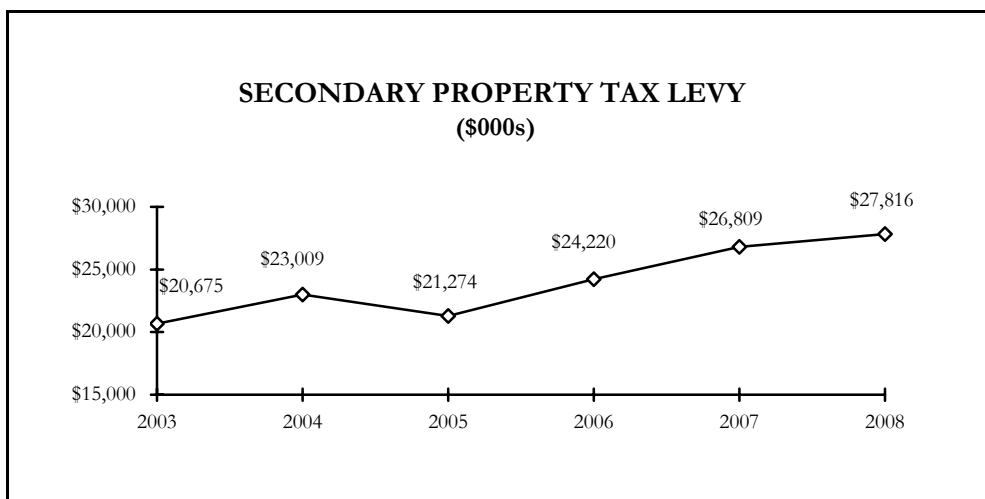
The secondary assessed valuation is based on the full cash value of real property. Full cash value is synonymous with the market value as determined by standard appraisal methods. There is no limitation on the annual increase to the full cash value as it applies to the computation of the secondary property tax.

The city's total estimated debt service requirement on general obligation bonds for Fiscal Year 2007 is \$26,808,660, an increase of \$2,588,320 over the Fiscal Year 2006 levy of \$24,220,340.* (The adopted levy for Fiscal Year 2006 was \$24,235,450.) While no new sales are anticipated for Fiscal Year 2007, the secondary property tax will be used to pay debt service on the general obligation bonds authorized for Environmental Services. The secondary property tax rate for Fiscal Year 2007 is estimated at \$0.8846 per \$100 of assessed valuation, a decrease of \$0.0049. For Fiscal Year 2008, the secondary property tax levy is estimated at \$27,815,830 or an increase of \$1,007,170, which is based on the remaining \$13,300,000 of the 2000 bond authorization being sold. The rate in Fiscal Year 2008 is estimated at \$0.8659 per \$100 of assessed valuation.

The following table and graph show secondary assessed valuations, levies, and rates since Fiscal Year 2003.

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>
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	2,558,231	5.4%	21,274	(1,735)	(7.5%)	0.8316
2006	2,722,916	6.4%	24,220	2,946	13.8%	0.8895
2007 (Estimate)	3,030,580	11.3%	26,809	2,589	10.7%	0.8846
2008 (Estimate)	3,212,415	6.0%	27,816	1,007	3.8%	0.8659



*While the secondary property tax levy was \$24,220,340, the Environmental Services Fund will cover \$2,509,400 of the Fiscal Year 2006 payment for a net use of \$21,710,940 from the secondary property tax in Fiscal Year 2006.

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.

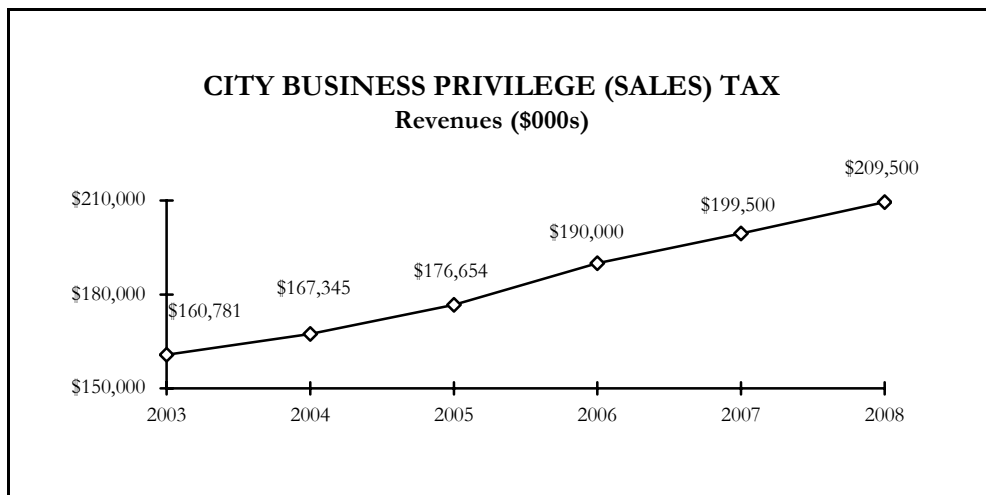
The city sales tax can be used to pay any expense legally chargeable to the General Fund. Mayor and Council policy allocates a portion of the city sales tax collected to finance part of mass transit, convention center, and public housing operations.

Tucson's economy is anticipated to grow, and sales tax revenues are projected to increase 5% in Fiscal Year 2007. The city sales tax estimate of \$199,500,000 for Fiscal Year 2007 is an increase of \$9,500,000, over the prior year revised estimate of \$190,000,000. (The adopted budget for Fiscal Year 2006 was \$184,540,000.) For Fiscal Year 2008, this revenue is expected to grow another 5%, yielding an additional \$10,000,000.

The following table and graph show city business privilege tax collections since Fiscal Year 2003.

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

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
2003	\$ 160,781	\$ 2,642	1.7%
2004*	167,345	6,564	4.1%
2005	176,654	9,309	5.6%
2006 (Estimate)	190,000	13,346	7.6%
2007 (Estimate)	199,500	9,500	5.0%
2008 (Estimate)	209,500	10,000	5.0%



*Does not include recognition of a one-time settlement from Qwest of \$7 million.

TRANSIENT OCCUPANCY AND ROOM TAXES

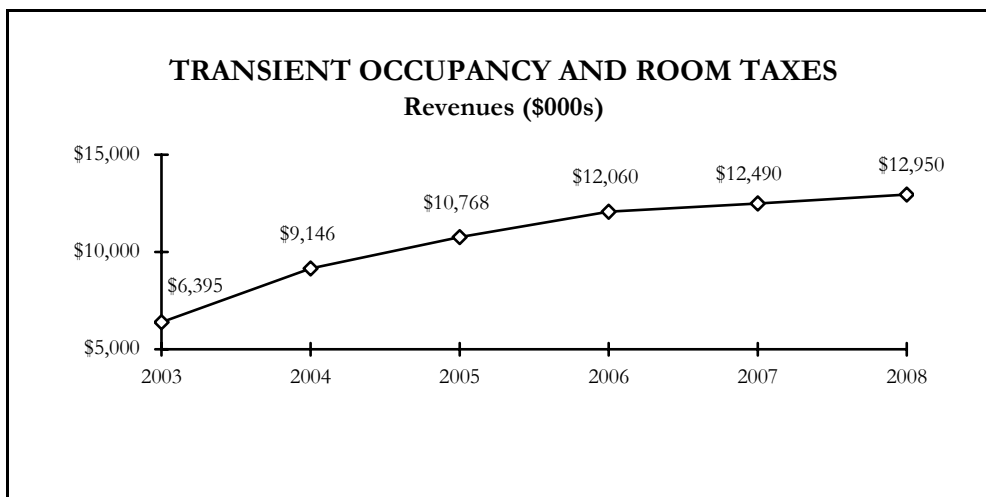
The Tucson City Code authorizes a 6% transient occupancy tax on rooms rented for 30 days or less. This rate was increased from 4% in Fiscal Year 2004, generating revenues that by state statute must be dedicated to tourism-related expenses. In Fiscal Year 1989, a daily hotel/motel surtax of \$1.00 per rented room was authorized.

Estimated transient occupancy and room taxes for Fiscal Year 2007 total \$12,490,000, an increase of \$429,730 or 4% over the prior year estimate of \$12,060,270. (The adopted budget for Fiscal Year 2006 was \$9,890,000.) The Fiscal Year 2008 estimate increases another \$460,000. The large increases in Fiscal Years 2004, 2005, and 2006 reflect the rebounding of the tourism sector of the Tucson economy. The increases for Fiscal Years 2007 and 2008 are based on continued growth, but at a more moderate pace.

The following table and graph show Transient Occupancy and Room Tax collections since Fiscal Year 2003.

TRANSIENT OCCUPANCY AND ROOM TAXES
(\$000s)

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
2003	\$ 6,395	\$ 56	0.9%
2004	9,146	2,751	43.0%
2005	10,768	1,622	17.7%
2006 (Estimate)	12,060	1,292	12.0%
2007 (Estimate)	12,490	430	3.6%
2008 (Estimate)	12,950	460	3.7%



LICENSES AND PERMITS

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

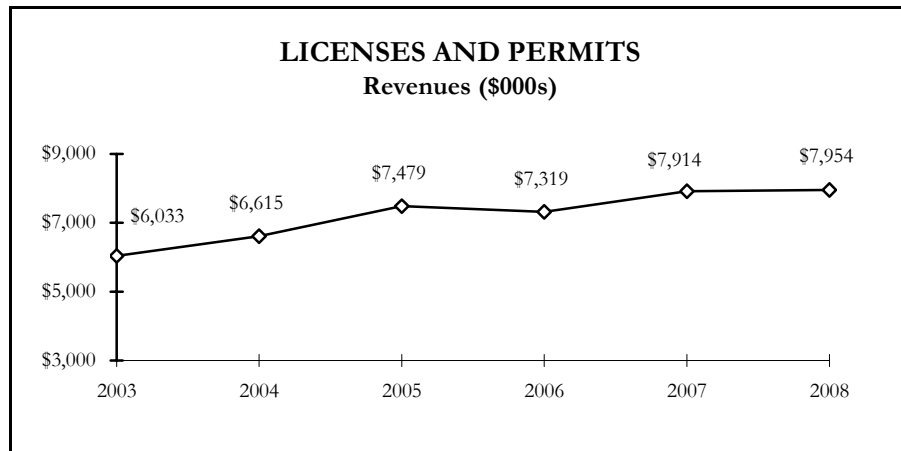
Although utility franchises are accounted for and reported within this revenue category in the city's Comprehensive Annual Financial Report (CAFR), the discussion on estimated revenues from utility franchises granted to Tucson Electric Power and Southwest Gas is presented separately in Public Utility Tax and Utility Franchise Fees on the following page.

Revenues from licenses and permits in Fiscal Year 2007, excluding utility franchise fees, is estimated to total \$7,913,630, which is an 8% increase over the prior year's estimate of \$7,319,250. (The adopted budget for Fiscal Year 2006 was \$8,446,700.) The increase is primarily due to parking meter collections from new meters, a temporary workzone traffic control fee, and increases in television and telecommunications licenses and fees. An increase of \$40,000 is anticipated for Fiscal Year 2008.

The following table and graph show revenues from licenses and permits since Fiscal Year 2003.

LICENSES AND PERMITS (\$000s)

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
2003	\$ 6,033	\$ 1,136	23.2%
2004	6,615	582	9.6%
2005	7,479	864	13.1%
2006 (Estimate)	7,319	(161)	(2.2%)
2007 (Estimate)	7,914	595	8.1%
2008 (Estimate)	7,954	40	0.5%



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.

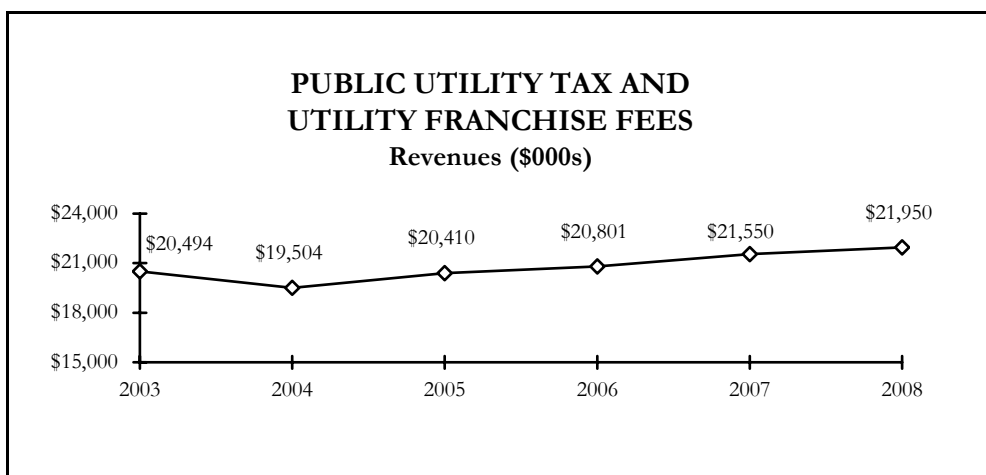
Monies received from public utility taxes and utility franchise fees can be used to pay any expense legally chargeable to the General Fund.

Estimated revenues from public utility taxes and utility franchise fees for Fiscal Year 2007 total \$21,550,000, a 4% increase over last year's revised estimate of \$20,801,300. (The adopted budget for Fiscal Year 2006 was \$20,870,000.) The increase of \$748,700 is primarily due to anticipated growth in the utility franchise fee of \$600,000. For Fiscal Year 2008, these revenues are expected to increase another \$400,000.

The following table and graph show revenues from public utility tax and utility franchise fees since Fiscal Year 2003.

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>
2003	\$ 9,267	\$ 11,227	\$ 20,494	\$ 1,439	7.6%
2004	7,888	11,616	19,504	(990)	(4.8%)
2005	7,655	12,755	20,410	906	4.6%
2006 (Estimate)	7,601	13,200	20,801	391	1.9%
2007 (Estimate)	7,750	13,800	21,550	749	3.6%
2008 (Estimate)	7,750	14,200	21,950	400	1.9%



FINES, FORFEITURES, AND PENALTIES

This revenue is derived from fines for violations of state statutes and the Tucson City Code, and from forfeitures collected by the Tucson Police Department and the City Attorney. Fines include driving under the influence and other criminal misdemeanors, civil traffic violations, and parking violations.

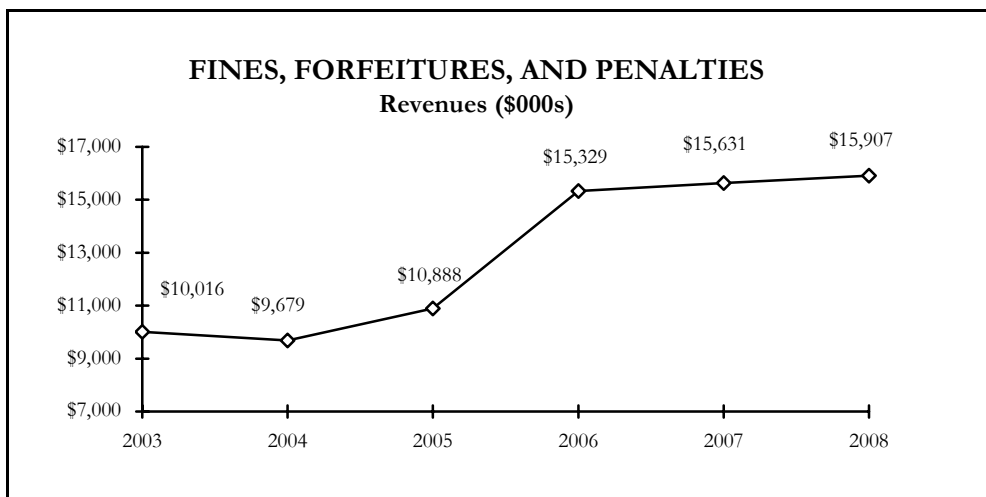
Fine revenues can be used by the city to pay any expense legally chargeable to the General Fund. Forfeitures are restricted for specific law enforcement expenses.

The Fiscal Year 2007 estimate of \$15,630,610 is 2% more than the \$15,329,160 revised estimate for Fiscal Year 2006, primarily due to improved court collection efforts. (The adopted budget for Fiscal Year 2006 was \$13,375,330.) For Fiscal Year 2008, these revenues increase by \$276,070.

The following table and graph show revenues from fines, forfeitures, and penalties since Fiscal Year 2003.

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

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
2003	\$ 10,016	\$ 2,065	25.9%
2004	9,679	(337)	(3.4%)
2005	10,888	1,209	12.5%
2006 (Estimate)*	15,329	4,441	40.8%
2007 (Estimate)	15,631	302	2.0%
2008 (Estimate)	15,907	276	1.8%



*In Fiscal Year 2006, there was an increase in court default fees.

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 in proportion to the population of each as shown in the most recent United States census. As a result of the mid-decade census, Tucson's portion of state-shared revenues are anticipated to decrease 8.6% in Fiscal Year 2007.

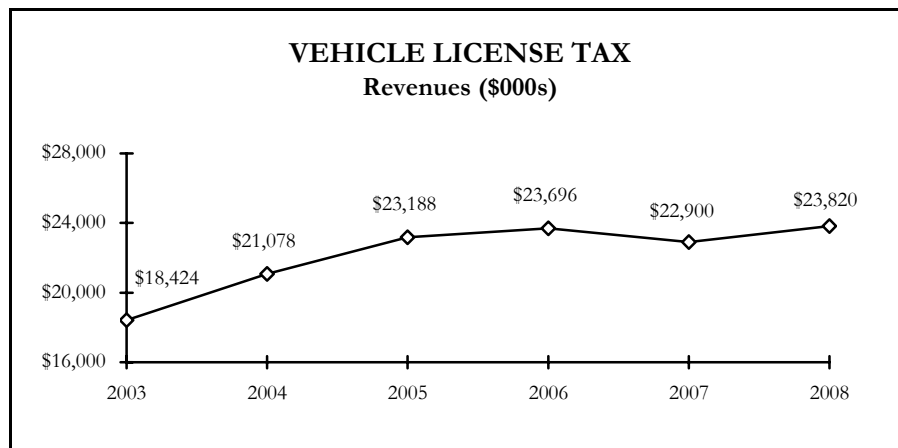
Vehicle license tax revenues received by the city can be used to pay any expense legally chargeable to the General Fund.

The City of Tucson's vehicle license tax distributions for Fiscal Year 2007 are estimated to be \$22,900,000, which is a decrease of 3% from the revised estimate of \$23,695,750 for Fiscal Year 2006. (The adopted budget for Fiscal Year 2006 was \$23,230,000.) The mid-decade census resulted in a loss of \$1,979,000; otherwise, revenues would have grown 5%. For Fiscal Year 2008, this revenue estimate increases by \$920,000.

The following table and graph show the City of Tucson’s share since Fiscal Year 2003.

VEHICLE LICENSE TAX (\$000s)

<u>Fiscal Year</u>	<u>City of Tucson's Distribution</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
2003	\$ 18,424	\$ (634)	(3.3%)
2004	21,078	2,654	14.4%
2005	23,188	2,110	10.0%
2006 (Estimate)	23,696	508	2.2%
2007 (Estimate)	22,900	(796)	(3.4%)
2008 (Estimate)	23,820	920	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%. 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. As a result of the mid-decade census, the Tucson's portion of state-shared revenues are anticipated to decrease 8.6% in Fiscal Year 2007.

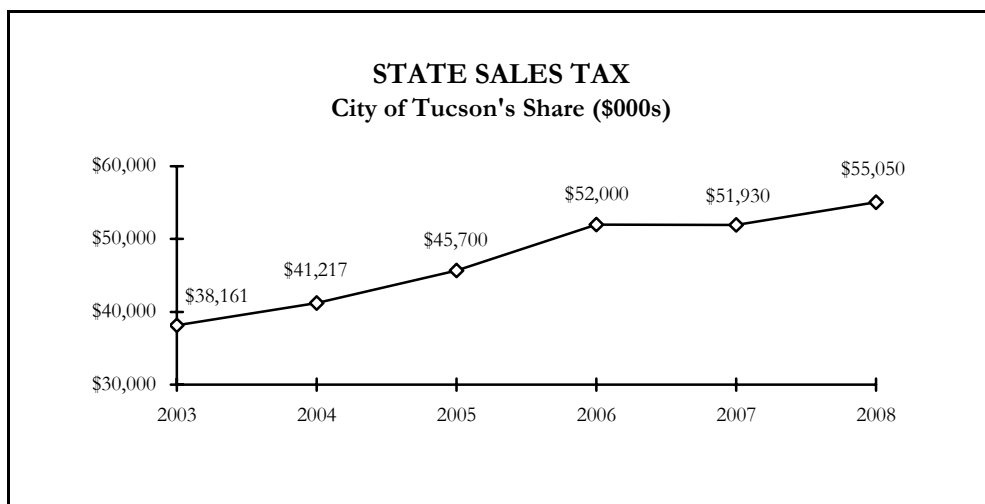
State-shared sales taxes can be used to pay any expense legally chargeable to the General Fund.

The City of Tucson's share of state sales tax for Fiscal Year 2007 is estimated to be \$51,930,000, a less than 1% decrease from the revised estimate of \$52,000,000 for Fiscal Year 2006. (The adopted budget for Fiscal Year 2006 was \$47,670,000.) While the state's economy has grown, Tucson's portion of the population has dropped from 12% to 11%, as a result of the mid-decade census. That drop in proportionate population resulted in a loss of \$4,487,000 in revenue. The revenue estimate for Fiscal Year 2008 increases by \$3,120,000, which is based on continued strong economic growth in the region.

The following table and graph show the state sales tax allocations to the City of Tucson since Fiscal Year 2003.

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>
2003	\$ 317,500	2.4%	12.0%	\$ 38,161	\$ 628	1.7%
2004	343,475	8.2%	12.0%	41,217	3,056	8.0%
2005	380,830	10.9%	12.0%	45,700	4,483	10.9%
2006 (Estimate)	433,330	13.8%	12.0%	52,000	6,300	13.8%
2007 (Estimate)	472,090	8.9%	11.0%	51,930	(70)	(0.1%)
2008 (Estimate)	500,450	6.0%	11.0%	55,050	3,120	6.0%



STATE REVENUE SHARING

Incorporated cities and towns are prohibited from imposing local income taxes, but in exchange they receive a share of net individual and corporate income taxes collected by the state. Distributions are 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, the state changed the rate to 14.8% by the state. For Fiscal Year 2005 and thereafter, the rate has been reinstated to 15%. Each city's share is allocated in proportion to its population compared to the total population of the state. As a result of the mid-decade census, the Tucson's portion of state-shared revenues are anticipated to decrease 8.6% in Fiscal Year 2007.

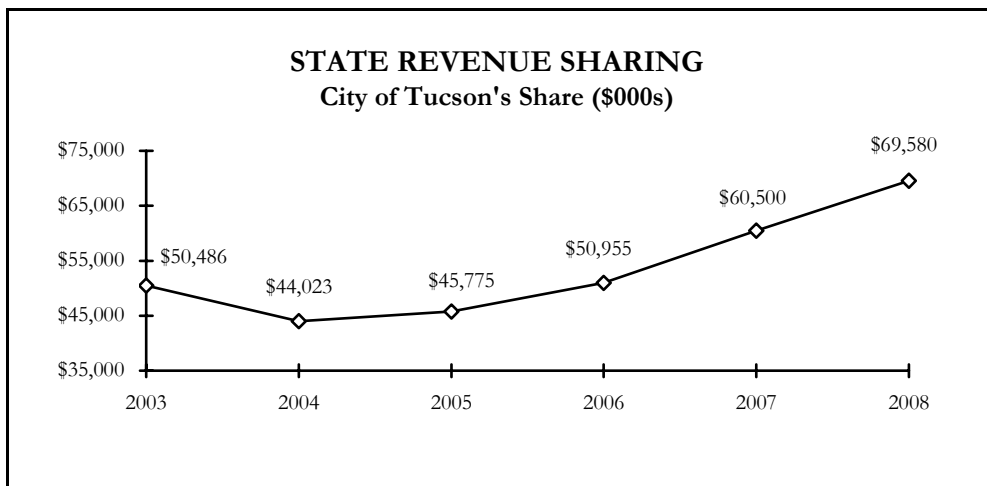
State-shared income taxes, also referred to as Urban Revenue Sharing, can be used to pay any expense legally chargeable to the General Fund.

The city's portion of state-shared income tax distributions is estimated to be \$60,500,000 for Fiscal Year 2007, which is an increase of 19% from the revised estimate of \$50,954,690 for Fiscal Year 2006. (The adopted budget for Fiscal Year 2006 was \$50,930,000.) While the state's revenue from income taxes increased at a higher rate, the city's share did climb at the same rate because our portion of the state's population declined. That drop in proportionate population resulted in a loss of \$5,227,000 in revenue. For Fiscal Year 2008, the revenue estimate for state revenue sharing increases by 15%.

The following table and graph show the state income tax distributions to the City of Tucson since Fiscal Year 2003.

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>
2003	\$ 430,559	2.3%	12.0%	\$ 50,486	\$ (447)	(0.9%)
2004	366,858	(14.8%)	12.0%	44,023	(6,463)	(12.8%)
2005	381,458	4.0%	12.0%	45,775	1,752	4.0%
2006 (Estimate)	424,625	11.3%	12.0%	50,955	5,180	11.3%
2007 (Estimate)	550,000	29.5%	11.0%	60,500	9,545	18.7%
2008 (Estimate)	632,550	15.0%	11.0%	69,580	9,080	15.0%



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). Prior to allocation to counties and cities, funds are distributed to the Arizona Department of Public Safety to fund highway patrol costs and to the Arizona Economic Strength Fund. 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"; 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.

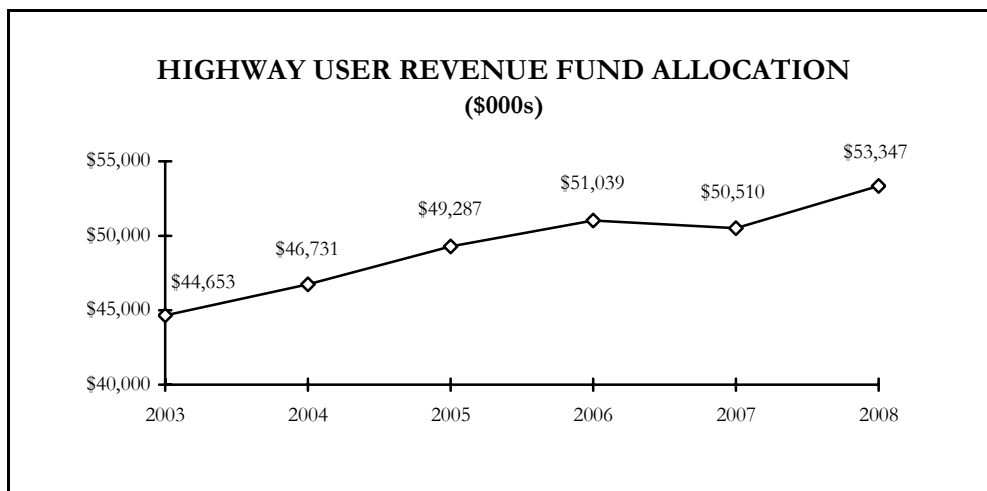
The 3% allocation distributable to cities and towns with a population greater than 300,000, sometimes referred to as "restricted HURF", is also required to be used solely for highway and street purposes. However, these funds are further restricted to the acquisition of right-of-way or construction of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

The city's share of HURF distributions from the state is estimated to be \$50,510,000 for Fiscal Year 2007, which is a 1% decrease from the revised estimate of \$51,039,500 for Fiscal Year 2006. (The adopted budget for Fiscal Year 2006 was \$50,510,000.) The decline in expected HURF revenue for Fiscal Year 2007 is related to the decrease in the city's share of the state's population from 12% to 11% due to the mid-decade census. For Fiscal Year 2008, these revenues are expected to increase by 6% due to continued economic growth.

The following table and graph show the HURF allocations to the City of Tucson since Fiscal Year 2003.

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>
2003	\$ 37,905	\$ 6,748	\$ 44,653	\$ 2,135	5.0%
2004	39,264	7,467	46,731	2,078	4.7%
2005	41,332	7,955	49,287	2,556	5.5%
2006 (Estimate)	42,985	8,054	51,039	1,752	3.6%
2007 (Estimate)	42,468	8,042	50,510	(529)	(1.0%)
2008 (Estimate)	44,167	9,180	53,347	2,837	5.6%



LOCAL TRANSPORTATION ASSISTANCE FUND (LTAF)

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 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. However, regardless of lottery revenues, the Arizona Legislature must appropriate whatever amount is necessary to ensure that a minimum of \$20,500,000 annually is deposited in the LTAF.

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. Statutory annual minimum appropriations to the state's general fund were enacted by the Arizona Legislature before receipts from multi-state lottery sales are made available for distribution to cities and towns.

The city is expected to receive \$2,592,000 in Fiscal Year 2007, which is no change from the Fiscal Year 2006 estimated amount. (The adopted budget for Fiscal Year 2006 was also \$2,592,000.) No change to this revenue is anticipated for Fiscal Year 2008.

The following table shows the LTAF distribution to the City of Tucson since Fiscal Year 2003.

LOCAL TRANSPORTATION ASSISTANCE FUND (\$000s)

<u>Fiscal Year</u>	<u>Tucson's Share</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
2003	\$ 2,721	\$ (42)	(1.5%)
2004	2,690	(31)	(1.1%)
2005	2,646	(44)	(1.6%)
2006 (Estimate)	2,592	(54)	(2.0%)
2007 (Estimate)	2,592	-0-	0.0%
2008 (Estimate)	2,592	-0-	0.0%

**TEN-YEAR ADOPTED CITY STAFFING COMPARISON
WITH FISCAL YEARS 2007 AND 2008**

DEPARTMENTS	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Elected and Official												
Mayor	7.50	8.00	8.00	8.00	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Council	32.50	35.50	35.50	36.50	43.50	43.50	43.50	43.50	43.50	42.00	42.00	42.00
City Manager	23.00	22.00	21.00	22.00	23.75	24.25	22.25	19.25	19.00	19.00	26.00	26.00
City Clerk	40.50	73.00	44.50	69.50	43.00	63.50	41.00	58.50	37.00	58.00	37.50	58.00
City Attorney	108.00	108.00	108.00	112.00	113.00	114.00	112.00	105.00	106.00	106.00	108.50	110.50
Sub-Total	211.50	246.50	217.00	248.00	232.75	254.75	228.25	235.75	215.00	234.50	223.50	246.00
Neighborhood Services												
City Court	138.80	141.30	145.30	141.80	143.80	143.80	138.30	137.30	141.30	141.30	150.30	157.30
Community Services	159.25	169.00	167.00	160.00	157.00	155.00	157.00	153.00	153.00	152.50	152.50	152.50
Fire	519.50	569.00	528.00	539.00	570.00	571.00	572.00	572.00	612.00	646.00	694.00	741.00
Library	253.00	253.00	265.50	265.50	299.50	287.25	287.75	286.75	282.75	307.75	-0-	-0-
Neighborhood Resources	5.00	7.00	7.00	11.00	11.00	11.00	21.00	19.00	20.00	20.00	53.00	58.00
Office of Equal Opportunity Programs and Independent Police Review	9.00	11.00	11.00	11.00	12.00	12.50	11.00	10.00	9.00	10.00	11.00	11.00
Office of Public Defender	31.00	31.00	31.00	32.50	32.50	33.50	33.50	33.50	36.00	36.00	38.00	38.00
Parks and Recreation	596.00	631.50	685.75	720.25	718.75	677.50	665.00	633.75	669.75	697.00	711.00	737.00
Police	1,146.00	1,154.00	1,191.50	1,266.50	1,355.00	1,362.00	1,356.00	1,353.50	1,373.50	1,411.50	1,468.00	1,520.00
Tucson City Golf	103.00	103.00	103.50	96.50	163.25	169.00	153.75	154.75	154.75	154.75	154.75	154.75
Sub-Total	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	3,576.80	3,432.55	3,569.55
Environment and Development												
Development Services	64.00	66.00	66.00	72.00	100.00	101.00	111.00	113.00	133.00	127.00	123.00	123.00
Environmental Services	234.00	235.75	246.75	253.60	258.85	259.00	251.00	252.00	263.00	262.00	251.00	251.00
Transportation	378.50	384.00	386.50	401.50	395.50	399.50	399.50	393.50	398.00	405.00	404.50	404.50
Tucson Water	588.00	589.00	588.00	588.00	588.00	590.00	590.00	589.00	576.00	571.00	573.00	573.00
Urban Planning and Design	46.50	46.50	49.50	50.50	47.50	49.50	31.50	38.50	39.50	44.00	37.00	37.00
Zoning Examiner	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-0-	-0-
Sub-Total	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	1,411.00	1,388.50	1,388.50
Strategic Initiatives												
Intergovernmental Relations	2.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	-0-	-0-
Office of Economic Development	18.10	22.10	23.75	14.00	15.50	15.50	17.50	14.50	15.50	13.00	-0-	-0-
Tucson Convention Center	58.00	62.00	61.00	61.00	63.50	63.00	60.00	56.25	61.75	63.75	63.75	63.75
Tucson-Mexico Trade Office	-0-	-0-	-0-	5.00	5.00	5.00	6.00	6.00	14.00	14.00	-0-	-0-
Sub-Total	78.85	86.10	86.75	82.00	86.00	85.50	85.50	78.75	93.25	93.75	63.75	63.75

**TEN-YEAR ADOPTED CITY STAFFING COMPARISON
WITH FISCAL YEARS 2007 AND 2008**

DEPARTMENTS	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Support Services												
Budget and Research	27.00	26.00	26.00	26.00	26.00	24.00	24.00	22.55	22.55	22.55	24.55	24.00
Finance	139.00	138.00	143.00	146.00	150.25	151.25	145.00	146.00	149.00	150.00	164.00	164.00
General Services	337.00	341.00	350.00	365.00	377.00	377.00	370.00	350.00	357.00	357.00	345.00	345.00
Human Resources	28.00	32.00	32.00	32.00	34.00	31.00	29.00	25.00	26.00	27.00	27.00	27.00
Information Technology	82.42	82.42	92.12	94.12	88.12	91.12	84.66	81.16	101.16	100.16	100.16	100.16
Procurement	75.00	75.00	76.00	77.00	81.00	82.00	77.00	75.00	65.00	64.00	64.00	64.00
Sub-Total	688.42	694.42	719.12	740.12	756.37	756.37	729.66	699.71	720.71	720.71	724.71	724.16
Non-Departmental												
General Expense	-0-	-0-	-0-	-0-	3.00	5.50	5.75	4.75	4.75	4.75	14.75	14.75
Sub-Total	-0-	-0-	-0-	-0-	3.00	5.50	5.75	4.75	4.75	4.75	14.75	14.75
Total	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	6,041.51	5,847.76	6,006.71

**FULL-TIME EQUIVALENT POSITIONS
GENERAL PURPOSE FUNDS AND OTHER FUNDS
FISCAL YEARS 2007 AND 2008**

	Adopted Fiscal Year 2007			Approved Fiscal Year 2008		
	General Purpose	Other	Total	General Purpose	Other	Total
Elected and Official						
Mayor and Council	51.50	-0-	51.50	51.50	-0-	51.50
City Manager	26.00	-0-	26.00	26.00	-0-	26.00
City Clerk	37.50	-0-	37.50	58.00	-0-	58.00
City Attorney	98.50	10.00	108.50	100.50	10.00	110.50
Sub-Total	213.50	10.00	223.50	236.00	10.00	246.00
Neighborhood Services						
City Court	146.80	3.50	150.30	153.80	3.50	157.30
Community Services	8.00	144.50	152.50	8.00	144.50	152.50
Fire	692.00	2.00	694.00	739.00	2.00	741.00
Neighborhood Resources	53.00	-0-	53.00	58.00	-0-	58.00
Office of Equal Opportunity Programs and Independent Police Review	11.00	-0-	11.00	11.00	-0-	11.00
Office of Public Defender	38.00	-0-	38.00	38.00	-0-	38.00
Parks and Recreation	693.25	17.75	711.00	719.25	17.75	737.00
Police	1,422.00	46.00	1,468.00	1,474.00	46.00	1,520.00
Tucson City Golf	-0-	154.75	154.75	-0-	154.75	154.75
Sub-Total	3,064.05	368.50	3,432.55	3,201.05	368.50	3,569.55
Environment and Development						
Development Services	123.00	-0-	123.00	123.00	-0-	123.00
Environmental Services	-0-	251.00	251.00	-0-	251.00	251.00
Transportation	34.00	370.50	404.50	34.00	370.50	404.50
Tucson Water	-0-	573.00	573.00	-0-	573.00	573.00
Urban Planning and Design	37.00	-0-	37.00	37.00	-0-	37.00
Sub-Total	194.00	1,194.50	1,388.50	194.00	1,194.50	1,388.50

**FULL-TIME EQUIVALENT POSITIONS
GENERAL PURPOSE FUNDS AND OTHER FUNDS
FISCAL YEARS 2007 AND 2008**

	Adopted Fiscal Year 2007			Approved Fiscal Year 2008		
	General Purpose	Other	Total	General Purpose	Other	Total
Strategic Initiatives						
Tucson Convention Center	63.75	-0-	63.75	63.75	-0-	63.75
Sub-Total	63.75	-0-	63.75	63.75	-0-	63.75
Support Services						
Budget and Research	24.55	-0-	24.55	24.00	-0-	24.00
Finance	149.00	15.00	164.00	149.00	15.00	164.00
General Services	125.00	220.00	345.00	125.00	220.00	345.00
Human Resources	27.00	-0-	27.00	27.00	-0-	27.00
Information Technology	100.16	-0-	100.16	100.16	-0-	100.16
Procurement	63.00	1.00	64.00	63.00	1.00	64.00
Sub-Total	488.71	236.00	724.71	488.16	236.00	724.16
Non-Departmental						
General Expense	9.00	5.75	14.75	9.00	5.75	14.75
Sub-Total	9.00	5.75	14.75	9.00	5.75	14.75
Total	4,033.01	1,814.75	5,847.76	4,191.96	1,814.75	6,006.71

City of Tucson
Elected and Mayor/Council Appointed Officials
(Unclassified)

Class Code	Class Title	Annual Rate	Last Effective Date
0400	Mayor	42,000	6/18/2000
0401	Council Member	24,000	6/18/2000
0409	City Clerk	128,060	1/1/2006
0430	City Manager	198,986	4/2/2006
0625	City Attorney	141,856	6/1/2006
0629	Limited Special City Magistrate	59,394	1/2/2006
0630	City Magistrate	98,990	1/2/2006
0633	Presiding Magistrate	106,490	1/2/2006
0634	Senior Special Magistrate	98,990	1/2/2006
0635	Special Magistrate	\$90/Session	7/1/1997

EXEMPT SCHEDULE

EFFECTIVE: July 9, 2006

Grade No.	Minimum	Midpoint	Maximum
810	31,470	42,182	52,874
811	33,696	45,157	56,618
812	36,275	48,610	60,923
813	39,250	52,582	65,915
814	42,661	57,158	71,635
815	46,571	62,421	78,250
816	51,126	68,494	85,862
817	56,368	75,546	94,702
818	62,442	83,678	104,915
819	69,534	93,184	116,834
820	77,792	104,250	130,686
821	87,443	117,166	146,890
822	98,717	132,288	165,859
823	111,550	149,490	187,408

EFFECTIVE: November 12, 2006

Grade No.	Minimum	Midpoint	Maximum
810	31,782	42,598	53,394
811	34,029	45,614	57,179
812	36,629	49,088	61,526
813	39,624	53,102	66,560
814	43,077	57,720	72,342
815	47,029	63,024	78,998
816	51,605	69,160	86,694
817	56,909	76,274	95,618
818	63,066	84,510	105,934
819	70,221	94,099	117,957
820	78,541	105,248	131,955
821	88,296	118,310	148,304
822	99,674	133,578	167,482
823	112,632	150,946	189,238

POLICE
(EXEMPT)
Effective: July 9, 2006

Grade No.	Minimum	Midpoint	Maximum
320	84,282	95,930	107,578
321	94,141	107,328	120,494
322	105,435	120,203	134,950
323	118,082	134,618	151,154
324	134,618	154,606	174,574

FIRE
(EXEMPT)
EFFECTIVE: July 9, 2006

Range No.	Minimum	Midpoint	Maximum
420	80,371	87,360	94,328
421	79,643	94,994	110,344
422	87,859	107,037	126,194
423	131,581	151,549	171,496

INFORMATION TECHNOLOGY SCHEDULE
(EXEMPT)
EFFECTIVE: July 9, 2006

Grade No.	Minimum	Midpoint	Maximum
712	39,146	51,834	64,522
713	42,328	56,118	69,888
714	46,384	61,443	76,502
715	51,355	68,037	84,718
716	57,512	76,211	94,890
717	65,125	86,299	107,453
718	73,757	97,739	121,701
719	83,533	110,677	137,821

EFFECTIVE: November 12, 2006

Grade No.	Minimum	Midpoint	Maximum
712	39,520	52,333	65,146
713	42,744	56,659	70,554
714	46,842	62,046	77,251
715	51,854	68,702	85,530
716	58,053	76,939	95,805
717	65,770	87,152	108,514
718	74,485	98,696	122,886
719	84,344	111,758	139,152

LEGAL SCHEDULE
(EXEMPT)
EFFECTIVE: July 9, 2006

Grade No.	Minimum	Midpoint	Maximum
610	33,509	44,387	55,266
611	36,858	48,818	60,778
612	40,622	53,830	67,018
613	44,886	59,488	74,069
614	49,733	65,874	82,014
615	55,182	73,133	91,062
616	61,402	81,349	101,275
617	68,453	90,709	112,944
618	76,482	101,358	126,214
619	85,675	113,526	141,357

EFFECTIVE: November 12, 2006

Grade No.	Minimum	Midpoint	Maximum
610	33,842	44,824	55,806
611	37,211	49,296	61,360
612	41,018	54,350	67,662
613	45,323	60,050	74,776
614	50,211	66,518	82,805
615	55,723	73,840	91,936
616	62,005	82,139	102,253
617	69,118	91,582	114,046
618	77,230	102,336	127,442
619	86,507	114,629	142,730

GOLF SCHEDULE
(EXEMPT)
CLASSIFICATIONS WITH EXCEPTIONAL PAY COMPUTATIONS
EFFECTIVE: July 9, 2006

Grade No.	Minimum	Midpoint	Maximum
501	21,590	27,581	33,550
502	22,818	29,162	35,485
503	24,315	31,054	37,794
505	28,142	35,963	43,763
514	42,661	57,158	71,635
515	46,571	62,421	78,250

EFFECTIVE: November 12, 2006

Grade No.	Minimum	Midpoint	Maximum
501	21,798	27,851	33,883
502	23,046	29,432	35,818
503	24,544	31,366	38,168
505	28,434	36,317	44,200
514	43,077	57,720	72,342
515	47,029	63,024	78,998

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 form golf lesson revenue up to \$12,000 per year.

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

NON EXEMPT SCHEDULE

EFFECTIVE: July 9, 2006

Grade No.	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11	STEP 12	STEP 13	STEP 14
910	20,550	21,590	22,672	23,774	24,981	26,229	26,894	27,560	28,246	28,954	29,682	30,430	31,200	31,949
911	21,590	22,672	23,774	24,981	26,229	27,539	28,226	28,954	29,661	30,410	31,158	31,928	32,739	33,550
912	22,818	23,962	25,168	26,416	27,747	29,120	29,848	30,597	31,366	32,157	32,947	33,758	34,590	35,485
913	24,315	25,522	26,811	28,122	29,536	30,992	31,803	32,594	33,405	34,237	35,090	35,963	36,878	37,794
914	26,083	27,352	28,746	30,160	31,678	33,280	34,112	34,965	35,818	36,712	37,648	38,584	39,541	40,539
915	28,142	29,557	31,013	32,594	34,216	35,922	36,837	37,752	38,688	39,666	40,643	41,642	42,723	43,763
916	30,618	32,157	33,738	35,443	37,211	39,062	40,061	41,038	42,078	43,118	44,200	45,302	46,446	47,611
917	33,530	35,194	36,962	38,792	40,747	42,786	43,846	44,949	46,072	47,237	48,402	49,587	50,856	52,125
918	36,962	38,792	40,747	42,786	44,928	47,174	48,360	49,546	50,794	52,062	53,373	54,704	56,077	57,450
919	41,018	43,077	45,240	47,507	49,878	52,374	53,664	55,016	56,389	57,803	59,238	60,715	62,234	63,794
920	45,843	48,131	50,565	53,061	55,723	58,531	59,966	61,485	63,024	64,584	66,206	67,850	69,555	71,302

EFFECTIVE: November 12, 2006

Grade No.	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11	STEP 12	STEP 13	STEP 14
910	20,738	21,798	22,880	24,003	25,230	26,478	27,144	27,810	28,517	29,224	29,952	30,722	31,491	32,261
911	21,798	22,880	24,003	25,230	26,478	27,789	28,496	29,224	29,931	30,701	31,450	32,240	33,051	33,883
912	23,046	24,190	25,418	26,666	28,018	29,390	30,139	30,888	31,678	32,469	33,280	34,091	34,944	35,818
913	24,544	25,771	27,061	28,413	29,827	31,304	32,094	32,906	33,717	34,570	35,443	36,317	37,232	38,168
914	26,333	27,622	29,037	30,451	31,990	33,592	34,445	35,298	36,171	37,086	38,002	38,958	39,936	40,934
915	28,434	29,848	31,325	32,906	34,549	36,275	37,190	38,106	39,062	40,040	41,038	42,058	43,139	44,200
916	30,909	32,469	34,070	35,776	37,565	39,437	40,456	41,454	42,494	43,555	44,637	45,760	46,904	48,069
917	33,862	35,547	37,315	39,166	41,142	43,202	44,283	45,386	46,509	47,694	48,859	50,086	51,355	52,624
918	37,315	39,166	41,142	43,202	45,365	47,632	48,818	50,045	51,293	52,562	53,893	55,224	56,618	58,011
919	41,434	43,493	45,677	47,965	50,357	52,894	54,184	55,557	56,930	58,365	59,821	61,298	62,837	64,418
920	46,301	48,610	51,043	53,581	56,264	59,093	60,549	62,088	63,648	65,229	66,851	68,515	70,242	71,989

POLICE
NON EXEMPT SCHEDULE
Effective: July 9, 2006

Grade No.	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
302	42,474	44,574	46,842	49,150	51,605	54,184	56,909	59,738
303	44,574	46,842	49,150	51,605	54,184	56,909	59,738	62,754
304	46,842	49,150	51,605	54,184	56,909	59,738	62,754	65,894
305	49,150	51,605	54,184	56,909	59,738	62,754	65,894	69,160
306							72,613	76,253
307							76,253	80,059
351	36,483	38,334	40,227	42,245	44,366	46,592	48,901	51,355

FIRE
NON EXEMPT SCHEDULE
Effective: July 9, 2006

Grade No.	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10
400	33,176									
401	39,021	40,914	43,010	45,194	47,436	48,601	49,766	51,018	52,241	53,581
403	41,321	43,272	45,369	47,495	49,737	50,931	52,125	53,319	54,600	55,940
404						53,581	54,862	56,231	57,599	59,026
405						55,940	57,221	58,531	59,958	61,385
406						62,026	63,540	65,112	66,685	68,345
407						64,355	65,840	67,442	69,014	70,674
408						69,430	71,157	72,904	74,693	76,544

HOURLY NON-PERMANENT CLASSIFICATIONS AND SCHEDULE (NON-EXEMPT)

EFFECTIVE: July 9, 2006

Code	Class Title (alpha order)	Grade	Hourly Rate
3306	Aquatics Program Supervisor	1025	\$11.38
2256	Camera Operator	1029	\$12.30 - \$18.47
3401	Center Attendant	1004	\$6.72
1001	City Youth Worker	1001	\$6.33
3316	Class Instructor	1008	\$8.04 - \$18.60
3005	Concession Worker	1003	\$6.19 - \$7.64
0203	Election Specialist	1043	\$17.50 - \$24.05
0201	Election Technician	1022	\$10.93 - \$15.01
1403	General Maintenance Trainee/Worker	1015	\$8.99 - \$10.41
3201	Golf Host	1021	\$10.65
7012	Program Instructor	1035	\$13.89 - \$18.61
3302	Lifeguard	1013	\$8.76
3323	Program Coordinator	1023	\$10.68
3311	Recreation Worker	1006	\$7.58
0202	Senior Election Technician	1027	\$12.00 - \$16.48
3313	Senior Recreation Worker	1011	\$8.45
3021	Short Order Cook	1010	\$8.33 - \$10.77
3304	Swimming Pool Supervisor	1019	\$9.95
3303	Water Safety Instructor/Senior Lifeguard	1017	\$9.24

EFFECTIVE: November 12, 2006

Code	Class Title (alpha order)	Grade	Hourly Rate
3306	Aquatics Program Supervisor	1025	\$11.49
2256	Camera Operator	1029	\$12.42 - \$18.65
3401	Center Attendant	1004	\$6.78
1001	City Youth Worker	1001	\$6.40
3316	Class Instructor	1008	\$8.12 - \$18.78
3005	Concession Worker	1003	\$6.25 - \$7.72
0203	Election Specialist	1043	\$17.67 - \$24.28
0201	Election Technician	1022	\$11.03 - \$15.15
1403	General Maintenance Trainee/Worker	1015	\$9.08 - \$10.51
3201	Golf Host	1021	\$10.75
7012	Program Instructor	1035	\$13.89 - \$18.61
3302	Lifeguard	1013	\$8.84
3323	Program Coordinator	1023	\$10.78
3311	Recreation Worker	1006	\$7.65
0202	Senior Election Technician	1027	\$12.12 - \$16.64
3313	Senior Recreation Worker	1011	\$8.53
3021	Short Order Cook	1010	\$8.41 - \$10.88
3304	Swimming Pool Supervisor	1019	\$10.05
3303	Water Safety Instructor/Senior Lifeguard	1017	\$9.33



City of Tucson



Section F Capital Budget Summary

Adopted Biennial Budget Summary
Fiscal Years 2007 and 2008



CAPITAL BUDGET SUMMARY

This section summarizes the Five-Year Capital Improvement Program (CIP) for Fiscal Years 2007 through 2011. In general, only funded projects are reflected in the five-year CIP totals. Future utility revenue bonds are an exception; these are included so that the CIP matches the Environmental Services and Tucson Water multi-year financing plans.

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 2007	Approved Year 2 FY 2008	Projected Five-Year Total
Service Area Expenditures			
Neighborhood Services	\$ 63,498.8	\$ 48,843.7	\$ 174,606.3
Environment and Development	194,217.2	140,127.8	651,995.5
Support Services	16,860.0	6,596.1	29,862.8
Non-Departmental	1,159.6	1,000.0	3,159.6
Total	\$ 275,735.6	\$ 195,567.6	\$ 859,624.2
Funding Sources			
General Purpose Funds	\$ 4,621.9	\$ 1,332.3	\$ 9,970.0
Grants and Contributions	127,643.6	84,111.8	376,678.2
City Bond Funds	18,260.0	1,800.0	23,936.3
Enterprise Funds	64,803.9	59,919.0	290,138.5
Other Local Funds	60,056.2	49,054.5	157,151.2
Non-City Funds	350.0	350.0	1,750.0
Total	\$ 275,735.6	\$ 195,567.6	\$ 859,624.2

DEPARTMENT PROGRAMS

The following section summarizes the department programs within each service area. Further detail on department programs and specific projects is available in the Approved Five-Year Capital Improvement Program volume.

Neighborhood Services

The Neighborhood Services category, which accounts for 20% of the total five-year CIP, contains projects managed by Community Services, Fire, Neighborhood Resources, Parks and Recreation, Police, and Tucson City Golf.

Community Services. The Community Services five-year program of \$2.9 million consists of one project, which is to construct public and common resident amenities at a new Martin Luther King, Jr. apartment building. Funding is provided by Pima County bonds, proceeds from land sale, and federal HOPE VI funds.

Fire. Fire's five-year program of \$30.8 million contains two projects: new multi-company fire station and a new central Headquarters and fire station located in the downtown area. City general obligation bonds, certificates of participation, and the General Fund will fund these projects.

Neighborhood Resources. This department's five-year CIP of \$19.3 million is for the Back to Basics Program. There is \$5.75 million carried forward in Fiscal Year 2007 for the completion of prior year projects. New funding of \$2.7 million will provide \$386,780 annually for each councilmember and the mayor.

Parks and Recreation. Park's five-year CIP of \$51.8 million contains 30 projects. The projects are funded primarily from Pima County bonds of \$33 million, city bonds of \$9.2 million, and certificates of participation of \$8.8 million. Revenue from impact fees and contributions provide for the remaining \$0.8 million. These funds provide for a wide range of projects: improvements at regional parks, completion of new recreation centers, and amenities at neighborhood parks.

Police. The Police Department's five-year program of \$69.7 million is for five projects: renovation of Patrol Division East, construction of a new Evidence Facility, acquisition of communication equipment, expansion of Police Headquarters, and completion of a new substation that replaces the Rillitio Substation. These projects are funded with city general obligation bonds and certificates of participation.

Tucson City Golf. Golf's \$0.07 million five-year program contains one project: completion of the Silverbell Golf Course Improvements. Certificates of Participation are carried forward from Fiscal Year 2006 to fund this project.

Environment and Development

The Environment and Development category, which accounts for 76% of the total five-year CIP, contains projects managed by Development Services, Environmental Services, Transportation, and Tucson Water.

Development Services. The department's five-year program of \$0.8 million is for one project: Computerized Permitting System Upgrade. This project is funded from the Development Services fees reserved for service improvements.

Environmental Services. The department's five-year program of 26 projects totals \$30.1 million. Funding for these projects is primarily from city general obligation bonds, certificates of participation, and from a future environmental service revenue bond authorization.

Transportation. The five-year Transportation program of \$361.1 million includes six program areas: Streets for \$251.1 million, Drainage for \$18.4 million, Street Lighting for \$2.5 million, Traffic Signals for \$3.9 million, Parking Garages for \$5.8 million, and Public Transit for \$79.4 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 the capacity for the Regional Transportation Authority (RTA) plan, which totals \$125 million. Other major funding sources are federal funding of \$107.5 million, Pima County bond funds of \$32.1 million, city bond funds of \$11.7 million, regional Highway User Revenue Funds (HURF) of \$37.2 million, city HURF of \$7.5 million, impact fee revenues of \$6.1 million, and certificates of participation of \$4 million. Non-Federal grants and other contributions provide \$21.4 million. The remaining \$8.6 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 \$259.9 million includes \$231.8 million of improvements to the potable water system and \$28.1 million of improvements for the reclaimed water system. Tucson Water's CIP is funded from 2005 revenue bonds of \$115.3 million, operations and reserve funds of \$113.6 million, \$30.3 million from a future water revenue bond authorization, and \$0.7 million from a federal grant.

Support Services

The Support Services category, which accounts for 3% of the total five-year CIP, contains a capital project managed by the Information Technology Department.

Information Technology. There is one project in Information Technology's five-year CIP, the initial phase of the Emergency Communications System for \$29.9 million. This project is funded with \$25 million in certificates of participation and \$4.9 million from General Fund Restricted Trust Reserves. These funds will provide for computer-aided dispatch for Fire, a radio dispatch center security system, and radio communication for non-public safety city departments.

Non-Departmental

The Non-Departmental category, which accounts for less than 1% 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 one project for \$3.2 million: continuation of an upgrade to the city's financial and human resources management systems. Funding for the program comes from the General Fund for \$2.8 million, and \$0.4 million in bond interest.

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. Operating and maintenance (O&M) impacts from projects in this Approved Capital Improvement Program total \$3.6 million for Fiscal Year 2007, increasing to \$11.5 million for Fiscal Year 2008, and to \$19 million by Fiscal Year 2011.

The Fiscal Year 2007 and 2008 Biennial Budget includes 45 new positions, which accounts for more than half of the increased cost. These O&M impacts are primarily for the staffing and opening of new or expanded facilities, primarily Fire Station 22. The operating costs for expansion vans, specifically labor and fuel costs, for Van Tran is also a significant component of the total O&M impact.

The General Fund pays for most of the operating and maintenance impacts, (62% in Fiscal Year 2007 and 50% in Fiscal Year 2008. The balance is funded from utility revenue 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 2006 or will be completed in Fiscal Year 2007 and 2008. For a more detailed summary, see Table III on page F-9.

(\$000s)	Year 1 FY 2007	Year 2 FY 2008	Five-Year Total
Service Area Expenditures			
Neighborhood Services	\$ 1,262.1	\$ 4,878.7	\$ 28,938.9
Environment and Development	2,315.9	6,676.3	40,350.6
Total	\$ 3,578.0	\$ 11,555.0	\$ 69,289.5
Funding Sources			
General Purpose Funds	\$ 2,243.6	\$ 5,860.2	\$ 34,036.2
Grants and Contributions	188.4	345.1	1,689.0
Enterprise Funds	1,146.0	5,349.7	33,186.3
Other Local Funds	-0-	-0-	378.0
Total	\$ 3,578.0	\$ 11,555.0	\$ 69,289.5

For additional information on specific projects that have an impact on the operating budget, see the Approved Capital Improvement Program, Volume III.

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 2007	Approved Year 2 FY 2008	Projected Requirements			Five Year Total
			Year 3 FY 2009	Year 4 FY 2010	Year 5 FY 2011	
Neighborhood Services						
Community Services	\$ 2,112.8	\$ 807.2	\$ -0-	\$ -0-	\$ -0-	\$ 2,920.0
Fire	10,239.3	20,606.0	-0-	-0-	-0-	30,845.3
Neighborhood Resources	8,457.5	2,707.5	2,707.5	2,707.5	2,707.5	19,287.5
Parks and Recreation	23,870.6	14,073.0	11,451.3	1,390.0	1,000.0	51,784.9
Police	18,748.6	10,650.0	30,300.0	10,000.0	-0-	69,698.6
Tucson City Golf	70.0	-0-	-0-	-0-	-0-	70.0
Sub-Total	\$ 63,498.8	\$ 48,843.7	\$ 44,458.8	\$ 14,097.5	\$ 3,707.5	\$ 174,606.3
Environment and Development						
Development Services	\$ 305.0	\$ 315.0	\$ 170.0	\$ -0-	\$ -0-	\$ 790.0
Transportation	129,178.3	79,893.8	57,391.7	44,662.1	50,011.1	361,137.0
Utility Services-Environmental Services	4,400.0	9,645.0	9,428.0	3,262.6	3,410.0	30,145.6
Utility Services-Tucson Water	60,333.9	50,274.0	43,145.0	52,898.0	53,272.0	259,922.9
Sub-Total	\$ 194,217.2	\$ 140,127.8	\$ 110,134.7	\$ 100,822.7	\$ 106,693.1	\$ 651,995.5
Support Services						
Information Technology	\$ 16,860.0	\$ 6,596.1	\$ 6,406.7	\$ -0-	\$ -0-	\$ 29,862.8
Sub-Total	\$ 16,860.0	\$ 6,596.1	\$ 6,406.7	\$ -0-	\$ -0-	\$ 29,862.8
Non-Departmental						
Non-Departmental: General Expense	\$ 1,159.6	\$ 1,000.0	\$ 1,000.0	\$ -0-	\$ -0-	\$ 3,159.6
Sub-Total	\$ 1,159.6	\$ 1,000.0	\$ 1,000.0	\$ -0-	\$ -0-	\$ 3,159.6
Total	\$ 275,735.6	\$ 196,567.6	\$ 162,000.2	\$ 114,920.2	\$ 110,400.6	\$ 859,624.2

Five-Year Capital Improvement Program

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

	Adopted Year 1 FY 2007	Approved Year 2 FY 2008	Projected Requirements			Five Year Total
			Year 3 FY 2009	Year 4 FY 2010	Year 5 FY 2011	
General Purpose Funds						
General Fund	\$ 1,335.1	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,335.1
Mass Transit Fund: General Fund Transfer	3,286.8	1,332.3	1,335.4	1,338.6	1,341.8	8,634.9
Sub-Total	\$ 4,621.9	\$ 1,332.3	\$ 1,335.4	\$ 1,338.6	\$ 1,341.8	\$ 9,970.0
Grants and Contributions						
Capital Agreement Fund: PAG	\$ 22,597.0	\$ 5,415.0	\$ 4,000.0	\$ 5,200.0	\$ -0-	\$ 37,212.0
Capital Agreement Fund: Pima County Bonds	19,039.6	15,523.0	12,075.0	4,890.0	14,850.1	66,377.7
Capital Agreement Fund: Pima County Contribution	2,600.0	2,000.0	2,200.0	-0-	-0-	6,800.0
Capital Agreement Fund: RTA	25,000.0	25,000.0	25,000.0	25,000.0	25,000.0	125,000.0
Community Development Block Grant Fund	3,907.5	1,007.5	1,007.5	1,007.5	1,007.5	7,937.5
Federal Highway Administration Grants	12,261.9	9,607.0	10,100.0	4,700.0	-0-	36,668.9
HOPE VI - Martin Luther King Revitalization	349.0	146.7	-0-	-0-	-0-	495.7
Highway User Revenue Fund	6,797.4	3,212.2	3,137.5	2,766.5	2,422.5	18,336.1
Highway User Revenue Fund: Contributions	725.0	600.0	600.0	600.0	600.0	3,125.0
Highway User Revenue Fund: In-Lieu Fees	800.0	800.0	800.0	800.0	600.0	3,800.0
Mass Transit Fund: Federal Grants	28,862.1	20,800.4	6,905.0	2,107.0	7,546.7	66,221.2
Miscellaneous Non-Federal Grants	104.1	-0-	-0-	-0-	-0-	104.1
State Infrastructure Bank Federal Pass-Through	4,600.0	-0-	-0-	-0-	-0-	4,600.0
Sub-Total	\$ 127,643.6	\$ 84,111.8	\$ 65,825.0	\$ 47,071.0	\$ 52,026.8	\$ 376,678.2
City Bond Funds						
1994 General Obligation Bond Funds - Interest	\$ 452.5	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 452.5
2000 General Obligation Bond Funds	17,722.2	1,800.0	126.3	-0-	-0-	19,648.5
2000 Street and Highway Revenue Bond Funds	85.3	-0-	-0-	-0-	-0-	85.3
Future General Obligation Bond Authorization	-0-	-0-	3,750.0	-0-	-0-	3,750.0
Sub-Total	\$ 18,260.0	\$ 1,800.0	\$ 3,876.3	\$ -0-	\$ -0-	\$ 23,936.3

Five-Year Capital Improvement Program

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

	Adopted Year 1 FY 2007	Approved Year 2 FY 2008	Projected Requirements			Five Year Total
			Year 3 FY 2009	Year 4 FY 2010	Year 5 FY 2011	
Enterprise Funds						
2000 Environmental Service Bonds	\$ 2,899.0	\$ 1,501.0	\$ -0-	\$ -0-	\$ -0-	\$ 4,400.0
2005 Water Revenue Bond Funds	29,900.9	32,030.0	23,224.0	30,150.0	-0-	115,304.9
Central Arizona Project Reserve Fund	10.0	10.0	10.0	10.0	10.0	50.0
Environmental Services Fund: COPs	1,501.0	8,144.0	-0-	-0-	-0-	9,645.0
Future Environmental Services Revenue Bonds	-0-	-0-	9,428.0	3,262.6	3,410.0	16,100.6
Future Water Revenue Bonds	-0-	-0-	-0-	1,537.0	28,722.0	30,259.0
Golf Course Fund: COPs	70.0	-0-	-0-	-0-	-0-	70.0
Tucson Water Fund: Grants	700.0	-0-	-0-	-0-	-0-	700.0
Tucson Water Revenue and Operations Fund	22,723.0	18,234.0	16,911.0	21,201.0	24,540.0	103,609.0
Water Infrastructure Reserve Fund	7,000.0	-0-	3,000.0	-0-	-0-	10,000.0
Sub-Total	\$ 64,803.9	\$ 59,919.0	\$ 52,573.0	\$ 56,160.6	\$ 56,682.0	\$ 290,138.5
Other Local Funds						
General Fund: Certificates of Participation	\$ 45,848.6	\$ 41,602.1	\$ 36,706.7	\$ 10,000.0	\$ -0-	\$ 134,157.4
General Fund: Earned Revenue	491.1	660.5	-0-	-0-	-0-	1,151.6
General Fund: Pending Partnership Funding	-0-	5,250.0	-0-	-0-	-0-	5,250.0
General Fund: Restricted	1,805.0	1,315.0	1,170.0	-0-	-0-	4,290.0
General Fund: Restricted Trust Reserves	4,860.0	-0-	-0-	-0-	-0-	4,860.0
Impact Fee Fund: Central Benefit District	970.7	-0-	-0-	-0-	-0-	970.7
Impact Fee Fund: East Benefit District	1,800.0	-0-	-0-	-0-	-0-	1,800.0
Impact Fee Fund: Southeast Benefit District	973.5	-0-	-0-	-0-	-0-	973.5
Impact Fee Fund: Southlands Benefit District	570.7	-0-	-0-	-0-	-0-	570.7
Impact Fee Fund: West Benefit District	2,537.6	-0-	-0-	-0-	-0-	2,537.6
Parkwise: Fees and Charges	199.0	226.9	163.8	-0-	-0-	589.7
Sub-Total	\$ 60,056.2	\$ 49,054.5	\$ 38,040.5	\$ 10,000.0	\$ -0-	\$ 157,151.2
Non-City Funds						
Special Assessments Construction Fund	\$ 350.0	\$ 350.0	\$ 350.0	\$ 350.0	\$ 350.0	\$ 1,750.0
Sub-Total	\$ 350.0	\$ 350.0	\$ 350.0	\$ 350.0	\$ 350.0	\$ 1,750.0
Total	\$ 275,735.6	\$ 196,567.6	\$ 162,000.2	\$ 114,920.2	\$ 110,400.6	\$ 859,624.2

Five-Year Capital Improvement Program

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

	Year 1 FY 2007	Year 2 FY 2008	Year 3 FY 2009	Year 4 FY 2010	Year 5 FY 2011	Five Year Total
Neighborhood Services						
Fire	\$ 611.7	\$ 3,312.7	\$ 3,526.1	\$ 3,698.7	\$ 3,884.4	\$ 15,033.6
Parks and Recreation	588.4	1,346.0	3,216.0	3,797.4	4,015.4	12,963.3
Police	62.0	220.0	220.0	220.0	220.0	942.0
Sub-Total	\$ 1,262.1	\$ 4,878.7	\$ 6,962.1	\$ 7,716.1	\$ 8,119.8	\$ 28,938.9
Environment and Development						
Transportation	\$ 1,169.9	\$ 1,326.6	\$ 1,552.3	\$ 1,570.9	\$ 1,544.6	\$ 7,164.3
Utility Services-Environmental Services	1,146.0	1,239.0	1,232.0	1,232.0	1,232.0	6,081.0
Utility Services-Tucson Water	-0-	4,110.7	7,103.9	7,751.7	8,139.0	27,105.3
Sub-Total	\$ 2,315.9	\$ 6,676.3	\$ 9,888.2	\$ 10,554.6	\$ 10,915.6	\$ 40,350.6
Total	\$ 3,578.0	\$ 11,555.0	\$ 16,850.3	\$ 18,270.7	\$ 19,035.4	\$ 69,289.5
Source of Funds Summary						
General Purpose Funds						
General Fund	\$ 1,262.1	\$ 4,878.7	\$ 6,962.1	\$ 7,716.1	\$ 8,119.8	\$ 28,938.9
Mass Transit Fund: General Fund Transfer	981.5	981.5	1,043.5	1,045.4	1,045.4	5,097.3
Sub-Total	\$ 2,243.6	\$ 5,860.2	\$ 8,005.6	\$ 8,761.5	\$ 9,165.2	\$ 34,036.2
Grants and Contributions						
Highway User Revenue Fund	\$ 188.4	\$ 345.1	\$ 382.8	\$ 399.5	\$ 373.2	\$ 1,689.0
Sub-Total	\$ 188.4	\$ 345.1	\$ 382.8	\$ 399.5	\$ 373.2	\$ 1,689.0
Enterprise Funds						
Environmental Services Fund	\$ 1,146.0	\$ 1,239.0	\$ 1,232.0	\$ 1,232.0	\$ 1,232.0	\$ 6,081.0
Tucson Water Revenue and Operations Fund	-0-	4,110.7	7,103.9	7,751.7	8,139.0	27,105.3
Sub-Total	\$ 1,146.0	\$ 5,349.7	\$ 8,335.9	\$ 8,983.7	\$ 9,371.0	\$ 33,186.3
Other Local Funds						
Parkwise: Fees and Charges	\$ -0-	\$ -0-	\$ 126.0	\$ 126.0	\$ 126.0	\$ 378.0
Sub-Total	\$ -0-	\$ -0-	\$ 126.0	\$ 126.0	\$ 126.0	\$ 378.0
Total	\$ 3,578.0	\$ 11,555.0	\$ 16,850.3	\$ 18,270.7	\$ 19,035.4	\$ 69,289.5

Five-Year Capital Improvement Program

Community Services

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Martin Luther King Public Housing Amenities	\$ 2,112.8	\$ 807.2	\$ -0-	\$ -0-	\$ -0-	\$ 2,920.0
Department Total	\$ 2,112.8	\$ 807.2	\$ -0-	\$ -0-	\$ -0-	\$ 2,920.0

Source of Funds Summary

Capital Agreement Fund: Pima County Bonds	\$ 1,272.7	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,272.7
General Fund: Earned Revenue	491.1	660.5	-0-	-0-	-0-	1,151.6
HOPE VI - Martin Luther King Revitalization	349.0	146.7	-0-	-0-	-0-	495.7
Department Total	\$ 2,112.8	\$ 807.2	\$ -0-	\$ -0-	\$ -0-	\$ 2,920.0

Five-Year Capital Improvement Program

Development Services

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Computerized Permitting System Upgrade	\$ 305.0	\$ 315.0	\$ 170.0	\$ -0-	\$ -0-	\$ 790.0
Department Total	\$ 305.0	\$ 315.0	\$ 170.0	\$ -0-	\$ -0-	\$ 790.0

Source of Funds Summary

General Fund: Restricted	\$ 305.0	\$ 315.0	\$ 170.0	\$ -0-	\$ -0-	\$ 790.0
Department Total	\$ 305.0	\$ 315.0	\$ 170.0	\$ -0-	\$ -0-	\$ 790.0

Five-Year Capital Improvement Program

Utility Services-Environmental Services

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Environmental Remediations						
Broadway-Pantano Remediation Site, Phase I	\$ 125.0	\$ -0-	\$ 1,425.0	\$ 1,255.0	\$ -0-	\$ 2,805.0
Harrison Landfill Groundwater Remediation	150.0	-0-	-0-	-0-	-0-	150.0
Los Reales Landfill Groundwater Remediation	460.0	-0-	580.0	-0-	-0-	1,040.0
Price Service Center Remediation	290.0	-0-	240.0	-0-	-0-	530.0
Silverbell Jail Annex Landfill Remediation	250.0	-0-	960.0	-0-	-0-	1,210.0
Tumamoc Landfill Remediation	238.0	-0-	-0-	-0-	-0-	238.0
Sub-Total	\$ 1,513.0	\$ -0-	\$ 3,205.0	\$ 1,255.0	\$ -0-	\$ 5,973.0
Landfill Construction						
Los Reales Landfill Buffer Improvements	\$ 200.0	\$ 220.0	\$ 222.0	\$ 184.0	\$ -0-	\$ 826.0
Los Reales Landfill Drainage Improvements	-0-	-0-	-0-	230.0	-0-	230.0
Los Reales Landfill Lined Cell Four	-0-	-0-	-0-	100.0	3,060.0	3,160.0
Los Reales Landfill Lined Cell Three	100.0	3,626.0	-0-	-0-	-0-	3,726.0
Los Reales Landfill West Property Acquisition	-0-	480.0	-0-	-0-	-0-	480.0
Sub-Total	\$ 300.0	\$ 4,326.0	\$ 222.0	\$ 514.0	\$ 3,060.0	\$ 8,422.0
Landfill Closure						
Irrington Landfill Closure	\$ 876.0	\$ 1,501.0	\$ 1,400.0	\$ 750.6	\$ -0-	\$ 4,527.6
Los Reales Landfill Final Closure Features	-0-	-0-	1,275.0	-0-	-0-	1,275.0
Los Reales Landfill Gas Control, Phase II	150.0	-0-	-0-	-0-	-0-	150.0
Los Reales Landfill Westside Closure	260.0	-0-	-0-	-0-	-0-	260.0
Tumamoc Landfill Closure	100.0	-0-	2,100.0	243.0	-0-	2,443.0
Sub-Total	\$ 1,386.0	\$ 1,501.0	\$ 4,775.0	\$ 993.6	\$ -0-	\$ 8,655.6
Environmental Services Facilities						
Household Hazardous Waste Facility	\$ 100.0	\$ 601.0	\$ 601.0	\$ -0-	\$ -0-	\$ 1,302.0
Irrington Landfill End-Use	-0-	-0-	-0-	150.0	150.0	300.0
Los Reales Landfill Access Roadway	776.0	1,912.0	-0-	-0-	-0-	2,688.0
Los Reales Landfill Education & Training Center	-0-	100.0	-0-	-0-	-0-	100.0
Los Reales Landfill Entrance Facilities, Phase I	100.0	500.0	-0-	-0-	-0-	600.0
Los Reales Landfill Security Fencing	100.0	-0-	-0-	-0-	-0-	100.0
Los Reales Landfill Self Hauler Facility	75.0	590.0	585.0	-0-	-0-	1,250.0
Master Plan for Landfill End-Use	50.0	75.0	-0-	-0-	-0-	125.0
Pantano Wash Landfill End-Use	-0-	-0-	-0-	150.0	100.0	250.0
Santa Cruz Landfill End-Use	-0-	40.0	40.0	200.0	100.0	380.0
Sub-Total	\$ 1,201.0	\$ 3,818.0	\$ 1,226.0	\$ 500.0	\$ 350.0	\$ 7,095.0
Department Total	\$ 4,400.0	\$ 9,645.0	\$ 9,428.0	\$ 3,262.6	\$ 3,410.0	\$ 30,145.6

Five-Year Capital Improvement Program

Utility Services-Environmental Services

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Source of Funds Summary						
2000 Environmental Service Bonds	\$ 2,899.0	\$ 1,501.0	\$ -0-	\$ -0-	\$ -0-	\$ 4,400.0
Environmental Services Fund: COPs	1,501.0	8,144.0	-0-	-0-	-0-	9,645.0
Future Environmental Services Revenue Bonds	-0-	-0-	9,428.0	3,262.6	3,410.0	16,100.6
Department Total	\$ 4,400.0	\$ 9,645.0	\$ 9,428.0	\$ 3,262.6	\$ 3,410.0	\$ 30,145.6

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 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Fire Central	\$ 5,400.0	\$ 20,606.0	\$ -0-	\$ -0-	\$ -0-	\$ 26,006.0
Fire Station 22	4,839.3	-0-	-0-	-0-	-0-	4,839.3
Department Total	\$ 10,239.3	\$ 20,606.0	\$ -0-	\$ -0-	\$ -0-	\$ 30,845.3

Source of Funds Summary

2000 General Obligation Bond Funds	\$ 2,639.3	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,639.3
General Fund: Certificates of Participation	6,100.0	20,606.0	-0-	-0-	-0-	26,706.0
General Fund: Restricted	1,500.0	-0-	-0-	-0-	-0-	1,500.0
Department Total	\$ 10,239.3	\$ 20,606.0	\$ -0-	\$ -0-	\$ -0-	\$ 30,845.3

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 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Silverbell Golf Course Improvements	\$ 70.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 70.0
Department Total	\$ 70.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 70.0

Source of Funds Summary

Golf Course Fund: COPs	\$ 70.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 70.0
Department Total	\$ 70.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 70.0

Five-Year Capital Improvement Program

Information Technology (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1 FY 2007	Year 2 FY 2008	Year 3 FY 2009	Year 4 FY 2010	Year 5 FY 2011	Year Total
Emergency Communications System, Phase I	\$ 16,860.0	\$ 6,596.1	\$ 6,406.7	\$ -0-	\$ -0-	\$ 29,862.8
Department Total	\$ 16,860.0	\$ 6,596.1	\$ 6,406.7	\$ -0-	\$ -0-	\$ 29,862.8

Source of Funds Summary

General Fund: Certificates of Participation	\$ 12,000.0	\$ 6,596.1	\$ 6,406.7	\$ -0-	\$ -0-	\$ 25,002.8
General Fund: Restricted Trust Reserves	4,860.0	-0-	-0-	-0-	-0-	4,860.0
Department Total	\$ 16,860.0	\$ 6,596.1	\$ 6,406.7	\$ -0-	\$ -0-	\$ 29,862.8

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 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Back to Basics Unallocated	\$ 8,457.5	\$ 2,707.5	\$ 2,707.5	\$ 2,707.5	\$ 2,707.5	\$ 19,287.5
Department Total	\$ 8,457.5	\$ 2,707.5	\$ 2,707.5	\$ 2,707.5	\$ 2,707.5	\$ 19,287.5

Source of Funds Summary

Community Development Block Grant Fund	\$ 3,907.5	\$ 1,007.5	\$ 1,007.5	\$ 1,007.5	\$ 1,007.5	\$ 7,937.5
General Fund	550.0	-0-	-0-	-0-	-0-	550.0
Highway User Revenue Fund	4,000.0	1,700.0	1,700.0	1,700.0	1,700.0	10,800.0
Department Total	\$ 8,457.5	\$ 2,707.5	\$ 2,707.5	\$ 2,707.5	\$ 2,707.5	\$ 19,287.5

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 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Parks and Recreation - Parks Development						
Arroyo Chico Wash Improvements	\$ -0-	\$ 45.0	\$ 540.0	\$ 390.0	\$ -0-	\$ 975.0
Atturbury Wash Sanctuary Expansion	1,090.0	260.0	600.0	-0-	-0-	1,950.0
Catalina High School Track and Field Lighting	250.0	-0-	-0-	-0-	-0-	250.0
Christopher Columbus Park	6.0	-0-	-0-	-0-	-0-	6.0
Eastside Senior Center Recreation Facility	396.3	950.0	126.3	-0-	-0-	1,472.6
Eastside Sports Complex	4,035.0	1,082.5	732.5	-0-	-0-	5,850.0
General Instruments Site Improvements	200.0	-0-	-0-	-0-	-0-	200.0
Greenway and Natural Resource Area Acquisition	465.2	-0-	-0-	-0-	-0-	465.2
Himmel Park Irrigation Replacement	204.0	-0-	-0-	-0-	-0-	204.0
Houghton Greenway	505.0	860.0	-0-	-0-	-0-	1,365.0
Impact Fee Capacity - Regional Park Improvements	775.0	-0-	-0-	-0-	-0-	775.0
Julian Wash Linear Park	1,550.0	450.0	1,607.5	-0-	-0-	3,607.5
Lighting System Improvements, Phase I	78.0	-0-	-0-	-0-	-0-	78.0
Lincoln Park/William Clements Center Expansion	300.0	-0-	-0-	-0-	-0-	300.0
Miscellaneous Parks Development/Renovations	174.0	-0-	-0-	-0-	-0-	174.0
New Comfort Stations	543.7	-0-	-0-	-0-	-0-	543.7
Northside Community Park	850.5	3,422.0	1,090.0	-0-	-0-	5,362.5
Performing Arts Center	185.0	480.0	-0-	-0-	-0-	665.0
Pima County Neighborhood Reinvestment Capacity	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	5,000.0
Playground Equipment Replacement	135.2	-0-	-0-	-0-	-0-	135.2
Reid Park Renovation	282.4	-0-	-0-	-0-	-0-	282.4
Reuse of Landfill Areas	207.0	-0-	-0-	-0-	-0-	207.0
Rio Vista Park Expansion	350.0	712.5	350.0	-0-	-0-	1,412.5
Rodeo Grounds Improvements	142.9	-0-	-0-	-0-	-0-	142.9
Santa Cruz River Sports Park	952.4	871.0	-0-	-0-	-0-	1,823.4
Santa Rita Skate Park	150.0	-0-	-0-	-0-	-0-	150.0
Southeast Community Park	4,005.0	190.0	1,655.0	-0-	-0-	5,850.0
Sunnyside Neighborhood Improvements	38.0	-0-	-0-	-0-	-0-	38.0
Sub-Total	\$ 18,870.6	\$ 10,323.0	\$ 7,701.3	\$ 1,390.0	\$ 1,000.0	\$ 39,284.9
Parks and Recreation - Zoo Improvements						
Reid Park Zoo Africa Expansion-Elephant Exhibit	\$ 1,000.0	\$ 3,750.0	\$ 3,750.0	\$ -0-	\$ -0-	\$ 8,500.0
Reid Park Zoo Conservation Learning Center	4,000.0	-0-	-0-	-0-	-0-	4,000.0
Sub-Total	\$ 5,000.0	\$ 3,750.0	\$ 3,750.0	\$ -0-	\$ -0-	\$ 12,500.0
Department Total	\$ 23,870.6	\$ 14,073.0	\$ 11,451.3	\$ 1,390.0	\$ 1,000.0	\$ 51,784.9

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 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total

Source of Funds Summary

1994 General Obligation Bond Funds - Interest	\$ 78.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 78.0
2000 General Obligation Bond Funds	3,450.7	1,800.0	126.3	-0-	-0-	5,377.0
Capital Agreement Fund: Pima County Bonds	14,566.9	8,523.0	7,575.0	1,390.0	1,000.0	33,054.9
Future General Obligation Bond Authorization	-0-	-0-	3,750.0	-0-	-0-	3,750.0
General Fund: Certificates of Participation	5,000.0	3,750.0	-0-	-0-	-0-	8,750.0
Impact Fee Fund: Central Benefit District	135.0	-0-	-0-	-0-	-0-	135.0
Impact Fee Fund: East Benefit District	195.0	-0-	-0-	-0-	-0-	195.0
Impact Fee Fund: Southeast Benefit District	105.0	-0-	-0-	-0-	-0-	105.0
Impact Fee Fund: Southlands Benefit District	65.0	-0-	-0-	-0-	-0-	65.0
Impact Fee Fund: West Benefit District	275.0	-0-	-0-	-0-	-0-	275.0
Department Total	\$ 23,870.6	\$ 14,073.0	\$ 11,451.3	\$ 1,390.0	\$ 1,000.0	\$ 51,784.9

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 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Eastside Renovation	\$ 200.0	\$ 4,500.0	\$ 300.0	\$ -0-	\$ -0-	\$ 5,000.0
Evidence Facility	10,600.0	-0-	-0-	-0-	-0-	10,600.0
Police Communications Equipment	150.0	1,350.0	-0-	-0-	-0-	1,500.0
Police Headquarters Expansion	200.0	4,800.0	30,000.0	10,000.0	-0-	45,000.0
Police Substation	7,598.6	-0-	-0-	-0-	-0-	7,598.6
Department Total	\$ 18,748.6	\$ 10,650.0	\$ 30,300.0	\$ 10,000.0	\$ -0-	\$ 69,698.6

Source of Funds Summary

General Fund: Certificates of Participation	\$ 18,748.6	\$ 10,650.0	\$ 30,300.0	\$ 10,000.0	\$ -0-	\$ 69,698.6
Department Total	\$ 18,748.6	\$ 10,650.0	\$ 30,300.0	\$ 10,000.0	\$ -0-	\$ 69,698.6

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 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Transportation - Streets						
6th Avenue/18th Street Intersection Improvements	\$ 2,384.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,384.0
Alternate Modes Improvements	-0-	651.0	-0-	529.0	-0-	1,180.0
Anklam Road Traffic Safety Improvements	450.0	-0-	-0-	-0-	-0-	450.0
Armory/Santa Rita Park Pedestrian Enhancements	186.0	-0-	-0-	-0-	-0-	186.0
Barraza-Aviation Downtown Segment, Phase I	364.4	-0-	-0-	-0-	-0-	364.4
Barraza-Aviation Parkway: 4th Avenue Underpass	18,735.0	3,565.0	-0-	1,170.0	-0-	23,470.0
Barraza-Aviation: Downtown, Phase III	-0-	-0-	-0-	2,830.0	-0-	2,830.0
Broadway Boulevard: Euclid to Campbell	1,000.0	2,000.0	3,000.0	3,500.0	13,850.1	23,350.1
Broadway/Campbell to Country Club	-0-	-0-	-0-	1,000.0	-0-	1,000.0
Cambio Grande Street Revitalization	511.0	-0-	-0-	-0-	-0-	511.0
Congress Improvements	100.0	-0-	-0-	-0-	-0-	100.0
Downtown Pedestrian Implementation	150.0	-0-	-0-	200.0	-0-	350.0
Harrison Road: Speedway to Old Spanish Trail	5,921.6	-0-	-0-	-0-	-0-	5,921.6
Highland Avenue Bike and Pedestrian Improvements	422.8	-0-	-0-	-0-	-0-	422.8
Houghton Road: Golf Links to I-10	1,000.0	1,000.0	1,000.0	1,000.0	-0-	4,000.0
Impact Fee Capacity - Transportation Improvement	6,077.5	-0-	-0-	-0-	-0-	6,077.5
Kino Parkway Overpass at 22nd Street	2,200.0	5,000.0	1,500.0	-0-	-0-	8,700.0
Miscellaneous Developer-Funded Improvements	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	6,000.0
Miscellaneous Street Improvements	347.5	550.0	550.0	550.0	550.0	2,547.5
Mountain Avenue: Roger Road to Ft. Lowell Road	2,120.9	-0-	7,930.0	-0-	-0-	10,050.9
Old Pueblo Trolley Track Extension	25.0	-0-	-0-	-0-	-0-	25.0
Oracle/Drachman Main Intersection	1,768.0	400.0	250.0	-0-	-0-	2,418.0
Park and Euclid Bicycle and Pedestrian Bridge	1,242.3	-0-	-0-	-0-	-0-	1,242.3
Pedestrian Improvements	5.6	-0-	-0-	-0-	-0-	5.6
Railroad Grade Separations at 22nd & Barraza	-0-	-0-	-0-	500.0	-0-	500.0
Regional Transportation Authority Capacity	25,000.0	25,000.0	25,000.0	25,000.0	25,000.0	125,000.0
Road Resurfacing, Restoration, & Rehabilitation	1,215.1	8,067.7	2,085.0	2,785.0	-0-	14,152.8
South 4th Avenue Streetscape Enhancement	706.0	-0-	-0-	-0-	-0-	706.0
Speedway and Main Intersection Improvements	200.0	1,000.0	250.0	-0-	-0-	1,450.0
Stone Ave: Drachman/Speedway Improvements	300.0	300.0	3,500.0	-0-	-0-	4,100.0
Stone Avenue: 6th Street to Speedway	822.6	-0-	-0-	-0-	-0-	822.6
Stone Avenue: Pedestrian Safety Improvements	225.2	-0-	-0-	-0-	-0-	225.2
Tyndall Avenue Enhancements	529.0	-0-	-0-	-0-	-0-	529.0
Sub-Total	\$ 75,209.5	\$ 48,733.7	\$ 46,265.0	\$ 40,264.0	\$ 40,600.1	\$ 251,072.3
Transportation - Drainage						
Alamo Wash Drainage Improvements	\$ 2,000.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,000.0
Arroyo Chico Drainage Improvements	500.0	-0-	-0-	-0-	-0-	500.0
Columbus Wash Drainage Relief, Phase II	10,332.2	-0-	-0-	-0-	-0-	10,332.2
Navajo Wash Drainage Improvements	600.0	2,000.0	2,200.0	-0-	-0-	4,800.0
Park Avenue Detention Basin, Phase II	800.0	-0-	-0-	-0-	-0-	800.0
Sub-Total	\$ 14,232.2	\$ 2,000.0	\$ 2,200.0	\$ -0-	\$ -0-	\$ 18,432.2

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 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Transportation - Street Lighting						
Electrical Systems Upgrades	\$ 150.0	\$ 150.0	\$ 150.0	\$ 150.0	\$ 150.0	\$ 750.0
Neighborhood District Lighting Improvements	350.0	350.0	350.0	350.0	350.0	1,750.0
Sub-Total	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 2,500.0
Transportation - Traffic Signals						
Changeable Message Signs	\$ -0-	\$ 150.0	\$ -0-	\$ -0-	\$ -0-	\$ 150.0
Communication System Improvements	1,117.0	772.0	-0-	-0-	-0-	1,889.0
Control Center to South Tucson	109.9	-0-	-0-	-0-	-0-	109.9
Harrison/Golf Links Communication Project	160.2	-0-	-0-	-0-	-0-	160.2
Intelligent Transportation System Improvements	40.0	-0-	-0-	-0-	-0-	40.0
Intelligent Transportation System: ER Link	324.7	-0-	-0-	-0-	-0-	324.7
Living Transportation Laboratory	133.0	-0-	-0-	-0-	-0-	133.0
Mission Road Complex Fiber Optics	79.6	-0-	-0-	-0-	-0-	79.6
Tanque Verde/Paseo Rancho Esperanza Signal	250.0	-0-	-0-	-0-	-0-	250.0
Traffic Signal and Control Equipment	-0-	106.0	-0-	430.0	-0-	536.0
Traffic Signal and Control Equipment, Ph I	50.0	-0-	-0-	-0-	-0-	50.0
Valencia: Santa Clara to Old Nogales Fiber	185.0	-0-	-0-	-0-	-0-	185.0
Sub-Total	\$ 2,449.4	\$ 1,028.0	\$ -0-	\$ 430.0	\$ -0-	\$ 3,907.4
Transportation - Parking Garages						
Broadway and 5th Parking Structure	\$ 60.0	\$ 5,250.0	\$ -0-	\$ -0-	\$ -0-	\$ 5,310.0
City/State Parking Garage Improvements	100.0	156.9	163.8	-0-	-0-	420.7
Main Library Parking Garage Improvements	39.0	70.0	-0-	-0-	-0-	109.0
Sub-Total	\$ 199.0	\$ 5,476.9	\$ 163.8	\$ -0-	\$ -0-	\$ 5,839.7
Transportation - Public Transit						
ADA Transit Enhancements	\$ 603.9	\$ 112.4	\$ 112.4	\$ 112.4	\$ 112.4	\$ 1,053.5
Broadway Boulevard Transit Improvements	125.0	-0-	-0-	-0-	-0-	125.0
Bus Shelters	392.4	-0-	-0-	-0-	-0-	392.4
Compressed Natural Gas Facility Improvements	515.5	-0-	-0-	-0-	-0-	515.5
Contingency Local Match for Future Grants	971.3	70.4	85.5	922.0	118.2	2,167.4
Downtown Intermodal Center	6,541.2	-0-	-0-	-0-	-0-	6,541.2
Expansion Vans for Van Tran	1,306.0	514.0	496.4	426.1	263.3	3,005.8
Replacement Buses for Sun Tran	10,399.0	5,816.9	4,780.1	459.8	5,886.0	27,341.8
Replacement Vans for Van Tran	5,768.7	1,977.4	2,788.5	1,335.7	2,531.1	14,401.4
Ronstadt Transit Center	2,912.6	-0-	-0-	-0-	-0-	2,912.6
Sun Tran Maintenance Facility	1,882.8	8,500.0	-0-	-0-	-0-	10,382.8
Transit Alternatives Analysis	2,195.0	4,080.0	-0-	-0-	-0-	6,275.0
Transit Enhancement Program	-0-	212.1	-0-	212.1	-0-	424.2
Transit Headquarters Improvements	2,974.8	872.0	-0-	-0-	-0-	3,846.8
Sub-Total	\$ 36,588.2	\$ 22,155.2	\$ 8,262.9	\$ 3,468.1	\$ 8,911.0	\$ 79,385.4
Department Total	\$ 129,178.3	\$ 79,893.8	\$ 57,391.7	\$ 44,662.1	\$ 50,011.1	\$ 361,137.0

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 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Source of Funds Summary						
2000 General Obligation Bond Funds	\$ 11,632.2	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 11,632.2
2000 Street and Highway Revenue Bond Funds	85.3	-0-	-0-	-0-	-0-	85.3
Capital Agreement Fund: PAG	22,597.0	5,415.0	4,000.0	5,200.0	-0-	37,212.0
Capital Agreement Fund: Pima County Bonds	3,200.0	7,000.0	4,500.0	3,500.0	13,850.1	32,050.1
Capital Agreement Fund: Pima County Contribution	2,600.0	2,000.0	2,200.0	-0-	-0-	6,800.0
Capital Agreement Fund: RTA	25,000.0	25,000.0	25,000.0	25,000.0	25,000.0	125,000.0
Federal Highway Administration Grants	12,261.9	9,607.0	10,100.0	4,700.0	-0-	36,668.9
General Fund: Certificates of Participation	4,000.0	-0-	-0-	-0-	-0-	4,000.0
General Fund: Pending Partnership Funding	-0-	5,250.0	-0-	-0-	-0-	5,250.0
Highway User Revenue Fund	2,797.4	1,512.2	1,437.5	1,066.5	722.5	7,536.1
Highway User Revenue Fund: Contributions	725.0	600.0	600.0	600.0	600.0	3,125.0
Highway User Revenue Fund: In-Lieu Fees	800.0	800.0	800.0	800.0	600.0	3,800.0
Impact Fee Fund: Central Benefit District	835.7	-0-	-0-	-0-	-0-	835.7
Impact Fee Fund: East Benefit District	1,605.0	-0-	-0-	-0-	-0-	1,605.0
Impact Fee Fund: Southeast Benefit District	868.5	-0-	-0-	-0-	-0-	868.5
Impact Fee Fund: Southlands Benefit District	505.7	-0-	-0-	-0-	-0-	505.7
Impact Fee Fund: West Benefit District	2,262.6	-0-	-0-	-0-	-0-	2,262.6
Mass Transit Fund: Federal Grants	28,862.1	20,800.4	6,905.0	2,107.0	7,546.7	66,221.2
Mass Transit Fund: General Fund Transfer	3,286.8	1,332.3	1,335.4	1,338.6	1,341.8	8,634.9
Miscellaneous Non-Federal Grants	104.1	-0-	-0-	-0-	-0-	104.1
Parkwise: Fees and Charges	199.0	226.9	163.8	-0-	-0-	589.7
Special Assessments Construction Fund	350.0	350.0	350.0	350.0	350.0	1,750.0
State Infrastructure Bank Federal Pass-Through	4,600.0	-0-	-0-	-0-	-0-	4,600.0
Department Total	\$ 129,178.3	\$ 79,893.8	\$ 57,391.7	\$ 44,662.1	\$ 50,011.1	\$ 361,137.0

Five-Year Capital Improvement Program

Utility Services-Tucson Water

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Tucson Water - Potable Source Development						
Drill Production Wells	\$ 2,288.0	\$ 1,750.0	\$ 1,000.0	\$ 1,000.0	\$ 1,000.0	\$ 7,038.0
Monitor Wells	220.0	-0-	150.0	-0-	150.0	520.0
New Well Equipping	1,100.0	1,000.0	1,000.0	250.0	-0-	3,350.0
Pressure Tank Replacement	200.0	200.0	200.0	200.0	200.0	1,000.0
Production Well Sites	75.0	75.0	75.0	75.0	75.0	375.0
Well Equipping for Central Avra Valley Storage and Recovery Project	600.0	600.0	-0-	-0-	-0-	1,200.0
Wellfield Upgrades	288.0	288.0	288.0	288.0	288.0	1,440.0
Sub-Total	\$ 4,771.0	\$ 3,913.0	\$ 2,713.0	\$ 1,813.0	\$ 1,713.0	\$ 14,923.0
Tucson Water - Recharge and Recovery						
South Avra Valley Storage and Recovery Project	\$ 5,500.0	\$ 4,000.0	\$ 500.0	\$ -0-	\$ 500.0	\$ 10,500.0
Sub-Total	\$ 5,500.0	\$ 4,000.0	\$ 500.0	\$ -0-	\$ 500.0	\$ 10,500.0
Tucson Water - Potable Storage						
Devine Reservoir Vault and Piping Modifications	\$ 177.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 177.0
Diamond Bell Ranch I Zone Reservoir and Booster	364.0	-0-	-0-	-0-	-0-	364.0
Disinfection Equipment Upgrades	520.4	120.0	120.0	120.0	120.0	1,000.4
Los Reales Reservoir Roof Replacement	-0-	-0-	250.0	-0-	-0-	250.0
Peppertree Ranch Y Zone Reservoir	-0-	250.0	250.0	1,700.0	1,700.0	3,900.0
Reservoir Roof Replacements	199.0	204.0	204.0	204.0	204.0	1,015.0
South Avra Valley Reservoir and Booster Station	15.0	180.0	-0-	400.0	3,000.0	3,595.0
Southeast C Zone Reservoir	55.0	-0-	-0-	-0-	400.0	455.0
Southeast E Zone Reservoir	150.0	-0-	-0-	-0-	-0-	150.0
Southeast G Zone Reservoir	200.0	900.0	-0-	-0-	-0-	1,100.0
Spencer Avenue Storage and Booster Station	-0-	-0-	-0-	1,000.0	-0-	1,000.0
Thornycroft/Tangerine C Zone Reservoir	3,353.0	1,000.0	-0-	-0-	-0-	4,353.0
Valley View Vault and Piping Modifications	295.0	-0-	-0-	-0-	1,000.0	1,295.0
Westside C Zone Reservoir	-0-	115.0	-0-	824.0	256.0	1,195.0
Sub-Total	\$ 5,328.4	\$ 2,769.0	\$ 824.0	\$ 4,248.0	\$ 6,680.0	\$ 19,849.4
Tucson Water - Potable Pumping Plant						
Avra Valley D Zone Pressure Regulating Valves	\$ -0-	\$ -0-	\$ -0-	\$ 150.0	\$ 100.0	\$ 250.0
Clearwell Pressure Regulating Valve Stations	-0-	244.0	-0-	-0-	800.0	1,044.0
Diamond Bell Ranch G-I Zone Booster Modification	184.0	-0-	-0-	-0-	-0-	184.0
El Camino del Cerro Booster Upgrade	500.0	-0-	-0-	-0-	-0-	500.0
Fireflow Booster Upgrades	25.0	50.0	25.0	50.0	25.0	175.0
Hayden-Udall D-B Pressure Regulating Valve	-0-	256.0	1,600.0	-0-	-0-	1,856.0
Houghton I-K Booster Upgrade, Phase II	96.0	-0-	-0-	-0-	-0-	96.0
Hydroelectric Facilities	-0-	-0-	-0-	-0-	350.0	350.0
I-1 Well and Booster Modifications	236.0	-0-	-0-	-0-	-0-	236.0
Las Palomas B-C Booster Station Modifications	295.5	-0-	-0-	-0-	-0-	295.5

Five-Year Capital Improvement Program

Utility Services-Tucson Water

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Tucson Water - Potable Pumping Plant (Continued)						
Mark Road Booster Station Modifications	\$ 425.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 425.0
Pumping Facility Modifications	300.0	300.0	300.0	300.0	300.0	1,500.0
Sandario B-D Zone Booster Station Upgrade	-0-	250.0	-0-	-0-	-0-	250.0
Sierrita/Cherokee Booster Improvement	-0-	300.0	-0-	-0-	-0-	300.0
W-2 Well and Booster Modifications	92.0	-0-	-0-	-0-	-0-	92.0
Z-Y Zone Pressure Regulating Valves	15.0	-0-	-0-	-0-	-0-	15.0
Sub-Total	\$ 2,168.5	\$ 1,400.0	\$ 1,925.0	\$ 500.0	\$ 1,575.0	\$ 7,568.5
Tucson Water - Potable Transmission						
A-60 Discharge Transmission Main	\$ 115.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 115.0
Alvernon Way/Valencia C Zone Transmission Main	-0-	-0-	-0-	-0-	500.0	500.0
Avra Valley Blending Transmission Main	25.0	1,500.0	4,650.0	-0-	-0-	6,175.0
Avra Valley Transmission Main Augmentation	240.0	602.0	450.0	14,331.0	11,337.0	26,960.0
Cathodic Protection for Critical Pipelines	600.0	600.0	-0-	-0-	-0-	1,200.0
Country Club/36th St D Zone Transmission Main	-0-	-0-	-0-	-0-	800.0	800.0
Lee Street Transmission Main	320.0	-0-	-0-	-0-	-0-	320.0
Pipeline Protection: Manhole Upgrades	220.0	230.0	240.0	250.0	260.0	1,200.0
Rehabilitation of Critical Transmission Mains	260.0	270.0	280.0	290.0	300.0	1,400.0
Santa Rita Bel Air G Zone Transmission Main	150.0	-0-	-0-	-0-	-0-	150.0
Santa Rita Bel Air Transmission Main (Well H-2)	1,748.0	-0-	-0-	-0-	-0-	1,748.0
Santa Rita Bel Air Transmission Main (Well H-3)	770.0	-0-	-0-	-0-	-0-	770.0
South Avra Valley Raw Water Delivery Pipeline	7,400.0	2,800.0	-0-	-0-	-0-	10,200.0
South Avra Valley Recovered Transmission Main	-0-	-0-	8.0	32.0	623.0	663.0
Southeast C Zone Transmission Main	-0-	-0-	-0-	400.0	1,157.0	1,557.0
Southeast E Zone Transmission Main	-0-	-0-	-0-	-0-	5.0	5.0
Southside A Zone Transmission Main	-0-	-0-	-0-	300.0	2,265.0	2,565.0
Southwest C Zone Transmission Main	60.0	-0-	-0-	-0-	-0-	60.0
Upgrade Corrosion Test Stations	50.0	50.0	50.0	50.0	50.0	250.0
Viviana Road C Zone Transmission Main	10.0	1,000.0	1,950.0	-0-	-0-	2,960.0
Well AV-26 Discharge Transmission Main	215.0	-0-	-0-	-0-	-0-	215.0
Westside C Zone Transmission Main	-0-	50.0	-0-	500.0	-0-	550.0
Sub-Total	\$ 12,183.0	\$ 7,102.0	\$ 7,628.0	\$ 16,153.0	\$ 17,297.0	\$ 60,363.0

Five-Year Capital Improvement Program

Utility Services-Tucson Water

(\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1 FY 2007	Year 2 FY 2008	Year 3 FY 2009	Year 4 FY 2010	Year 5 FY 2011	Year Total
Tucson Water - Potable Distribution						
Chip Seal Main Replacements	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 125.0
Distribution Main Projects - General	-0-	-0-	500.0	500.0	-0-	1,000.0
Emergency Main Replacement	300.0	300.0	200.0	200.0	200.0	1,200.0
Extensions for New Services	10.0	10.0	10.0	10.0	10.0	50.0
Gates Pass Main Improvement	400.0	-0-	-0-	-0-	-0-	400.0
Genematas Main Improvement	-0-	-0-	-0-	-0-	400.0	400.0
Jefferson Park Main Replacement, Phase I	50.0	1,563.0	-0-	-0-	-0-	1,613.0
Jefferson Park Main Replacement, Phase II	-0-	50.0	1,420.0	-0-	-0-	1,470.0
Mapping As-Builts	180.0	180.0	180.0	180.0	180.0	900.0
Nebraska and Liberty Main Replacement	693.0	-0-	-0-	-0-	-0-	693.0
On-Call Valve Replacement Program	200.0	200.0	200.0	200.0	200.0	1,000.0
Payments to Developers for Oversized Systems	200.0	200.0	200.0	200.0	200.0	1,000.0
Quadrant Main Replacements	282.0	-0-	-0-	-0-	-0-	282.0
Redington Road Main Improvements	200.0	-0-	-0-	-0-	-0-	200.0
Review Developer-Financed Potable Projects	850.0	850.0	850.0	850.0	850.0	4,250.0
Road Improvement Main Replacements	4,600.0	4,100.0	6,368.0	6,446.0	6,525.0	28,039.0
Routine Main Replacements	1,197.0	800.0	800.0	800.0	800.0	4,397.0
South Avra Valley Storage and Recovery Project	-0-	-0-	-0-	500.0	500.0	1,000.0
Collector Lines						
Silver Shadows Estates Main Replacement	516.0	-0-	-0-	-0-	-0-	516.0
Southwest G Zone Interconnections	-0-	-0-	-0-	180.0	700.0	880.0
Taylor Lane System Improvements	-0-	922.0	-0-	-0-	-0-	922.0
Tucson International Airport Distribution Main	-0-	-0-	50.0	300.0	-0-	350.0
Vista Las Catalinas Main Replacement	244.0	-0-	-0-	-0-	-0-	244.0
Sub-Total	\$ 9,947.0	\$ 9,200.0	\$ 10,803.0	\$ 10,391.0	\$ 10,590.0	\$ 50,931.0
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						
Central Avra Valley Storage and Recovery Project	\$ 564.0	\$ 413.0	\$ 620.0	\$ 613.0	\$ 208.0	\$ 2,418.0
Facility Security						
Eastside Maintenance Facility	226.0	4,600.0	-0-	-0-	-0-	4,826.0
Facility Safety and Security Improvements	607.0	567.0	567.0	535.0	559.0	2,835.0
Facility Security Grant	250.0	-0-	-0-	-0-	-0-	250.0
Geographic Information System	100.0	-0-	-0-	-0-	-0-	100.0
La Entrada Improvements	500.0	-0-	-0-	-0-	-0-	500.0
La Entrada Structure Remedy	270.0	-0-	-0-	-0-	-0-	270.0
Meter Upgrade and Replacement Program	1,460.0	1,460.0	1,460.0	600.0	600.0	5,580.0
Miscellaneous Land and Right-of-Way Acquisitions	10.0	10.0	10.0	10.0	10.0	50.0

Five-Year Capital Improvement Program

Utility Services-Tucson Water

(\$000)

Project Name	Adopted Year 1 FY 2007	Approved Year 2 FY 2008	Projected Requirements			Five Year Total
	Year 3 FY 2009	Year 4 FY 2010	Year 5 FY 2011			
Tucson Water - Potable General Plant (Continued)						
Supervisory Control and Data Acquisition (SCADA) Communications Upgrade	\$ 150.0	\$ 150.0	\$ -0-	\$ -0-	\$ -0-	\$ 300.0
SCADA System Improvements	450.0	-0-	-0-	-0-	-0-	450.0
Tucson Water Document Management	750.0	750.0	-0-	-0-	-0-	1,500.0
Sub-Total	\$ 5,337.0	\$ 7,950.0	\$ 2,657.0	\$ 1,758.0	\$ 1,377.0	\$ 19,079.0
Tucson Water - Potable Treatment						
Hayden-Udall Improvements, Phase II	\$ 868.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 868.0
Treatment Improvements - General	-0-	500.0	500.0	500.0	500.0	2,000.0
Sub-Total	\$ 868.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 2,868.0
Tucson Water - Potable Process Control						
Control Panel Replacements	\$ 268.0	\$ 250.0	\$ 250.0	\$ 250.0	\$ -0-	\$ 1,018.0
Flow Meters	140.0	-0-	-0-	-0-	-0-	140.0
Remote Site Control System Upgrades	400.0	800.0	1,600.0	3,200.0	-0-	6,000.0
Sub-Total	\$ 808.0	\$ 1,050.0	\$ 1,850.0	\$ 3,450.0	\$ -0-	\$ 7,158.0
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
Tucson Water - Reclaimed Source Development						
Ina Road Reclaimed Water Facility	\$ -0-	\$ -0-	\$ -0-	\$ 1,800.0	\$ 3,400.0	\$ 5,200.0
Reclaimed Storage and Recovery	888.5	750.0	500.0	-0-	-0-	2,138.5
Sub-Total	\$ 888.5	\$ 750.0	\$ 500.0	\$ 1,800.0	\$ 3,400.0	\$ 7,338.5
Tucson Water - Reclaimed Storage						
Ina Road Reservoir	\$ -0-	\$ 420.0	\$ 840.0	\$ 840.0	\$ -0-	\$ 2,100.0
La Paloma Reservoir Expansion	-0-	300.0	1,395.0	1,395.0	-0-	3,090.0
Reclaimed Storage Projects - General	30.0	30.0	30.0	100.0	100.0	290.0
Roger Road Reservoir Expansion	-0-	-0-	-0-	-0-	300.0	300.0
Sunrise Reclaimed Reservoir	93.1	-0-	-0-	-0-	-0-	93.1
Sub-Total	\$ 123.1	\$ 750.0	\$ 2,265.0	\$ 2,335.0	\$ 400.0	\$ 5,873.1
Tucson Water - Reclaimed Pumping Plant						
Forty-Niners Control Valve	\$ 45.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 45.0
Ina Road Booster	-0-	440.0	880.0	880.0	-0-	2,200.0
Reclaimed Pressure Reducing Valves	60.0	10.0	10.0	10.0	10.0	100.0
Reclaimed Pumping Facility Modifications	10.0	10.0	10.0	10.0	10.0	50.0
Reclaimed Pumping Plant Projects - General	55.0	55.0	55.0	55.0	55.0	275.0
Roger Road Plant Booster Expansion	600.0	1,000.0	600.0	-0-	-0-	2,200.0
Sub-Total	\$ 770.0	\$ 1,515.0	\$ 1,555.0	\$ 955.0	\$ 75.0	\$ 4,870.0

Five-Year Capital Improvement Program

Utility Services-Tucson Water

(\$000)

Project Name	Adopted		Approved		Projected Requirements			Five				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year						
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total						
Tucson Water - Reclaimed Transmission												
Alvernon/La Paloma Reclaimed Transmission Main	\$	-0-	\$	720.0	\$	720.0	\$	-0-	\$	-0-	\$	1,440.0
Reclaimed Emergency Main Enhancements		100.0		100.0		100.0		100.0		100.0		500.0
Reclaimed Transmission Main Projects - General		-0-		500.0		380.0		500.0		500.0		1,880.0
Sub-Total	\$	100.0	\$	1,320.0	\$	1,200.0	\$	600.0	\$	600.0	\$	3,820.0
Tucson Water - Reclaimed Distribution												
Developer-Financed Reclaimed Systems	\$	60.0	\$	60.0	\$	60.0	\$	60.0	\$	60.0	\$	300.0
Forty-Niner's Reclaimed Laterals		842.0		-0-		-0-		-0-		-0-		842.0
Main Extensions: Miscellaneous		55.0		55.0		55.0		55.0		55.0		275.0
Rose Elementary Reclaimed Lateral		260.0		-0-		-0-		-0-		-0-		260.0
Seneca/Palo Verde Reclaimed Distribution Main		-0-		-0-		-0-		170.0		340.0		510.0
System Enhancements: Reclaimed		100.0		100.0		100.0		100.0		100.0		500.0
Sub-Total	\$	1,317.0	\$	215.0	\$	215.0	\$	385.0	\$	555.0	\$	2,687.0
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												
Roger Road Reclaimed Water Treatment Plant	\$	941.4	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	941.4
Roger Road Treatment Plant Clarifier Additions		1,386.0		-0-		-0-		-0-		-0-		1,386.0
Sub-Total	\$	2,327.4	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	2,327.4
Tucson Water - Reclaimed Process Control												
18th Street Crossover Flow Meter	\$	30.0	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	30.0
Control Panels: Reclaimed System		107.0		80.0		250.0		250.0		250.0		937.0
Sub-Total	\$	137.0	\$	80.0	\$	250.0	\$	250.0	\$	250.0	\$	967.0
Department Total	\$	60,333.9	\$	50,274.0	\$	43,145.0	\$	52,898.0	\$	53,272.0	\$	259,922.9

Five-Year Capital Improvement Program

Utility Services-Tucson Water (\$000)

Project Name	Adopted Year 1 FY 2007	Approved Year 2 FY 2008	Projected Requirements			Five Year Total
			Year 3 FY 2009	Year 4 FY 2010	Year 5 FY 2011	
Source of Funds Summary						
2005 Water Revenue Bond Funds	\$ 29,900.9	\$ 32,030.0	\$ 23,224.0	\$ 30,150.0	\$ -0-	\$ 115,304.9
Central Arizona Project Reserve Fund	10.0	10.0	10.0	10.0	10.0	50.0
Future Water Revenue Bonds	-0-	-0-	-0-	1,537.0	28,722.0	30,259.0
Tucson Water Fund: Grants	700.0	-0-	-0-	-0-	-0-	700.0
Tucson Water Revenue and Operations Fund	22,723.0	18,234.0	16,911.0	21,201.0	24,540.0	103,609.0
Water Infrastructure Reserve Fund	7,000.0	-0-	3,000.0	-0-	-0-	10,000.0
Department Total	\$ 60,333.9	\$ 50,274.0	\$ 43,145.0	\$ 52,898.0	\$ 53,272.0	\$ 259,922.9

Five-Year Capital Improvement Program

Non-Departmental (\$000)

Project Name	Adopted	Approved	Projected Requirements			Five
	Year 1	Year 2	Year 3	Year 4	Year 5	Year
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Web-Based Financial and Human Resource Systems	\$ 1,159.6	\$ 1,000.0	\$ 1,000.0	\$ -0-	\$ -0-	\$ 3,159.6
Department Total	\$ 1,159.6	\$ 1,000.0	\$ 1,000.0	\$ -0-	\$ -0-	\$ 3,159.6

Source of Funds Summary

1994 General Obligation Bond Funds - Interest	\$ 374.5	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 374.5
General Fund	785.1	-0-	-0-	-0-	-0-	785.1
General Fund: Restricted	-0-	1,000.0	1,000.0	-0-	-0-	2,000.0
Department Total	\$ 1,159.6	\$ 1,000.0	\$ 1,000.0	\$ -0-	\$ -0-	\$ 3,159.6



City of Tucson



Section G Rio Nuevo

Adopted Biennial Budget Summary
Fiscal Years 2007 and 2008



**THIS BRIEF SUMMARY IS PROVIDED FOR INFORMATION PURPOSES.
RIO NUEVO IS NOT PART OF THE CITY OF TUCSON BUDGET.**



OVERVIEW

Downtown is our region's cultural center, it is the place of employment for thousands, and it is fast becoming a destination of choice for new residents and visitors alike. In 1999, Tucson and South Tucson voters approved the use of tax increment dollars to fund a variety of public projects expected to facilitate downtown revitalization. The city's vision is to create a vibrant city center with diverse residential, entertainment, and commercial offerings. It is imperative that redevelopment express Tucson's unique natural landscape, cultural heritage, and community values. Toward that end the Rio Nuevo Downtown Master Plan was adopted in 2001.

Downtown is the heart of the city and its rebirth will be led by the private sector. The city's role is to create and maintain a positive investment climate and to ensure a clear and predictable regulatory environment. Rio Nuevo is essentially a financial tool. Within this tax increment district the city will provide adequate infrastructure and upgrades, and facilitate the development of major public attractions. Rio Nuevo then becomes a catalyst for economic development. In

the end, success will be measured not by the amount of Rio Nuevo investments, but rather, by the amount of private sector investments resulting from it.

As originally conceived, Tucson was to benefit from the Rio Nuevo tax increment district for a ten-year period which began in 2003. On a monthly basis, the Arizona Department of Revenue returns to Tucson a portion of sales taxes collected in the Rio Nuevo district. It is projected that over those ten years at least \$125 million would be available to reinvest in the downtown. House Bill 2702 was introduced into the 2006 State Legislative Session to increase the revenue stream period. This extension for an additional 12 years of funding was approved in June 2006. The estimated gross revenue for 2003-2025 is approximately \$800 million and will enable the Tucson community to achieve its downtown goals.

More information about Rio Nuevo and downtown Tucson revitalization can be obtained by visiting the Rio Nuevo Web site at www.tucsonaz.gov/rionuevo.

HIGHLIGHTS

The community has charged the city and its partners with the enormous responsibility to change our downtown in fundamental ways. Our long-term goal is to make downtown a dynamic urban center. In doing so, we must build upon our unique local competitive advantages and honor our past.

It's been 24 months since the first tax increment district check arrived from the State of Arizona. Today there are over 1,200 units of housing planned or underway in the neighborhoods of downtown. This represents more than \$250 million in new investments. The city is investing another \$65 million in public improvement projects.

Last year we saw the re-opening of the Fox Theater and the redevelopment of the Rialto Theater. The city was awarded a \$9 million federal grant to partner with the private sector on redevelopment of the block adjacent to the Hotel Congress. Ground broke on the \$100 million Mercado District mixed-use project.

We received an independent housing market forecast that confirms a healthy future for the downtown. We opened the 1st of several new parking garages downtown to address current and future demand. We made strides with planning for the relocation of the state museum and historical society facilities to downtown.

We continue to deliver on cultural commitments, having completed site clearance work and funded early infrastructure phases of Tucson Origins Heritage Park on the westside. The \$2 million Presidio interpretive center is under construction on the eastside. *Puro Mexicano*, an international film festival, premiered. *Broadway in Tucson* is enjoying another successful season.

There is no single plan or project alone that is the lynchpin to revitalization of our downtown. Success depends upon strong partnerships and multifaceted strategic elements. We must learn to celebrate recent successes, no matter how large or small, because downtowns do not change overnight. But while there are many signs of future prosperity for the downtown, much work needs to be done. Our downtown partners and we must approach this work with urgency, because the economy and momentum can swing at any time.

For its part next year, the city must get public land along the banks of the Santa Cruz and in the civic plaza area around the Convention Center into the hands of the private sector for development. We must make improvements to the Ronstadt Transit Center that will free up valuable real estate for redevelopment and resolve public safety issues associated with the center. Through code enforcement or other means, we must remove blighting influences, particularly on Congress Street. We must continue with transportation and infrastructure improvements. Policy makers will be addressing the feasibility and funding of a new arena. We expect the community to resolve the Barraza Aviation Parkway extension question so that we may promote redevelopment in the Warehouse Arts District along Toole.

The changes to the Rio Nuevo District approved by the State Legislature have opened up new opportunities. More exciting projects are being developed and will be incorporated in future plans.

RIO NUEVO BUDGET

	Fiscal Year 2007	Fiscal Year 2008
Operating Budget		
Personal Services	\$ 513,930	\$ 513,930
Professional Services	549,940	489,940
Commodities/Equipment	<u>22,000</u>	<u>15,600</u>
Total Operating	\$ 1,085,870	\$ 1,019,470
Capital Budget	\$ 40,500,000	\$ 58,250,000
Debt Service	<u>\$ 2,976,624</u>	<u>\$ 7,839,525</u>
Total Operating, Capital, and Debt Service	<u>\$ 44,562,494</u>	<u>\$67,108,995</u>



City of Tucson



Section H Glossary

Adopted Biennial Budget Summary
Fiscal Years 2007 and 2008



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 benchmarking, only that which you can measure exists.
BENCHMARKS	Measurements used to gauge the city's efforts, both as a community and as an organizational entity, in accomplishing predefined and measurable desired outcomes that have been developed with participation from decision-makers, management, staff, and customers. Benchmark selection requires that you first know what it is you wish to improve, and then the metrics (a means to measure) that will be used.
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 that 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 six years or more. Capital projects include the purchase of land, design, engineering, and construction of buildings and infrastructure items such as streets, bridges, drainage, street lighting, water system, etc. Capital improvements are permanent attachments intended to remain on the land. Capital projects may include the acquisition of heavy equipment and machinery or specialized vehicles using capital funding sources.
CARRYFORWARD CAPITAL IMPROVEMENT PROJECT	Any capital project that has been previously approved by the Mayor and Council, but for various reasons has not been implemented on schedule. Under state law and Generally Accepted Accounting Principles, only those costs relating to work actually done on or before the last day of the fiscal year can be reflected on the financial statements of that fiscal year. To avoid having to charge the project costs estimated to be incurred in a subsequent fiscal year as an unbudgeted item for that year and, therefore, violate state budget law, such a project and the associated projected costs are included in the subsequent fiscal year's budget.

GLOSSARY OF TERMS

Term	Definition
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 that 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.
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 2007, for the City of Tucson, refers to the period July 1, 2006 through June 30, 2007.

GLOSSARY OF TERMS

Term	Definition
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 Transportation; Neighborhoods, Public Safety, and Emergency Preparedness; Children, Families, and Seniors; Environment, Planning, and Resource Management; Economic and Workforce Development; and Rio Nuevo/Downtown, Arts, Culture, and History [See Section B, “Strategic Priorities”].
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.
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.

GLOSSARY OF TERMS

Term	Definition
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 customers satisfied with park conditions.
OUTPUT	A quantitative measure of activities or efforts undertaken to provide a service or program. Examples of outputs are the number of responses to emergency 9-1-1 calls and the number of tons of recyclable materials collected.
OUTSIDE AGENCIES	A group of organizations which are neither associated with, nor allocated to, any particular city department. Economic Development, Cultural Enrichment, 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.
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.

GLOSSARY OF TERMS

Term	Definition
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.
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.
SUNSET CLAUSE	A provision, inserted in a set of regulations, for the expiration of specified arrangements should certain conditions prevail or the initiative is not extended past the agreed upon time frame.
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
ACC	Arizona Corporation Commission
ACJ	Apprentice, Craft, Journey
ADA	Americans with Disabilities Act
ADEQ	Arizona Department of Environmental Quality
ADEQ LUST	Arizona Department of Environmental Quality Leaking Underground Storage Tank
AFRS	Automated Field Reporting System
AFSCME	American Federation of State, County, and Municipal Employees
ALS	Advanced Life Support
APDM	Alternative Procurement Delivery Method
ARS	Arizona Revised Statutes
ATLAS	Advanced Traffic and Logistics Algorithms and Software
AVBTM	Avra Valley Blending Transmission Main
AZPDES	Arizona Pollution Discharge Elimination System
CAFR	Comprehensive Annual Financial Report
CALL	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
CDBG	Community Development Block Grant
CEEEO	Certificates of Equal Employment Opportunity
CIFP	Capital Improvement Funded Program
CIP	Capital Improvement Program
CNG	Compressed Natural Gas
COBRA	Consolidated Omnibus Budget Reconciliation Act of 1985
COP	Certificates of Participation
CPI	Consumer Price Index
CRRF	Clearwater Renewable Resource Facility
CWA	Communications Workers of America
CWAC	Citizens' Water Advisory Committee
DNR	Department of Neighborhood Resources
DOT	Department of Transportation
DSD	Development Services Department
DUI	Driving Under the Influence
EOP and IPR	Equal Opportunity Programs and Independent Police Auditor
EPA	Environmental Protection Agency
ER	Emergency Room
FARE	Fines, Fees, and Restitution
FSS	Family Self-Sufficiency
FTA	Federal Transit Administration
FY	Fiscal Year
GAPIT	Graffiti Abatement Program in Tucson
GIS	Geographic Information Systems
GREAT	Gang Resistance Education and Training

ACRONYMS AND INITIALISMS

Acronym/Initialism	Definitions
HAMP	Houghton Area Master Plan
HAZMAT	Hazardous Materials
HELP	Highway Expansion and Extension Loan Program
HMO	Health Maintenance Organization
HOPE	Housing Opportunities for People Everywhere
HRC	Housing Rehabilitation Collaborative
HUD	Housing and Urban Development
HURF	Highway User Revenue Fund
HVAC	Heating, Ventilation, and Cooling Equipment
ICMA	International City/County Management Association
IGA	Intergovernmental Agreement
ILU	Internal Litigation Unit
I-NET	Institutional Network
IT	Information Technology
LAN	Local Area Network
LED	Light Emitting Diode
LEED	Leadership in Energy and Environmental Design
LTAF	Local Transportation Assistance Fund
MDP	Monitored Diversion Program
MLK	Martin Luther King
MS&RP	Major Streets and Routes Plan
NPPO	Natural Plant Preservation Ordinance
NPT	Neighborhood Prosecution Team
OSHA	Occupational Safety and Health Administration
O&M	Operating and Maintenance
PAG	Pima Association of Governments
PC	Personal Computer
pCard	Procurement Card
PCCP	Prestressed Concrete Cylinder Pipe
PCD	Planned Community Development
PEG	Public, Educational, Government Operating Support
PPO	Preferred Provider Organization
PRO	Property Research Online
psi	pounds per square inch
PVC	Polyvinyl Chloride
RFP	Request for Proposals
RHODES	Real-time Hierarchical Optimized Distributed Effective System
ROED	Research and Organizational Efficiency Division
RRT	Rapid Response Team
RTA	Regional Transportation Authority

ACRONYMS AND INITIALISMS

Acronym/Initialism	Definitions
SAVSARP	South Avra Valley Storage and Recovery Project
SCDA	Supervisory Control and Data Acquisition
SDHP	Self-Directed Health Plan
SUSD	Sunnyside Unified School District
SWAT	Special Weapons and Tactics
TACE	Tucson Association of City Employees
TUSD	Tucson Unified School District
TARP	Tucson Airport Remediation Project
TCC	Tucson Convention Center
TCG	Tucson City Golf
TDOT	Tucson Department of Transportation
TEA-21	Transportation Equity Act for the Twenty-first Century
TEAM	Transportation Enterprise Area Management
TFD	Tucson Fire Department
TFFA	Tucson Fire Fighters Association
TPAC	Tucson-Pima Arts Council
TPD	Tucson Police Department
TREO	Tucson Regional Economic Opportunities
TSRS	Tucson Supplemental Retirement System
TUSD	Tucson Unified School District
TV	Television
VLT	Vehicle License Tax
VoIP	Voice over Internet Protocol
WAN	Wide Area Network
WIFA	Water Infrastructure Finance Authority



City of Tucson



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Adopted Biennial Budget Summary
Fiscal Years 2007 and 2008



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