



CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 05/27/2020

Agenda Item: 1

ACTION: Hold a public hearing to adopt a resolution adopting the fiscal year 2020/21 Tentative Budget and setting public hearings for June 11, 2020 for the following: 1) adopting the fiscal years 2020/21 through 2024/25 Capital Improvements Program, 2) holding a Truth in Taxation Hearing, 3) approving the fiscal year 2020/21 property tax levy, and 4) adopting the fiscal year 2020/21 Final Budget. Also, set a second public hearing for the final adoption of the property tax levy rate at a meeting scheduled for June 25, 2020. (Resolution No. R2020.54)

FISCAL IMPACT: The fiscal year (FY) 2020/21 operating budget totals \$542,220,927 and the FY 2020/21 capital budget totals \$235,363,693 for a total financial program of \$777,584,620.

RECOMMENDATION: Adopt Resolution No. R2020.54.

BACKGROUND INFORMATION:

Overview

The FY 2020/21 tentative budget adoption process will establish the maximum expenditure limit (spending authority) for next year's budget. As required by state statute, the tentative budget is presented in schedules A through G (Attachment A) and includes both the operating budget and the first year (FY 20/21) of the 5-year capital improvement program (CIP). In addition, the tentative budget will be published in a newspaper of local circulation once a week for two consecutive weeks prior to the public hearing for final budget adoption.

The budget planning process included three public forums in February 2020 and an on-line budget forum from October 2019 to February 2020. A summary of the on-line questionnaire responses and comments from both the on-line forum and public budget forums were included in the Initial Recommended 5-Year CIP material at the March 19, 2020 Special Meeting.

Operating Budget

The FY 2020/21 tentative operating budget totals \$542,220,927, a 7% increase from the FY 2019/20 adopted budget. The increases are due primarily to additional CDBD/HOME and Section 8 funding, additional public safety and governmental grants, employee compensation increases and increased contingency appropriation for CDBG and governmental grants. In addition, the budget does include supplemental budget additions in the CDBG/Home, Solid Waste and Water/Wastewater funds.

For Department operating budgets, the FY 2020/21 tentative operating budget primarily reflects a status-quo budget from FY 2019/20 with minimal changes. Although operating budget supplemental requests and CIP operating impacts were submitted, they have not been included in the tentative budget with the exception of CDBG/Home, Solid Waste and Water/Wastewater funds. The supplemental requests and CIP operating impacts for all other funds will be considered along with proposed budget adjustments after final budget adoption. A summary of the operating budget highlights is attached (Attachment B)

Capital Budget (CIP)

The FY 2020/21 capital budget totals \$235,363,693, a 10% decrease from the FY 2019/20 adopted capital budget. The total budget has been adjusted to include the re-prioritized CIP adjustments reviewed at the April 22, 2020 Work Study Session. These adjustments included a reduction in cash fund projects and limiting the amount of operating impacts from CIP projects on the operating funds. A summary of the CIP is attached (Attachment C).

Next Steps

As noted during the budget development update at the April 22, 2020 Work Study Session, staff is taking a number of steps to address the economic impacts as a result of the COVID-19 pandemic. Steps already taken have included curbing operational spending in the last quarter of the current fiscal year (FY 19/20) and tracking all COVID-related expenditures for potential reimbursement. The next step, as described above, is completing the approval process of the operating budget and the re-prioritized capital budget.

Staff has updated the long-range revenue projections based on preliminary estimates of the economic impact of COVID-19 and has established FY 2020/21 budget reduction targets for the General Fund, Performing Arts Fund, Transit Fund, and Transportation (HURF) Fund.

Staff is preparing budget adjustment proposals to meet the budget reduction targets. The proposed budget reduction adjustments will include various options to reduce expenses and/or increase revenue. The proposals will be presented to Council for input and approval. In addition, public input will be gathered regarding any proposed budget adjustments.

These budget adjustments will take effect after final adoption of the FY 2020/21 operating and capital budgets. The approved budget reductions will be removed from the departments' budgets and moved to a non-departmental cost center which will maintain citywide budget authority but restrict departments' spending authority.

ATTACHMENTS:

- Resolution
- Attachment A – Schedules A through G
- Attachment B – FY2020/21 Operating Budget Highlights
- Attachment C - Capital Budget Summary

STAFF CONTACT(S): Mark Day, Municipal Budget Director, (480) 350-8697

Department Director: Ken Jones, Deputy City Manager, CFO

Legal review by: David Park, Assistant City Attorney

Prepared by: Benicia Benson, Executive Assistant to the City Manager's Office

RESOLUTION NO. R2020.54

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, ADOPTING THE TENTATIVE ESTIMATES OF THE AMOUNTS REQUIRED FOR THE PUBLIC EXPENSE FOR THE CITY OF TEMPE FOR THE FISCAL YEAR 2020-21; ADOPTING A TENTATIVE BUDGET; SETTING FORTH THE RECEIPTS AND EXPENDITURES; THE AMOUNTS ACTUALLY LEVIED AND THE AMOUNTS ESTIMATED AS COLLECTIBLE FOR THE PREVIOUS FISCAL YEAR; THE AMOUNT PROPOSED TO BE RAISED BY DIRECT PROPERTY TAXATION FOR THE VARIOUS PURPOSES; AND GIVING NOTICE OF THE TIMES FOR HEARING TAXPAYERS FOR ADOPTION OF THE CAPITAL IMPROVEMENTS PROGRAM AND THE BUDGET, FOR HOLDING A TRUTH IN TAXATION HEARING, AND FOR SETTING THE TAX LEVY AND RESULTING RATE.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPE ARIZONA, as follows:

SECTION 1. In accordance with the provisions of Title 42, Chapter 17, Articles 1-5, Arizona Revised Statutes (A.R.S.), the estimates and schedules attached in Attachment "A" are hereby adopted for the purposes as hereinafter set forth as the tentative budget for the City of Tempe for the fiscal year 2020-21.

SECTION 2. That the City Clerk is hereby authorized and directed to publish in the manner prescribed by law, the estimates of expenditures, as set forth in Attachment "A", together with a notice that the Council will meet for the purpose of final hearing of taxpayers on June 11, 2020, immediately following the Regular Council Meeting which begins at the hour of 6:00 p.m. in the Council Chambers, 31 East Fifth Street for the following: 1) adopting the fiscal years 2020-21 through 2024-25 Capital Improvements Program, 2) holding a Truth in Taxation Hearing, 3) approving the fiscal year 2020-21 property tax levy, and 4) adopting the fiscal year 2020-21 Final Budget.

SECTION 3. That the City Clerk is hereby authorized and directed to publish in the manner prescribed by law a notice that the City Council will hold a meeting to officially set the fiscal year 2020-21 property tax levy and resulting rate on June 25, 2020 immediately following the Regular City Council meeting which begins at 6:00 p.m. in the Council Chambers, 31 East Fifth Street.

SECTION 4. The transfers of any sums within or without any specific appropriations shall conform to Section 5.08, Tempe City Charter.

SECTION 5. Money from any funds may be used for any of these appropriations, except money specifically restricted by State law, or by the Tempe City Charter, Code, Ordinances, or Resolutions.

SECTION 6. Schedules A through G are attached hereto as Attachment "A" and incorporated herein by reference. Copies of this information, along with supporting documentation, are available for public inspection at the office of the Deputy City Manager, Chief Financial Officer, 31 East Fifth Street, Third Floor, the City Clerk's Office, 31 East Fifth Street, Second Floor, the Library, 3500 South Rural Road, and the World Wide Web at www.tempe.gov/budget.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, this ____ day of _____, 2020.

Mark W. Mitchell, Mayor

ATTEST:

Carla R. Reece, City Clerk

APPROVED AS TO FORM:

Judith R. Baumann, City Attorney

CITY OF TEMPE
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2021

Fiscal Year	S c h	FUNDS								
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Enterprise Funds Available	Internal Service Funds (a)	Blended Component Unit (b)	Total All Funds	
2020	Adopted/Adjusted Budgeted Expenditures/Expenses*	E 1	233,449,030	129,251,595	30,640,138	251,781,153	110,724,562	2,000,000		757,846,478
2020	Actual Expenditures/Expenses**	E 2	227,233,867	118,525,478	30,641,638	98,285,751	103,892,974	0		578,579,708
2021	Fund Balance/Net Position at July 1***		94,675,051	50,532,249	4,258,388	63,198,133	99,862,508	2,047,450		314,573,779
2021	Primary Property Tax Levy	B 4	18,980,475							18,980,475
2021	Secondary Property Tax Levy	B 5			32,017,977					32,017,977
2021	Estimated Revenues Other than Property Taxes	C 6	212,356,479	156,604,160	2,246,553	164,065,489	114,747,377	0		650,020,058
2021	Other Financing Sources	D 7	0	0	0	0	0	0		0
2021	Other Financing (Uses)	D 8	0	0	0	0	0	0		0
2021	Interfund Transfers In	D 9	147,750	1,750,000	6,166,005	16,856,196	5,675,520	0	2,901,191	33,496,662
2021	Interfund Transfers (Out)	D 10	2,661,746	9,831,822	8,320,261	0	12,682,833	0		33,496,662
2021	Reduction for Amounts Not Available:									
2021	Total Financial Resources Available		323,498,009	199,054,587	36,368,662	244,119,818	207,602,572	2,047,450	2,901,191	1,015,592,289
2021	Budgeted Expenditures/Expenses	E 13	236,665,420	156,731,923	30,033,481	235,363,693	116,790,103	2,000,000		777,584,620

EXPENDITURE LIMITATION COMPARISON

	2020	2021
1 Budgeted expenditures/expenses	\$ 757,846,478	\$ 777,584,620
2 Add/subtract: estimated net reconciling items	(211,993,178)	(232,365,340)
3 Budgeted expenditures/expenses adjusted for reconciling items	545,853,300	545,219,280
4 Less: estimated exclusions	171,161,921	133,797,531
5 Amount subject to the expenditure limitation	<u>\$ 374,691,379</u>	<u>\$ 411,421,749</u>
6 EEC expenditure limitation	<u>\$ 535,190,184</u>	<u>\$ 554,688,478</u>

* Includes Expenditure/Expense Adjustments Approved in the current year 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 on this line represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

(a) Budgeted and actual expenditures for the Internal Service Funds (i.e. Risk Management, Worker's Compensation and Health are included throughout the schedules at the department level.

(b) The Rio Salado Community Facilities District is a blended component unit of the City of Tempe formed under the laws of the State of Arizona to facilitate development of the Rio Salado town lake project. The board of the district is comprised of the same members as the City's council.

CITY OF TEMPE
Tax Levy and Tax Rate Information
Fiscal Year 2021

	2020	2021
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	\$ <u>18,114,816</u>	\$ <u>18,980,475</u>
2. Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	\$ _____	
3. Property tax levy amounts		
A. Primary property taxes	\$ <u>18,114,816</u>	\$ <u>18,980,475</u>
B. Secondary property taxes	<u>30,177,956</u>	<u>32,017,977</u>
C. Total property tax levy amounts	\$ <u>48,292,772</u>	\$ <u>50,998,452</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) Current year's levy	\$ <u>17,685,033</u>	
(2) Prior years' levies	<u>67,487</u>	
(3) Total primary property taxes	\$ <u>17,752,520</u>	
B. Secondary property taxes		
(1) Current year's levy	\$ <u>29,461,969</u>	
(2) Prior years' levies	<u>112,428</u>	
(3) Total secondary property taxes	\$ <u>29,574,397</u>	
C. Total property taxes collected	\$ <u>47,326,917</u>	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	<u>0.9010</u>	<u>0.8917</u>
(2) Secondary property tax rate	<u>1.5010</u>	<u>1.5042</u>
(3) Total city/town tax rate	<u>2.4020</u>	<u>2.3959</u>

* 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.

FY 2020/21 Primary Property Tax Levy - Truth in Taxation Calculation

Prior Year (FY2019/20) primary property tax levy	\$ 18,114,816
Current Net Assessed Value	\$ 2,128,571,831
Value of new construction	\$ 56,529,117
Net assessed value minus new construction	\$ 2,072,042,714
Maximum primary property tax rate without a truth in taxation hearing	\$ 0.8742
Growth in property tax levy associated with new construction	\$ 494,178
Maximum primary property tax levy without a truth in taxation hearing	\$ 18,607,975
Proposed primary property tax levy	\$ 18,980,475
Proposed increase in primary property tax levy, exclusive of new construction	\$ 362,608
Proposed increase in primary property tax levy	2%
Proposed primary tax rate	\$ 0.8917
Proposed increase in primary property tax rate	\$ 0.0175
Proposed property tax levy on a home valued at \$100,000	\$ 89.17
Primary property tax levy on a hme valued at \$100,000 if the tax was not raised	\$ 87.42
Proposed primary property tax levy increase on a home valued at \$100,000	\$ 1.75

CITY OF TEMPE
Revenues Other Than Property Taxes
Fiscal Year 2021

SOURCE OF REVENUES	ESTIMATED REVENUES 2020	ACTUAL REVENUES* 2020	ESTIMATED REVENUES 2021
GENERAL FUND			
Local taxes			
City Sales Tax	\$ 105,740,389	\$ 106,514,844	\$ 109,815,695
Transient Lodging Tax	8,410,653	7,731,003	7,974,456
Franchise Fees	3,454,170	2,896,124	2,971,124
Licenses and permits	1,055,000	1,592,383	1,055,000
Intergovernmental			
State	52,385,589	51,026,153	54,860,189
Other	1,912,462	2,154,912	823,000
Charges for services	14,226,490	14,612,473	14,536,772
Fines and forfeits	5,389,064	5,161,038	5,047,225
Interest on investments	2,400,000	2,439,849	2,055,000
Voluntary contributions	3,567,128	3,530,287	3,671,498
Miscellaneous	9,097,689	9,745,377	9,546,520
Total General Fund	\$ 207,638,634	\$ 207,404,443	\$ 212,356,479

* 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.

CITY OF TEMPE
Revenues Other Than Property Taxes
Fiscal Year 2021

SOURCE OF REVENUES	ESTIMATED REVENUES 2020	ACTUAL REVENUES* 2020	ESTIMATED REVENUES 2021
SPECIAL REVENUE FUNDS			
Transit			
Transit Tax	\$ 43,693,520	\$ 43,788,746	\$ 45,164,915
ASU-Flash Transit	992,320	992,320	1,250,316
Interest Income	920,000	920,000	650,000
Intergovernmental	8,018,934	8,069,577	8,887,989
Miscellaneous Revenue	12,510,581	12,706,085	12,522,837
	<u>\$ 66,135,355</u>	<u>\$ 66,476,728</u>	<u>\$ 68,476,057</u>
Highway User Revenue			
Highway User Revenue Tax	\$ 12,543,685	\$ 11,143,378	\$ 11,279,864
Barricading Fees	120,000	218,093	180,000
Miscellaneous Revenue	4,500	8,411	5,800
	<u>\$ 12,668,185</u>	<u>\$ 11,369,882</u>	<u>\$ 11,465,664</u>
Performing Arts			
Performing Arts Tax	\$ 9,019,211	\$ 8,961,766	\$ 4,621,721
Fees and Admissions	717,500	784,046	396,750
Interest Income		(28,624)	
Miscellaneous Revenue	17,500	10,240	8,750
	<u>\$ 9,754,211</u>	<u>\$ 9,727,428</u>	<u>\$ 5,027,221</u>
Arts & Culture			
Arts and Culture Tax	\$	\$	\$ 4,621,721
Fees and Admissions			457,900
Miscellaneous Revenue			9,250
	<u>\$</u>	<u>\$</u>	<u>\$ 5,088,871</u>
CDBG and Section 8 Housing			
Community Development Block Grant (CDBG)	\$ 8,911,887	\$ 5,036,432	\$ 13,121,251
Section 8 Housing	12,920,814	16,177,566	21,071,069
	<u>\$ 21,832,701</u>	<u>\$ 21,213,998</u>	<u>\$ 34,192,320</u>
Govtl Restricted Revenue and Donations	<u>\$ 3,474,905</u>	<u>\$ 3,366,217</u>	<u>\$ 4,540,976</u>
Police Department-RICO and Grants	<u>\$ 6,284,025</u>	<u>\$ 5,951,200</u>	<u>\$ 8,949,574</u>
Governmental Grants	<u>\$ 12,223,343</u>	<u>\$ 9,027,270</u>	<u>\$ 16,098,957</u>
Court Enhancement	<u>\$ 1,661,232</u>	<u>\$ 1,618,384</u>	<u>\$ 2,441,940</u>
Peterson House Endowment	<u>\$ 77,403</u>	<u>\$ 78,127</u>	<u>\$ 72,580</u>
Housing Trust	<u>\$ 250,000</u>	<u>\$</u>	<u>\$ 250,000</u>
Total Special Revenue Funds	<u>\$ 134,361,360</u>	<u>\$ 128,829,234</u>	<u>\$ 156,604,160</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.

CITY OF TEMPE
Revenues Other Than Property Taxes
Fiscal Year 2021

SOURCE OF REVENUES	ESTIMATED REVENUES 2020	ACTUAL REVENUES* 2020	ESTIMATED REVENUES 2021
DEBT SERVICE FUNDS			
Special Assessments	\$ 2,207,768	\$ 2,207,768	\$ 2,246,553
Total Debt Service Funds	\$ 2,207,768	\$ 2,207,768	\$ 2,246,553
CAPITAL PROJECTS FUNDS			
Bond Proceeds	\$ 170,292,742	\$ 62,000,000	\$ 136,916,922
Development Fees	5,630,276	3,804,472	7,356,384
Grants	15,401,570	893,059	6,560,136
Miscellaneous	6,400,000	940,644	13,232,047
	<u>\$ 197,724,588</u>	<u>\$ 67,638,175</u>	<u>\$ 164,065,489</u>
Total Capital Projects Funds	\$ 197,724,588	\$ 67,638,175	\$ 164,065,489
ENTERPRISE FUNDS			
Water/Wastewater	\$ 88,867,256	\$ 88,998,822	\$ 88,928,732
Solid Waste	17,938,984	18,876,719	18,920,395
Golf	2,743,712	2,754,057	2,853,250
Emergency Medical Transport	3,863,939	3,990,192	4,045,000
	<u>\$ 113,413,891</u>	<u>\$ 114,619,790</u>	<u>\$ 114,747,377</u>
Total Enterprise Funds	\$ 113,413,891	\$ 114,619,790	\$ 114,747,377
TOTAL ALL FUNDS	\$ 655,346,241	\$ 520,699,410	\$ 650,020,058

* 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.

CITY OF TEMPE
Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2021

FUND	OTHER FINANCING 2021		INTERFUND TRANSFERS 2021	
	SOURCES	(USES)	IN	(OUT)
GENERAL FUND	\$	\$	\$ 147,750	\$ 2,661,746
Total General Fund	\$	\$	\$ 147,750	\$ 2,661,746
SPECIAL REVENUE FUNDS				
Highway User Revenue	\$	\$	\$ 1,500,000	\$ 1,335,571
Arts & Cultural Fund			250,000	209,464
Transit				8,286,787
Total Special Revenue Funds	\$	\$	\$ 1,750,000	\$ 9,831,822
DEBT SERVICE FUNDS				
General Governmental	\$	\$	\$ 6,166,005	\$ 8,320,261
Total Debt Service Funds	\$	\$	\$ 6,166,005	\$ 8,320,261
CAPITAL PROJECTS FUNDS				
Enterprise Related Capital Program	\$	\$	\$ 6,047,512	\$
Transit Capital Program			8,204,740	
General Purpose Capital Program			1,273,284	
Transportation Capital Program			1,330,660	
Total Capital Projects Funds	\$	\$	\$ 16,856,196	\$
ENTERPRISE FUNDS				
Water/Wastewater	\$	\$	\$ 5,601,520	\$ 11,965,059
Solid Waste				408,324
Golf			74,000	182,450
Emergency Medical Rescue Transport				127,000
Total Enterprise Funds	\$	\$	\$ 5,675,520	\$ 12,682,833
BLENDED COMPONENT UNIT				
Community Facilities District	\$	\$	\$ 2,901,191	\$
Total Blended Component Unit	\$	\$	\$ 2,901,191	\$
TOTAL ALL FUNDS	\$	\$	\$ 33,496,662	\$ 33,496,662

CITY OF TEMPE
Expenditures/Expenses by Fund
Fiscal Year 2021

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2020	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2020	ACTUAL EXPENDITURES/ EXPENSES* 2020	BUDGETED EXPENDITURES/ EXPENSES 2021
GENERAL FUND				
Mayor and Council	\$ 501,658	\$ (10,000)	\$ 493,583	\$ 525,114
City Manager	3,857,359	(284,213)	3,503,941	3,600,134
Internal Audit	549,505	(13,500)	508,960	572,588
Economic Development Office	701,399	(10,000)	724,762	740,141
Strategic Management and Diversity	1,170,377	(132,926)	1,179,396	1,073,804
Sustainability Office	159,529		163,512	166,549
City Clerk	1,574,225	(275,130)	1,206,014	1,316,647
City Court	4,794,143	(17,876)	4,765,702	5,141,261
City Attorney	3,414,516	126,631	3,543,008	3,418,524
Internal Services	16,966,146	(715,330)	16,597,824	18,273,880
Municipal Budget Office	276,396		259,677	293,193
Police	94,408,306	249,849	92,204,295	96,874,112
Fire	40,181,996	539,337	41,433,525	41,761,078
Community Services	28,305,169	(1,297,133)	26,385,915	28,713,320
Community Development	16,456,130	4,665	16,165,313	15,955,570
Human Services	15,248,582	(1,742,720)	11,554,140	12,563,063
Engineering and Transportation	2,790,378	(97,621)	2,674,821	2,789,571
Municipal Utilities	440,463	(7,693)	336,537	449,484
Non-Departmental	89,489	4,536,060	3,532,942	937,387
General Fund Contingency	1,500,000	(789,136)		1,500,000
Total General Fund	\$ 233,385,766	\$ 63,264	\$ 227,233,867	\$ 236,665,420
SPECIAL REVENUE FUNDS				
Highway User Revenue Fund	\$ 11,730,954	\$ (15,388)	\$ 10,509,314	\$ 11,917,426
Transit	64,815,972		64,011,927	68,359,418
CDBG/HOME	7,439,035		4,961,954	13,121,371
Section 8 Housing	12,920,814		16,078,836	21,071,631
Housing Trust	278,000		28,000	265,000
Performing Arts	8,822,884		8,246,270	2,784,212
Arts and Culture				7,108,838
Gov't Restricted Rev & Donations	3,474,905		1,770,665	4,540,976
Police Department-RICO & Grants	6,034,025	160,404	5,074,038	8,949,574
Governmental Grants	12,253,165	(401,810)	7,108,772	16,098,957
Court Enhancement	1,661,232		728,155	2,441,940
Petersen House Endowment	77,403		7,547	72,580
Total Special Revenue Funds	\$ 129,508,389	\$ (256,794)	\$ 118,525,478	\$ 156,731,923
DEBT SERVICE FUNDS				
General Obligation	\$ 28,432,370	\$	\$ 28,432,370	\$ 27,786,948
Special Assessment	2,207,768		2,209,268	2,246,533
Total Debt Service Funds	\$ 30,640,138	\$	\$ 30,641,638	\$ 30,033,481
CAPITAL PROJECTS FUNDS				
Enterprise Related Capital Program	\$ 109,662,755	\$ (6,784,310)	\$ 34,234,728	\$ 94,533,104
Transit Capital Program	49,288,923	4,697,627	27,807,240	36,581,722
General Purpose Capital Program	61,470,518	(4,925,257)	26,047,212	60,521,444
Transportation Capital Program	38,419,717	(48,820)	10,196,571	43,727,423
Total Capital Projects Funds	\$ 258,841,913	\$ (7,060,760)	\$ 98,285,751	\$ 235,363,693
ENTERPRISE FUNDS				
Water/Wastewater	\$ 84,479,395	\$ (114,512)	\$ 79,371,380	\$ 90,921,986
Solid Waste	19,586,657	(550,780)	18,411,807	18,974,710
Golf	2,726,724		2,657,246	2,846,706
Emergency Medical Transport	4,597,078		3,452,541	4,046,701
Total Enterprise Funds	\$ 111,389,854	\$ (665,292)	\$ 103,892,974	\$ 116,790,103
INTERNAL SERVICE FUNDS				
Risk Management	\$ 2,000,000	\$	\$	\$ 2,000,000
Total Internal Service Funds	\$ 2,000,000	\$	\$	\$ 2,000,000
TOTAL ALL FUNDS	\$ 765,766,060	\$ (7,919,582)	\$ 578,579,708	\$ 777,584,620

* 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 TEMPE
Expenditures/Expenses by Department
Fiscal Year 2021

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
	2020	2020	2020	2021
Mayor and Council:				
General Fund	\$ 501,658	\$ (10,000)	\$ 493,583	\$ 525,114
Department Total	\$ 501,658	\$ (10,000)	\$ 493,583	\$ 525,114
City Manager:				
General Fund	\$ 3,857,359	\$ (284,213)	\$ 3,503,941	\$ 3,600,134
Transit Fund	656,799		735,931	674,183
Govtl Restricted Revenue and Donations	239,387	(14,450)	69,297	385,822
Governmental Grants	3,928,450	147,027	1,476,549	3,909,011
Department Total	\$ 8,681,995	\$ (151,636)	\$ 5,785,718	\$ 8,569,150
Internal Audit:				
General Fund	\$ 549,505	\$ (13,500)	\$ 508,960	\$ 572,588
Department Total	\$ 549,505	\$ (13,500)	\$ 508,960	\$ 572,588
Economic Development:				
General Fund	\$ 701,399	\$ (10,000)	\$ 724,762	\$ 740,141
Department Total	\$ 701,399	\$ (10,000)	\$ 724,762	\$ 740,141
Strategic Management and Diversity:				
General Fund	\$ 1,170,377	\$ (132,926)	\$ 1,179,396	\$ 1,073,804
Govtl Restricted Revenue and Donations	2,000			2,000
Governmental Grants	102,796	54,795	133,356	101,092
Department Total	\$ 1,275,173	\$ (78,131)	\$ 1,312,752	\$ 1,176,896
Sustainability:				
General Fund	\$ 159,529	\$	\$ 163,512	\$ 166,549
Governmental Grants		14,000	49,986	50,986
Department Total	\$ 159,529	\$ 14,000	\$ 213,498	\$ 217,535
City Clerk:				
General Fund	\$ 1,574,225	\$ (275,130)	\$ 1,206,014	\$ 1,316,647
Department Total	\$ 1,574,225	\$ (275,130)	\$ 1,206,014	\$ 1,316,647
City Court:				
General Fund	\$ 4,794,143	\$ (17,876)	\$ 4,765,702	\$ 5,141,261
Governmental Grants	156,813	60,609	92,892	120,338
Court Enhancement Fund	1,411,232	(66,673)	411,482	2,191,940
Department Total	\$ 6,362,188	\$ (23,940)	\$ 5,270,076	\$ 7,453,539
City Attorney:				
General Fund	\$ 3,414,516	\$ 126,631	\$ 3,543,008	\$ 3,418,524
Governmental Grants	167,357	(97,357)	65,800	85,802
Department Total	\$ 3,581,873	\$ 29,274	\$ 3,608,808	\$ 3,504,326
Internal Services:				
General Fund	\$ 16,966,146	\$ (715,330)	\$ 16,597,824	\$ 18,273,880
Water/Wastewater Fund	4,067,656	(40,259)	3,972,560	4,313,709
Department Total	\$ 21,033,802	\$ (755,589)	\$ 20,570,384	\$ 22,587,589
Municipal Budget Office:				
General Fund	\$ 276,396	\$	\$ 259,677	\$ 293,193
Department Total	\$ 276,396	\$	\$ 259,677	\$ 293,193
Police:				
General Fund	\$ 94,408,306	\$ 249,849	\$ 92,204,295	\$ 96,874,112
Police Department-Rico and Grants	4,434,025	1,760,404	5,074,038	5,949,574
Department Total	\$ 98,842,331	\$ 2,010,253	\$ 97,278,333	\$ 102,823,686

Fire:

General Fund	\$ 40,181,996	\$ 539,337	\$ 41,433,525	\$ 41,761,078
Emergency Medical Transport Fund	4,447,078		3,452,541	3,896,701
Govtl Restricted Revenue and Donations	93,056	(4,097)	2,600	170,318
Governmental Grants	674,158	236,261	369,838	1,050,020
Department Total	\$ 45,396,288	\$ 771,501	\$ 45,258,504	\$ 46,878,117

Community Services:

General Fund	\$ 28,305,169	\$ (1,297,133)	\$ 26,385,915	\$ 28,713,320
Golf Fund	2,726,724		2,657,246	2,846,706
Performing Arts Fund	5,385,634		4,809,020	2,784,212
Arts and Culture Fund				3,708,838
Govtl Restricted Revenue and Donations	759,097	74,625	375,334	674,825
Governmental Grants	618,165	487,541	366,991	1,074,069
Petersen House Endowment	77,403		7,547	72,580
Department Total	\$ 37,872,192	\$ (734,967)	\$ 34,602,053	\$ 39,874,550

Community Development:

General Fund	\$ 16,456,130	\$ 4,665	\$ 16,165,313	\$ 15,955,570
Govtl Restricted Revenue and Donations	710,032	109,173	235,995	1,797,113
Governmental Grants	19,818	(12,663)	155	54,000
Department Total	\$ 17,185,980	\$ 101,175	\$ 16,401,463	\$ 17,806,683

Human Services:

General Fund	\$ 15,248,582	\$ (1,742,720)	\$ 11,554,140	\$ 12,563,063
CDBG/HOME Fund	5,929,655		4,452,574	9,600,720
Section 8 Housing Fund	12,920,814		16,078,836	21,071,631
Govtl Restricted Revenue and Donations	666,333	39,892	287,582	494,519
Governmental Grants	1,417,343	692,728	1,369,691	2,653,139
Housing Trust Fund	28,000		28,000	15,000
Department Total	\$ 36,210,727	\$ (1,010,100)	\$ 33,770,823	\$ 46,398,072

Engineering and Transportation:

General Fund	\$ 2,790,378	\$ (97,621)	\$ 2,674,821	\$ 2,789,571
Transit Fund	59,847,579		59,152,402	62,513,615
Highway User Revenue Fund	11,230,954	(15,388)	10,509,314	11,417,426
Governmental Grants	168,265	(167,765)	500	500
Department Total	\$ 74,037,176	\$ (280,774)	\$ 72,337,037	\$ 76,721,112

Municipal Utilities:

General Fund	\$ 440,463	\$ (7,693)	\$ 336,537	\$ 449,484
Water/Wastewater Fund	42,806,648	(74,253)	38,793,729	46,840,903
Solid Waste Fund	19,086,657	(550,780)	18,411,807	18,474,710
Govtl Restricted Revenue and Donations	5,000	11,444	16,444	16,379
Department Total	\$ 62,338,768	\$ (621,282)	\$ 57,558,517	\$ 65,781,476

Non-Departmental:

General Fund	\$ 89,489	\$ 4,536,060	\$ 3,532,942	\$ 937,387
Department Total	\$ 89,489	\$ 4,536,060	\$ 3,532,942	\$ 937,387

Contingency:

General Fund	\$ 1,500,000	\$ (789,136)	\$	\$ 1,500,000
Risk Management Fund	2,000,000			2,000,000
Emergency Medical Transport Fund	150,000			150,000
Water/Wastewater Fund	1,000,000			1,000,000
Solid Waste Fund	500,000			500,000
Arts and Culture Fund				3,400,000
Transit Fund	188,000			188,000
Highway User Revenue Fund	500,000			500,000
CDBG/Home Fund	1,000,000			3,000,000
Govtl Restricted Revenue and Donations	1,000,000	(216,587)	783,413	1,000,000
Police Department-Rico and Grants	1,600,000	(1,600,000)		3,000,000
Governmental Grants	5,000,000	(1,816,986)	3,183,014	7,000,000
Court Enhancement Fund	250,000	66,673	316,673	250,000
Housing Trust Fund	250,000			250,000
Department Total	\$ 14,938,000	\$ (4,356,036)	\$ 4,283,100	\$ 23,738,000

Debt Service				
Water/Wastewater Fund	\$ 36,605,091	\$	\$ 36,605,091	\$ 38,767,374
Performing Arts Fund	3,437,250		3,437,250	
Transit Fund	4,123,594		4,123,594	4,983,620
CDBG/Home	509,380		509,380	520,651
General Obligation Debt Service	28,432,370		28,432,370	27,786,948
Special Assessment Debt Service	2,207,768		2,209,268	2,246,533
Department Total	\$ 75,315,453	\$	\$ 75,316,953	\$ 74,305,126
Capital				
Enterprise Related Capital Program	\$ 109,662,755	\$ (6,784,310)	\$ 34,234,728	\$ 94,533,104
Transit Capital Program	49,288,923	4,697,627	27,807,240	36,581,722
General Purpose Capital Program	61,470,518	(4,925,257)	26,047,212	60,521,444
Transportation Capital Program	38,419,717	(48,820)	10,196,571	43,727,423
Department Total	\$ 258,841,913	\$ (7,060,760)	\$ 98,285,751	\$ 235,363,693
TOTAL ALL DEPARTMENTS	\$ 765,766,060	\$ (7,919,582)	\$ 578,579,708	\$ 777,584,620

* 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 TEMPE
Full-Time Employees and Personnel Compensation
Fiscal Year 2021

FUND	Full-Time Equivalent (FTE)	Employee Salaries and Hourly Costs	Retirement Costs*	Healthcare Costs	Other Benefit Costs**	Total Estimated Personnel Compensation
	2021	2021	2021	2021	2021	2021
GENERAL FUND	1,513.26	\$ 118,986,885	\$ 39,140,440	\$ 17,324,925	\$ 12,255,970	\$ 187,708,220
SPECIAL REVENUE FUNDS						
Transit	35.75	\$ 2,760,479	\$ 317,695	\$ 533,302	\$ 248,748	\$ 3,860,224
Highway User Revenue	50.00	3,207,671	389,299	594,609	321,337	4,512,916
CDBG/Home	4.00	350,371	42,701	35,567	31,770	460,409
Section 8 Housing	8.00	624,811	76,426	146,906	54,418	902,561
Restricted Revenue & Donations	1.00	72,154	8,817	16,141	6,160	103,272
Police Grants & Restricted Revenue	8.00	1,059,076	18,225	182,194	89,326	1,348,821
Gov'tl Grants	5.00	574,786	39,220	76,473	33,930	724,409
Court Enhancement	3.00	245,622	30,015	54,114	21,350	351,101
Performing Arts/Arts & Cultural	46.57	2,977,919	290,003	467,953	249,733	3,985,608
Total Special Revenue Funds	161.32	\$ 11,872,889	\$ 1,212,401	\$ 2,107,259	\$ 1,056,772	\$ 16,249,321
CAPITAL PROJECTS FUNDS						
Municipal Arts	1.00	\$ 86,874	\$ 10,616	\$ 20,140	\$ 6,646	\$ 124,276
Total Capital Projects Funds	1.00	\$ 86,874	\$ 10,616	\$ 20,140	\$ 6,646	\$ 124,276
ENTERPRISE FUNDS						
Emergency Medical Transport	35.00	\$ 1,860,778	\$ 225,812	\$ 363,923	\$ 161,989	\$ 2,612,502
Golf	6.00	383,704	46,889	102,318	37,564	570,475
Water/Wastewater	177.25	13,323,926	1,624,474	2,570,648	1,256,482	18,775,530
Solid Waste	83.25	4,491,175	547,420	1,024,000	438,753	6,501,348
Total Enterprise Funds	301.50	\$ 20,059,583	\$ 2,444,595	\$ 4,060,889	\$ 1,894,788	\$ 28,459,855
INTERNAL SERVICE FUND						
Risk Management	6.00	\$ 501,282	\$ 61,310	\$ 74,315	\$ 66,249	\$ 703,156
Total Internal Service Fund	6.00	\$ 501,282	\$ 61,310	\$ 74,315	\$ 66,249	\$ 703,156
TOTAL ALL FUNDS	1,983.08	\$ 151,507,513	\$ 42,869,362	\$ 23,587,528	\$ 15,280,425	\$ 233,244,828

FY 2020/21 Operating Budget Highlights

The FY 2020/21 tentative operating budget primarily reflects a status-quo budget from FY 2019/20 with minimal changes in Departments operating budgets. The tentative budget does include increases for employee compensation, contingencies for emergencies, some re-organization of programs and services, and appropriation for increased funding in the CDBG, Section 8 and grant programs. In addition, approved operating budget supplemental requests for the Water/Wastewater and Solid Waste Funds are included.

Listed below is a summary of the changes, by operating fund, included as part of the FY2020/21 tentative budget:

All Funds

The tentative operating budget includes \$6.1 million for employee movement through formal step plans or pay ranges as outlined in existing multi-year employee group Memorandums of Understanding (MOUs). The budget also assumes that pay ranges will be adjusted based on market survey results as outlined in the MOUs. In addition, wage budgets were adjusted for inflationary increases and for the new minimum wage mandated per Proposition 206.

General Fund

No operating budget supplementals or CIP operating impacts have been included.

With the Arts and Cultural tax effective January 1, 2021, expanded implementation of the Tempe Arts and Cultural Plan can begin to occur. This includes certain programs currently in the General Fund transition to the new Arts and Cultural Fund. The programs are Historical Museum, History Museum Store, Vihel & Cultural Programming and Arts in the Park. The 6-month of budget (January - June 2021) transitioning from General Fund to the Arts & Cultural Fund totals \$567,335.

Contingency appropriation of \$1.5 million has been established.

Water/Wastewater Enterprise Fund

The Water/Wastewater operating budget includes approximately \$2.3 million supplemental funding for the following:

- Transfer of the Hazardous Material Safety program from the Solid Waste Fund to the Water/Wastewater Fund, including two full-time regular positions. The transfer of \$400,000 from the Water Fund to the Solid Waste Fund to support the Hazardous Materials Safety program will be discontinued.
- Transfer of Municipal Utilities Business Manager and Municipal Utilities Administrative Manager positions from the Water/Wastewater Fund to the Municipal Utilities Administrative General Fund cost center for administrative purposes. The positions were 100% Water/Wastewater funded and will now be funded 20% from the Solid Waste fund.
- Additional budget for the purchase of water treatment chemicals for the water treatment plants.
- Funding for a Public Works Services Specialist position for the City's Fats, Oils and Grease (FOG) program, including the Tempe Grease Cooperative.
- Two Water Conservation Specialists for the City's Water Conservation program.

- Additional funding for education, training and certifications to assure compliance with local, state and national environmental, health and safety standards.

The budgetary impact of the supplemental requests were considered and included as part of the water/wastewater comprehensive rate studies.

Contingency appropriation of \$1 million has been included as part of the operating budget.

Solid Waste Enterprise Fund

The Solid Waste operating budget includes \$800,000 in supplemental funding for the following:

- Services necessary for material processing operating in the post-collection diversion program.
- Additional funding for the operating and maintenance costs associated with the alley maintenance program.
- Three Senior Solid Waste Equipment Operator positions.
- CIP operating impacts for equipment maintenance costs associated with the Solid Waste Diversion Program capital project.

The budgetary impact of the supplemental requests were considered and included as part of the solid waste comprehensive rate studies.

In addition, the transfer of the Hazardous Material safety program to the Water/Wastewater fund will have a net budgetary savings of \$191,000 for the Solid Waste Fund.

Golf Enterprise Fund

No operating budget supplementals or CIP operating impacts have been included.

Emergency Medical Transportation (Ambulance Enterprise) Fund

No operating budget supplementals or CIP operating impacts have been included. Contingency appropriation of \$150,000 has been established.

Transit Special Revenue Fund

No operating budget supplementals or CIP operating impacts have been included. Contingency appropriation of \$188,000 has been established. Planned increases in bus and light-rail operations have been included in the tentative budget appropriation, however, some of these increases may be mitigated by CARES act funding.

Highway User Revenue Fund (HURF)

No operating budget supplementals or CIP operating impacts have been included. Contingency appropriation of \$500,000 has been established.

Performing Arts/Arts & Cultural Tax Special Revenue Fund

As noted in the General Fund summary, the Arts and Cultural tax will take effect January 1, 2021. Programs currently in the General Fund transitioning to the new Arts and Cultural Fund are Historical Museum, History Museum Store, Vihel & Cultural Programming and Arts in the Park. The 6-month of budget (January - June 2021) transitioning from General Fund to the Arts & Cultural Fund totals \$567,335.

In addition, the current Tempe Center for the Arts budget will transition from the Performing Arts Fund, funded by the Performing Arts Tax that expires on December 31, 2020, to the Arts

and Cultural Fund. The Arts and Cultural Fund will be funded from the new Arts and Cultural Tax effective January 1, 2021.

Contingency appropriation of \$3.4 million has been established as part of the tentative operating budget.

CDBG/HOME/Section 8

The CDBG/HOME/Section 8 operating budgets includes approximately \$500,000 supplemental funding for the following:

- Two Administrative Assistant II+ positions
- A Housing Services Specialist II+ (Housing Navigator) position
- Purchase of two vehicles

The CDBG program includes \$3 million in contingency appropriation. In addition, the Section 8 operating budget includes \$3 million in appropriation for anticipated additional funding in the housing assistance program related to COVID-19 stimulus funds and \$5 million in additional funding compared to FY 2019/20. The CDBG program includes appropriation of \$4.7 million for anticipated additional emergency solutions grants and CDBG COVID-19 funding.

Debt Services Fund

No changes.

Grants, Donations and Restricted Funds

The operating budget expenditures are based on Departments estimates of grants and restricted revenue to be received and contingency appropriation of approximately \$11 million for unanticipated grants received during the fiscal year.

Housing Trust Fund

Contingency appropriation of \$250,000 has been established in the event additional funding is added to the Housing Trust Fund.

Risk Management Fund

\$2.0 million has been budgeted in contingency for unanticipated claims.

Attachment C

Capital Budget Summary



The City's five-year recommended Capital Improvement Program (CIP), covering FY 2020-21 through FY 2024-25, totals \$776.2 million. The first year of the CIP is incorporated into the City's FY 2020-21 annual budget and totals \$235.4 million. The FY 2020/21 budget amount includes both new budget appropriation and budget re-appropriation from FY 2019-20 to FY 2020-21 for projects that are estimated to not be completed by the end of the current fiscal year.

The total budget been adjusted to include the re-prioritized CIP adjustments reviewed at the April 22, 2020 Work Study Session. These adjustments included a reduction in cash fund projects and limiting the amount of operating impacts from CIP projects on the operating funds.

The following table summarizes the recommended 5-year CIP, by program:

Fiscal Year 2020-21 through 2024-25 Capital Improvement Program Summary

Program	Capital Budget Re-appropriations	New 2020-21 Capital Budget Appropriations	Total 2020-21 Capital Budget Appropriations	Additional Projected Needs				Total 5-Year Program
				2021-22	2022-23	2023-24	2024-25	
Enterprise Program								
Golf	-	406,000	406,000	346,368	55,419	285,419	332,000	1,425,206
Solid Waste	250,000	365,000	615,000	342,000	3,026,000	25,000	25,000	4,033,000
Wastewater	11,934,818	16,386,633	28,321,451	16,723,851	34,329,260	39,944,487	28,616,321	147,935,370
Water	38,103,050	27,087,603	65,190,653	33,299,206	27,459,465	23,409,330	32,569,173	181,927,827
Total Enterprise	50,287,868	44,245,236	94,533,104	50,711,425	64,870,144	63,664,236	61,542,494	335,321,403
Special Purpose Program								
Transit	25,963,846	10,617,876	36,581,722	8,220,600	9,786,287	6,384,645	3,450,000	64,423,254
Total Special Purpose	25,963,846	10,617,876	36,581,722	8,220,600	9,786,287	6,384,645	3,450,000	64,423,254
General Purpose Program								
Fire Protection	3,918,135	2,732,000	6,650,135	12,072,000	3,533,000	1,530,000	-	23,785,135
General Governmental	7,456,956	11,769,085	19,226,041	44,513,330	15,997,224	15,524,184	16,263,033	111,523,812
Park Improvements	11,878,708	15,658,500	27,537,208	10,987,044	18,396,478	6,500,721	6,350,852	69,772,303
Police Protection	3,814,043	1,954,983	5,769,026	2,659,811	7,984,238	5,586,348	3,121,267	25,120,690
Storm Drains	957,694	381,340	1,339,034	1,273,000	642,000	2,061,770	6,959,000	12,274,804
Total General Purpose	28,025,536	32,495,908	60,521,444	71,505,185	46,552,940	31,203,023	32,694,152	242,476,744
Transportation								
Traffic Signals/Street Lighting	5,566,541	2,440,688	8,007,229	3,152,388	2,628,873	6,075,473	6,475,223	26,339,186
Transportation and R.O.W.	22,414,215	13,305,979	35,720,194	16,552,471	16,888,669	22,251,853	16,238,816	107,652,003
Total Transportation	27,980,756	15,746,667	43,727,423	19,704,859	19,517,542	28,327,326	22,714,039	133,991,189
TOTAL PROGRAM	132,258,006	103,105,687	235,363,693	150,142,069	140,726,913	129,579,230	120,400,685	776,212,590