



City Council Weekly Information Packet

Friday, December 2, 2022

Includes the following documents/information:

- 1) City Council Events Schedule
- 2) Quarterly Financial Report FY 2022-23 Q1
- 3) Tax Revenue Statistical Report – October 2022
- 4) Engineering & Transportation Department Update
- 5) Municipal Utilities Department Update
- 6) Community Services Department Update



City Council Events Schedule

December 2, 2022 thru February 9, 2023

The Mayor and City Council have been invited to attend various community meetings and public and private events at which a quorum of the City Council may be present. The Council will not be conducting city business, nor will any legal action be taken. This is an event only and not a public meeting. A list of the community meetings and public and private events along with the schedules, dates, times, and locations is attached. Organizers may require a rsvp or fee.

Thur	Dec 8	5:00 p.m. – 8:00 p.m.	Grand Opening event Location: Portal Warehousing 2636 S. Wilson Street Tempe, AZ
Thur	Dec 8	6:00 p.m. – 8:00 p.m.	Peterson House Victorian Christmas Location: Peterson House Museum 1414 W. Southern Avenue Tempe, AZ
Thur	Feb 9	5:00 p.m. – 8:00 p.m.	The Rotary Club of Tempe Downtown 100 th Anniversary Gala & Silent Auction Location: Double Tree by Hilton 2100 S. Priest Drive Tempe, AZ

12/2/2022 JR

MEMORANDUM



TO: Mayor and Council
FROM: Mark Day, Municipal Budget Director
THROUGH: Tom Duensing, Deputy City Manager
DATE: December 2, 2022
SUBJECT: Quarterly Financial Report for FY 2022-23 Q1

Attached is the Quarterly Financial Report for the first quarter of Fiscal Year 2022-23, the quarter ending September 30, 2022. The Municipal Budget Office prepares quarterly financial reports for all the major operating funds, revenue sources and departments that reflect budget to actual comparisons and highlight major variances that may require additional monitoring or action.

Although revenues and expenditures are not budgeted on a quarterly basis, the report applies a three-year historical average to the annual budget to gain insight into revenue and expenditure actual performance versus the estimated budget for the quarter.

We have included a quick-reference Table of Contents on the following page that will allow you to quickly navigate to areas of interest by clicking on titles or page numbers. The *table of contents* link at the bottom of every page will return you to the Table of Contents. The report can also be found on the Municipal Budget Office's Internet page.

Please let me know if you have questions about the information contained in this report.



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Quarterly Financial Performance Report

Through the First Quarter Ended September 30, 2022

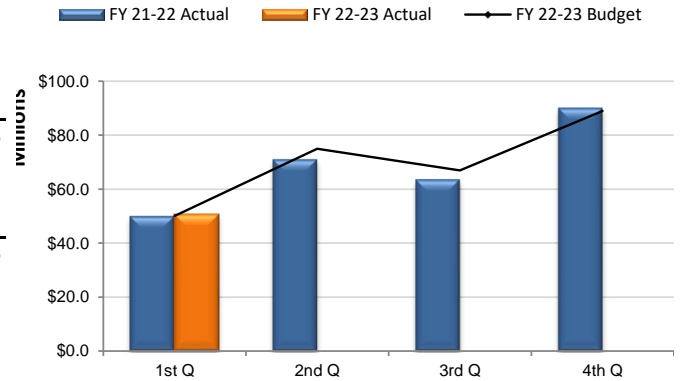
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Performance Ratings Key

- Positive** = A positive variance, or a negative variance of less than 2%, which shows the category is performing close to historical trends.
- Watch** = A negative variance between 2-5%, compared to historical trends.
- Negative** = A negative variance of greater than 5%, compared to historical trends.



		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 50,068,691	\$ 50,777,938	18.1%	17.8%
2nd Q	Oct-Dec 22	75,013,711			
3rd Q	Jan-Mar 23	66,909,273			
4th Q	Apr-Jun 23	88,966,563			
Total		\$ 280,958,238	\$ 50,777,938	18.1%	17.8%
Variance from Budget			\$ 709,247	0.3%	



Positive

Through the first quarter of FY 2022-23, General Fund revenue is 18.1% of budget, compared with a historical percentage of 17.8%. In terms of budget-to-actual variance, total collections are above the anticipated revenue target for the first quarter by \$709 thousand. The scope of budget-to-actual variance for each category can be seen in the table and graph at the bottom-right corner of this page. Quarterly collection detail by category can be found on pages 2 through 6 of this reports.



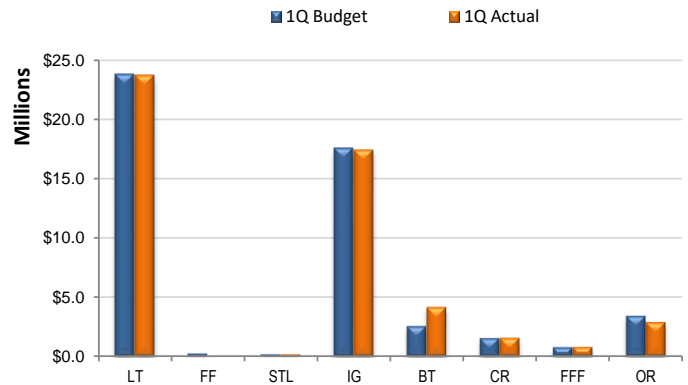
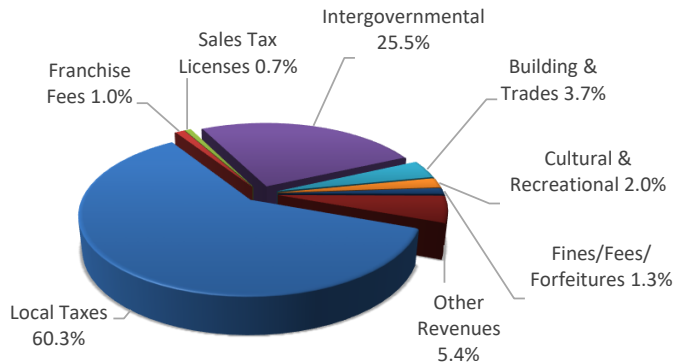
General Fund Revenue by Category

Revenue Categories	FY 22-23 Annual Budget	% of Annual Budget
Local Taxes	\$ 169,383,093	60.3%
Franchise Fees	2,934,996	1.0%
Sales Tax Licenses	2,039,500	0.7%
Intergovernmental	71,761,302	25.5%
Building & Trades	10,447,630	3.7%
Cultural & Recreational	5,585,200	2.0%
Fines/Fees/ Forfeitures	3,550,446	1.3%
Other Revenues	15,256,071	5.4%
Total	\$ 280,958,238	100.0%

Cumulative Revenue through 1Q 2022-2023

	1Q Budget Target	1Q Actual Revenue	% of Budget Target
Local Taxes (LT)	\$ 23,773,995	\$ 23,730,854	100%
Franchise Fees (FF)	252,410	22,960	9%
Sales Tax Licenses (STL)	163,160	164,668	101%
Intergovernmental (IG)	17,581,519	17,426,613	99%
Building & Trades (BT)	2,559,669	4,162,638	163%
Cultural & Recreational (CR)	1,535,930	1,575,298	103%
Fines/Fees/Forfeitures (FFF)	784,649	796,026	101%
Other Revenues (OR)	3,417,360	2,898,880	85%
Total	\$ 50,068,691	\$ 50,777,938	101%

FY 22-23 Budget

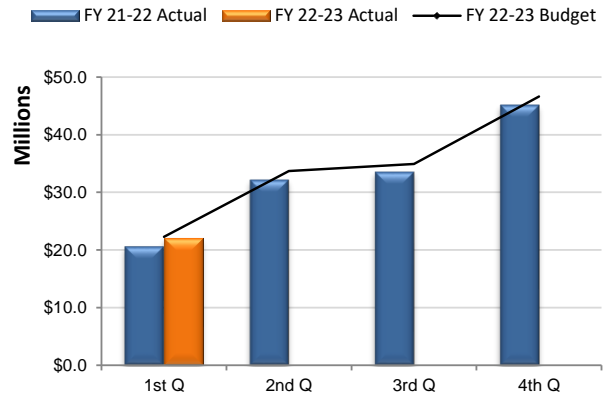


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Sales Tax

		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 22,284,111	\$ 22,023,232	16.0%	16.2%
2nd Q	Oct-Dec 22	33,701,280			
3rd Q	Jan-Mar 23	34,939,286			
4th Q	Apr-Jun 23	46,631,566			
Total		\$ 137,556,243	\$ 22,023,232	16.0%	16.2%
Variance from Budget			\$ (260,879)	-0.2%	



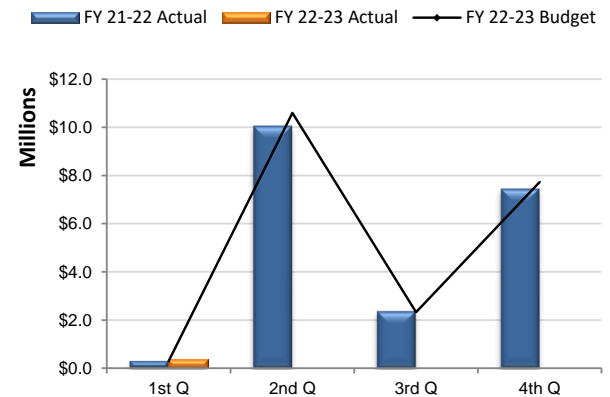
Positive

City Sales Taxes are generated by a 1.8% levy on sales transactions in the city. Of the total 1.8% rate, 1.2% is deposited in the General Fund, 0.5% is dedicated for Transit purposes, and the remaining 0.1% is deposited in the Arts & Culture Fund. The amount deposited in the General Fund is depicted in the table and graph above. This revenue source contributes 49% of the General Fund budget in FY 2022-23 making it the City's largest revenue source. Through the first quarter of FY 2022-23, Sales Tax collections are 16.0% of budget, which is slightly below the historical average of 16.2%. In terms of budget-to-actual variance, collections are \$261 thousand below the budgeted value.



Property Tax

		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 293,281	\$ 370,846	1.8%	1.4%
2nd Q	Oct-Dec 22	10,600,016			
3rd Q	Jan-Mar 23	2,325,300			
4th Q	Apr-Jun 23	7,730,051			
Total		\$ 20,948,649	\$ 370,846	1.8%	1.4%
Variance from Budget			\$ 77,564	0.4%	



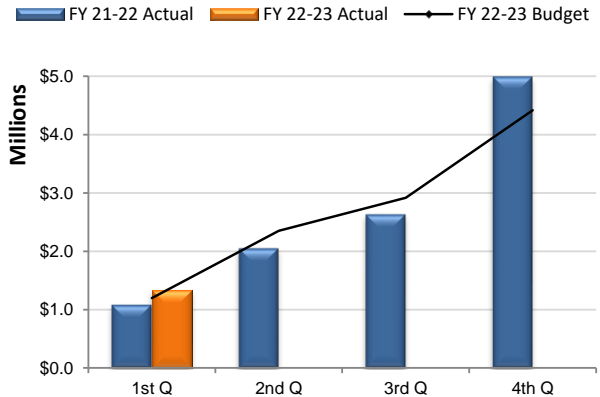
Positive

Property Tax revenue in the General Fund is generated by a \$0.87 charge per \$100 of the primary assessed valuation of real and personal property. In FY 2022-23, Property Tax contributes 7.5% of budgeted General Fund revenue. Through the first quarter of FY 2022-23, Property Tax collections are 1.8% of budget, slightly above the historical average of 1.4%. In terms of budget-to-actual variance, Property Tax is \$77 thousand above the budgeted value.

Bed Tax

		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 1,196,602	\$ 1,336,777	12.3%	11.0%
2nd Q	Oct-Dec 22	2,349,691			
3rd Q	Jan-Mar 23	2,915,358			
4th Q	Apr-Jun 23	4,416,550			
Total		\$ 10,878,201	\$ 1,336,777	12.3%	11.0%
Variance from Budget			\$ 140,175	1.3%	

Positive

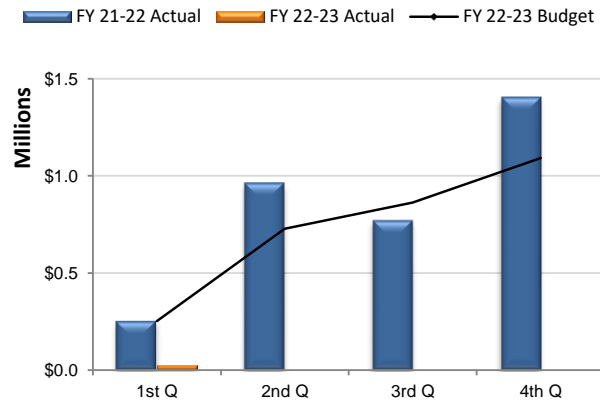


The Transient Lodging Tax, or Bed Tax, is a 5.0% levy on hotel and motel sales that contributes approximately 3.9% of budgeted General Fund revenue in FY 2022-23. Bed Tax collections through the first quarter of FY 2022-23 are 12.3% of budget, which is higher than the historical average of 11.0%. In terms of budget-to-actual variance, collections are \$140 thousand above the budgeted value.

Franchise Fees

		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 252,410	\$ 22,960	0.8%	8.6%
2nd Q	Oct-Dec 22	727,879			
3rd Q	Jan-Mar 23	862,889			
4th Q	Apr-Jun 23	1,091,819			
Total		\$ 2,934,996	\$ 22,960	0.8%	8.6%
Variance from Budget			\$ (229,449)	-7.8%	

Negative



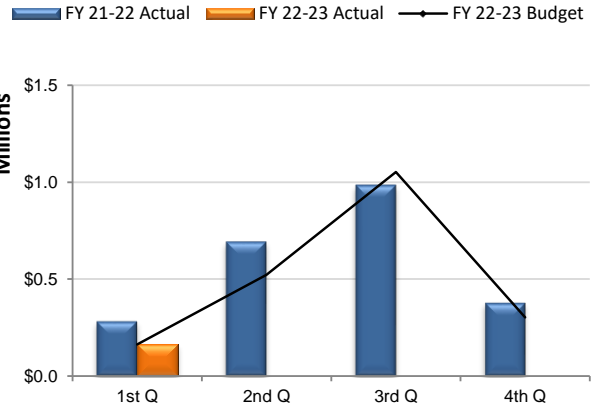
Franchise Fee revenues are collected based on specific agreements with service providers in the city, including Arizona Public Service (2.0% of revenue), Cox Communications (5.0% of gross revenue), and Southwest Gas (2.0% of gross revenue). These fees contribute 1.0% of annual General Fund revenue. Franchise Fee payments are 0.8% of the budgeted amount through the first quarter of FY 2022-23, compared to 8.6% historically. In terms of budget-to-actual variance, collections are \$229 thousand below the expected amount. It is anticipated that variance will normalize during the remainder of the fiscal year.



Sales Tax Licenses

		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 163,160	\$ 164,668	8.1%	8.0%
2nd Q	Oct-Dec 22	522,112			
3rd Q	Jan-Mar 23	1,052,382			
4th Q	Apr-Jun 23	301,846			
Total		\$ 2,039,500	\$ 164,668	8.1%	8.0%
Variance from Budget			\$ 1,508	0.1%	

Positive



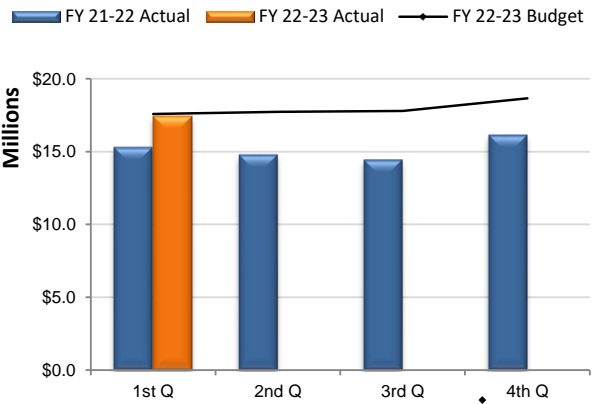
The City requires taxable business activities to be licensed, with the annual licensing fee amount varying by business type. Starting in 2017, the Arizona Department of Revenue (ADOR) began collecting the fees for Tempe's Sales Tax Licenses. Sales Tax License collections through the first quarter of FY 2022-23 were 8.1% of budget, compared to the historical average of 8.0%. Sales Tax Licenses contribute 0.7% of annual General Fund revenue. In terms of budget-to-actual variance, collections are 0.1% above budget, or \$1.5 thousand.



Intergovernmental

		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 17,581,519	\$ 17,426,613	24.3%	24.5%
2nd Q	Oct-Dec 22	17,725,042			
3rd Q	Jan-Mar 23	17,796,803			
4th Q	Apr-Jun 23	18,657,939			
Total		\$ 71,761,302	\$ 17,426,613	24.3%	24.5%
Variance from Budget			\$ (154,906)	-0.2%	

Positive



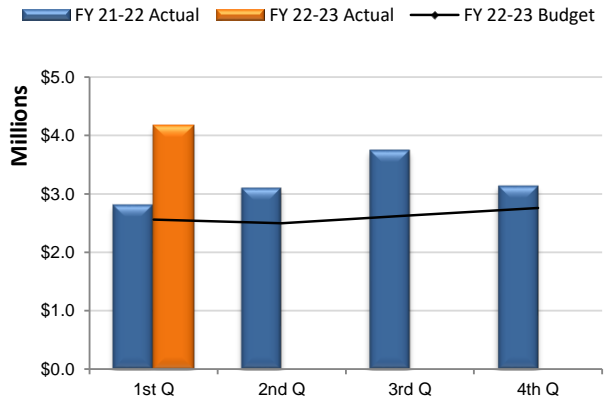
Intergovernmental Revenue includes distributions of State Income Taxes, State Sales Taxes, and State Vehicle License Taxes. These revenues are distributed based on Tempe's share of the state urban population as determined by the U.S. Census. In total, these revenues constitute 25.5% of budgeted revenue for FY 2022-23, making this the second largest General Fund revenue source after Sales Taxes. Through the first quarter of FY 2022-23, actual collections are 24.3% of budget, compared to a historical average of 24.5%. In terms of budget-to-actual variance, collections are 0.2% below budget.



Building & Trades

		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 2,559,669	\$ 4,162,638	39.8%	24.5%
2nd Q	Oct-Dec 22	2,496,984			
3rd Q	Jan-Mar 23	2,632,803			
4th Q	Apr-Jun 23	2,758,174			
Total		\$ 10,447,630	\$ 4,162,638	39.8%	24.5%
Variance from Budget			\$ 1,602,969	15.3%	

Positive



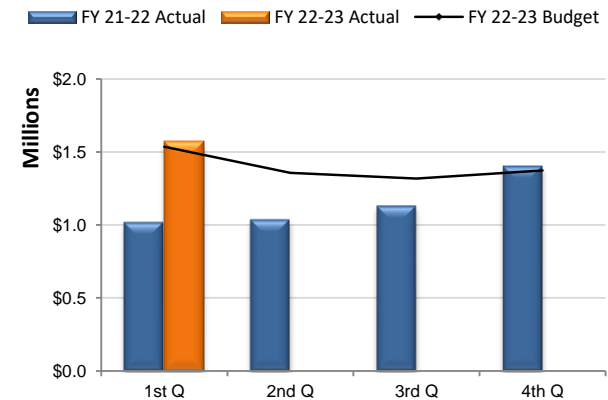
Building and Trade revenues consist of Building Permit Fees, Plan Check Fees, and other miscellaneous engineering and permitting fees generated by development. These fees are charged to recover a portion of the cost of regulating development. In FY 2022-23, this revenue source contributes 3.7% of budgeted General Fund revenue. Through the first quarter of FY 2022-23, actual collections are 39.8% of budget, compared to a historical average of 24.5%. Thus far, in terms of budget-to-actual variance, collections are 15.3% above the budgeted estimate, or \$1.6 million.



Cultural & Recreational

		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 1,535,930	\$ 1,575,298	28.2%	27.5%
2nd Q	Oct-Dec 22	1,357,204			
3rd Q	Jan-Mar 23	1,318,107			
4th Q	Apr-Jun 23	1,373,959			
Total		\$ 5,585,200	\$ 1,575,298	28.2%	27.5%
Variance from Budget			\$ 39,368	0.7%	

Positive



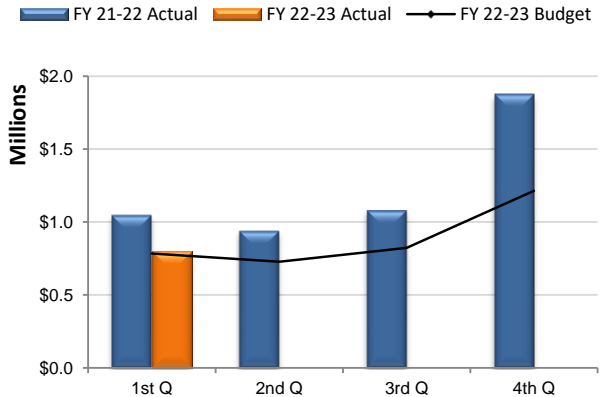
Cultural and Recreational revenues include fees and charges to recover a portion of the costs of providing the City's cultural and recreational programs. The majority of this revenue source is generated from fees charged for the City's Kid Zone program. In total, Cultural and Recreational fees represent 2.0% of total budgeted General Fund revenue for FY 2022-23. Through the first quarter of FY 2022-23, Cultural and Recreational fee collections are 28.2% of budget, compared to the historical average of 27.5%, for a total positive variance of 0.7%. In terms of budget-to-actual variance, collections are \$39 thousand above the budgeted estimate.



Fines, Fees & Forfeitures

		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 784,649	\$ 796,026	22.4%	22.1%
2nd Q	Oct-Dec 22	727,841			
3rd Q	Jan-Mar 23	823,703			
4th Q	Apr-Jun 23	1,214,253			
Total		\$ 3,550,446	\$ 796,026	22.4%	22.1%
Variance from Budget			\$ 11,378	0.3%	

Positive



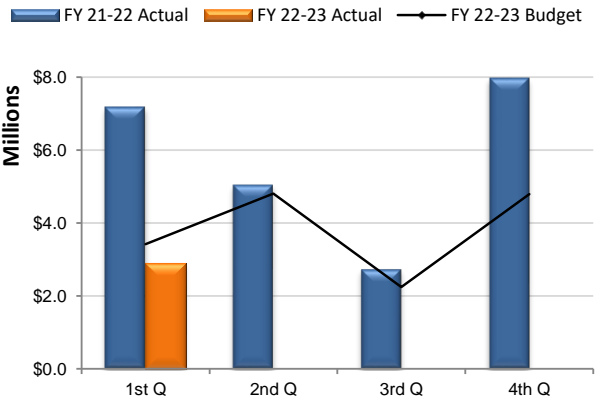
Fines, Fees, and Forfeiture revenue derives from fines and other payments related to violations of state laws and local ordinances, including parking, traffic, and criminal enforcement activities. In total, Fines, Fees, and Forfeitures represent 1.3% of total budgeted General Fund revenue for FY 2022-23. Through the first quarter of FY 2022-23, 22.4% of budgeted revenues have been collected, compared to a historical average of 22.1%. In terms of budget-to-actual variance, this category is 0.3% above the expected value through the first quarter.



Other Revenues

		FY 22-23 Adopted Budget	FY 22-23 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 22	\$ 3,417,360	\$ 2,898,880	19.0%	22.4%
2nd Q	Oct-Dec 22	4,805,662			
3rd Q	Jan-Mar 23	2,242,642			
4th Q	Apr-Jun 23	4,790,406			
Total		\$ 15,256,071	\$ 2,898,880	19.0%	22.4%
Variance from Budget			\$ (518,480)	-3.4%	

Watch



Other Revenues include collections from a variety of sources not otherwise accounted for in the major revenue categories. Primary components of Other Revenues are Land Sales, Interest Earnings, Land and Building Facility Rental, and SRP In-Lieu Payments. In FY 2022-23, this revenue source contributes 5.4% of budgeted General Fund revenue. Through the first quarter of the fiscal year, collections of Other Revenue are 19.0% of the FY 2022-23 budget, compared to a historical tracking percentage of 22.4%. It is anticipated that this variance will normalize as the fiscal year progresses.

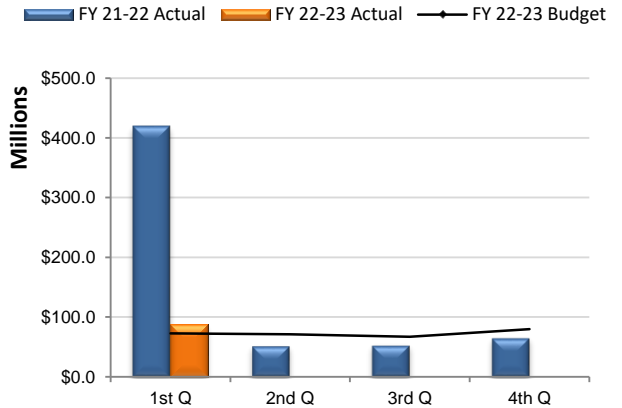


		FY 22-23 Adopted Budget*	FY 22-23 Actual Exp	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 72,546,660	\$ 86,990,444	29.9%	25.0%
2nd Q	Oct-Dec 22	71,261,162			
3rd Q	Jan-Mar 23	67,032,424			
4th Q	Apr-Jun 23	79,815,881			
Total		\$ 290,656,127	\$ 86,990,444	29.9%	25.0%

Variance from Budget \$ (14,443,784) -4.9%

*Budget excludes a \$1.5 million contingency appropriation, encumbrances and inventory

Watch

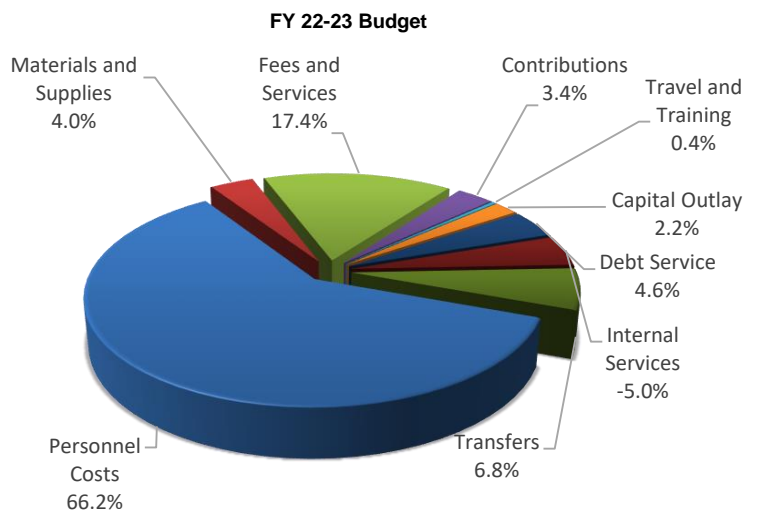


Through the first quarter of FY 2022-23, General Fund expenditures are 29.9% of budget, compared with a historical percentage of 25.0%. In terms of budget-to-actual variance, General Fund expenditures are 4.9% above budget through the first quarter. This negative variance versus the historical average was caused by the CIP pay-as-you-go payments to the capital funds, during the first quarter, that were significantly larger than the historical averages. It is anticipated that this expense variance will normalize as the fiscal year progresses. Departmental quarterly expenditure tracking data can be found on pages 8 through 17 of this report.



General Fund Expenditures By Category

Categories	FY 22-23 Adopted Budget	% of Adopted Budget
Personnel Costs	\$ 192,272,304	66.2%
Materials and Supplies	11,698,391	4.0%
Fees and Services	50,559,677	17.4%
Contributions	9,959,172	3.4%
Travel and Training	1,112,381	0.4%
Capital Outlay	6,474,564	2.2%
Debt Service	13,368,120	4.6%
Internal Services	(14,620,650)	-5.0%
Transfers	19,832,168	6.8%
Total	\$ 290,656,127	100.0%



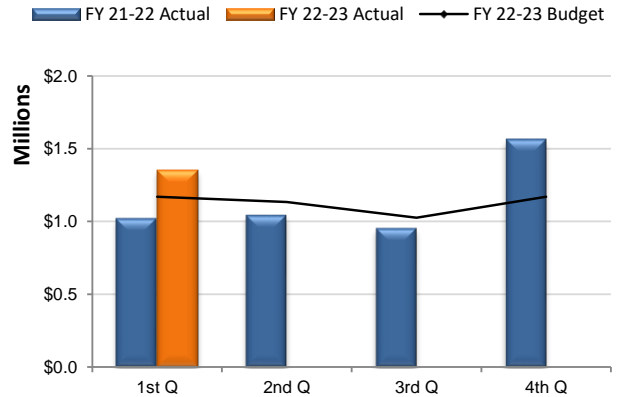


City Attorney's Office

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 22	\$ 1,170,012	\$ 1,349,828	30.0%	26.0%
2nd Q	Oct-Dec 22	1,134,012			
3rd Q	Jan-Mar 23	1,026,011			
4th Q	Apr-Jun 23	1,170,012			
Total		\$ 4,500,048	\$ 1,349,828	30.0%	26.0%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (179,816) -4.0%



Watch

The City Attorney's Office spent 30.0% of its FY 2022-23 budget through the first quarter, compared to a historical average of 26.0%. In terms of budget-to-actual variance, expenditures are \$180 thousand or 4.0% more than budgeted through the first quarter.

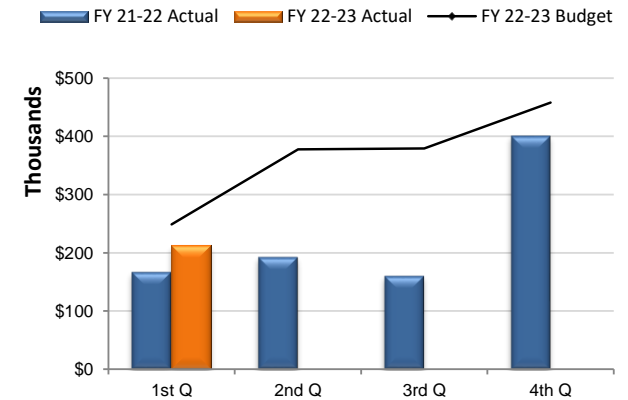


City Clerk's Office

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 22	\$ 248,768	\$ 212,197	14.5%	17.0%
2nd Q	Oct-Dec 22	377,543			
3rd Q	Jan-Mar 23	379,006			
4th Q	Apr-Jun 23	458,027			
Total		\$ 1,463,344	\$ 212,197	14.5%	17.0%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 36,572 2.5%



Positive

The City Clerk's Office has spent 14.5% of its FY 2022-23 budget through the first quarter, compared to a historical average of 17.0%. In terms of variance from the budget through the first quarter, expenditures are \$37 thousand or 2.5% below the expected amount.



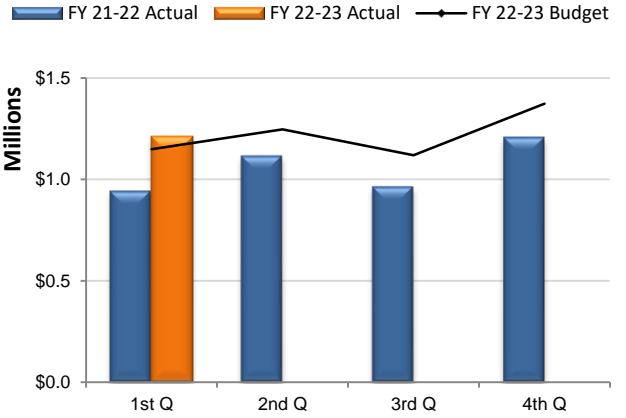
City Court

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 1,148,667	\$ 1,211,865	24.8%	23.5%
2nd Q	Oct-Dec 22	1,246,426			
3rd Q	Jan-Mar 23	1,119,339			
4th Q	Apr-Jun 23	1,373,512			
Total		\$ 4,887,944	\$ 1,211,865	24.8%	23.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (63,198) -1.3%

Positive



The City Court has spent 24.8% of its FY 2022-23 budget through the first quarter compared to the historical average of 23.5%. In terms of variance from the budget through the first quarter, expenditures are \$63 thousand or 1.3% above the budgeted amount.



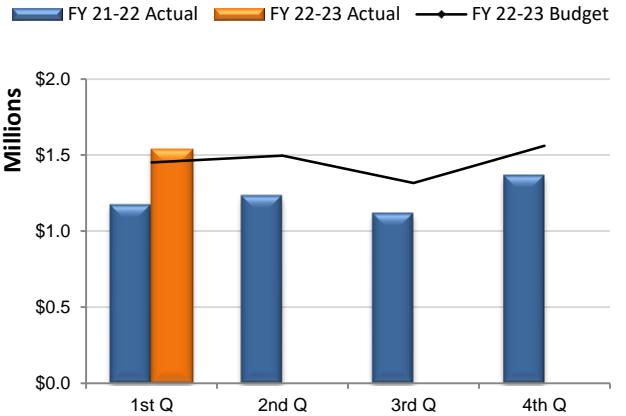
City Manager's Office

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 1,451,009	\$ 1,540,862	26.4%	24.9%
2nd Q	Oct-Dec 22	1,497,628			
3rd Q	Jan-Mar 23	1,316,980			
4th Q	Apr-Jun 23	1,561,728			
Total		\$ 5,827,345	\$ 1,540,862	26.4%	24.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (89,853) -1.5%

Positive



The City Manager's Office has spent 26.4% of its FY 2022-23 budget through the first quarter, compared to the historical average of 24.9%. In terms of variance from the budget in the first quarter, expenditures are \$90 thousand or 1.5% above the expected amount.



Community Development

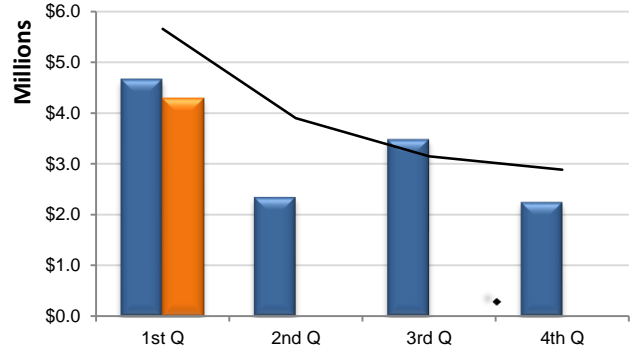
		FY 22-23 Adopted Budget*	FY 22-23 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 5,659,897	\$ 4,293,971	27.5%	36.3%
2nd Q	Oct-Dec 22	3,898,001			
3rd Q	Jan-Mar 23	3,149,585			
4th Q	Apr-Jun 23	2,884,521			
Total		\$ 15,592,004	\$ 4,293,971	27.5%	36.3%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 1,365,926 8.8%

Positive

FY 21-22 Actual FY 22-23 Actual FY 22-23 Budget



The Community Development Department has spent 27.5% of its FY 2022-23 budget through the first quarter, compared to the historical value of 36.3%. In terms of variance from the budget, expenditures are \$1.4 million or 8.8% below the expected amount.



Community Services

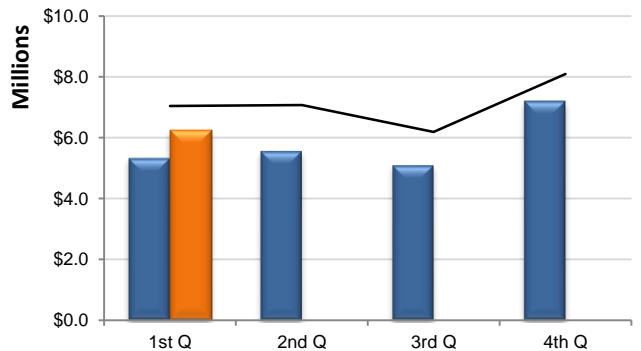
		FY 22-23 Adopted Budget*	FY 22-23 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 7,045,314	\$ 6,262,403	22.0%	24.8%
2nd Q	Oct-Dec 22	7,073,722			
3rd Q	Jan-Mar 23	6,193,058			
4th Q	Apr-Jun 23	8,096,429			
Total		\$ 28,408,523	\$ 6,262,403	22.0%	24.8%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 782,911 2.8%

Positive

FY 21-22 Actual FY 22-23 Actual FY 22-23 Budget



The Community Services Department spent 22.0% of its FY 2022-23 budget through the first quarter, compared to the historical average of 24.8%. In terms of variance from the budget through the first quarter, expenditures are \$783 thousand or 2.8% below the expected amount.



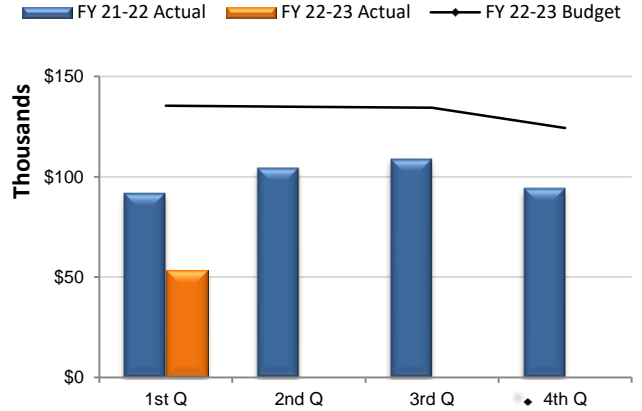
Diversity, Equity & Inclusion

		FY 22-23 Adopted Budget*	FY 22-23 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 135,384	\$ 53,303	10.1%	25.6%
2nd Q	Oct-Dec 22	134,855			
3rd Q	Jan-Mar 23	134,326			
4th Q	Apr-Jun 23	124,278			
Total		\$ 528,842	\$ 53,303	10.1%	25.6%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 82,080 15.5%

Positive



The Diversity, Equity and Inclusion has spent 10.1% of its FY 2022-23 budget through the first quarter, compared with a historical percentage of 25.6%. In terms of variance from the budget through the first quarter, expenditures are \$82 thousand or 15.5% below the expected amount.



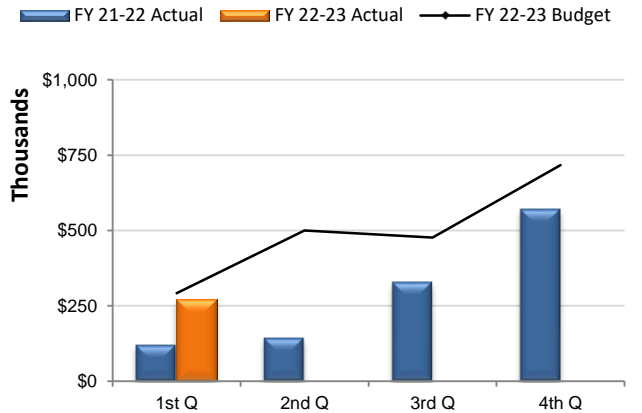
Economic Development Office

		FY 22-23 Adopted Budget*	FY 22-23 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 291,867	\$ 272,016	13.7%	14.7%
2nd Q	Oct-Dec 22	500,344			
3rd Q	Jan-Mar 23	476,518			
4th Q	Apr-Jun 23	716,762			
Total		\$ 1,985,491	\$ 272,016	13.7%	14.7%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 19,851 1.0%

Positive



The Economic Development Office has spent 13.7% of its FY 2022-23 budget through the first quarter, compared with a historical percentage of 14.7%. In terms of variance from the budget through the first quarter, expenditures are \$20 thousand or 1.0% below the expected amount.



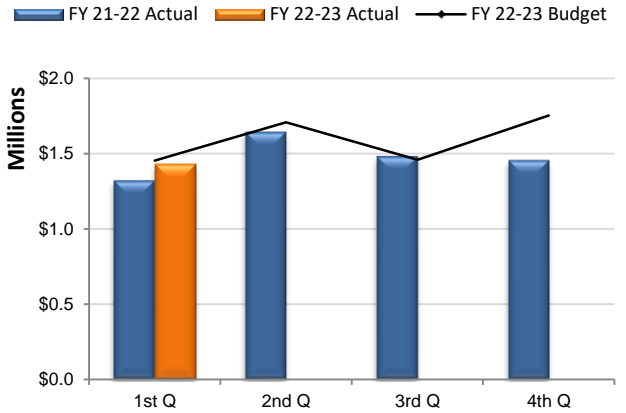
Engineering & Transportation

		FY 22-23 Adopted Budget*	FY 22-23 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 1,453,778	\$ 1,427,167	22.4%	22.8%
2nd Q	Oct-Dec 22	1,708,827			
3rd Q	Jan-Mar 23	1,460,154			
4th Q	Apr-Jun 23	1,753,460			
Total		\$ 6,376,219	\$ 1,427,167	22.4%	22.8%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 26,611 0.4%

Positive



The Engineering and Transportation Department has spent 22.4% of its FY 2022-23 budget through the first quarter, compared with a historical percentage of 22.8%. In terms of variance from the budget through the first quarter, expenditures are \$27 thousand or 0.4% below the expected amount.



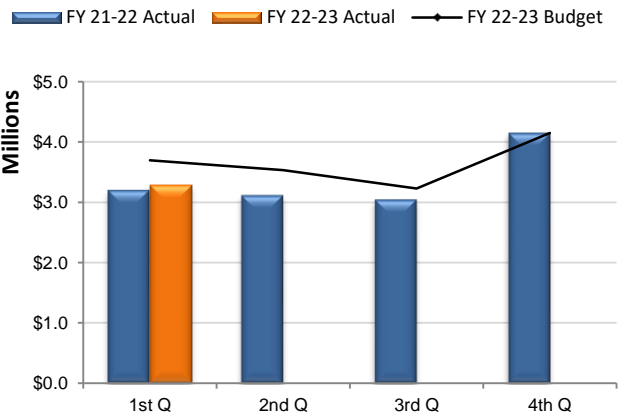
Financial Services

		FY 22-23 Adopted Budget*	FY 22-23 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 3,696,595	\$ 3,287,286	22.5%	25.3%
2nd Q	Oct-Dec 22	3,535,873			
3rd Q	Jan-Mar 23	3,229,041			
4th Q	Apr-Jun 23	4,149,537			
Total		\$ 14,611,046	\$ 3,287,286	22.5%	25.3%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 409,309 2.8%

Positive



The Financial Services Department has spent 22.5% of its FY 2022-23 budget through the first quarter, compared with a historical percentage of 25.3%. In terms of variance from the budget through the first quarter, expenditures are \$409 thousand or 2.8% below the expected amount.



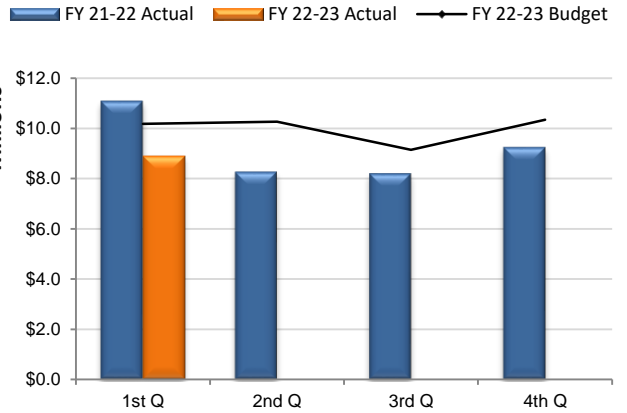
Fire Medical Rescue

		FY 22-23 Adopted Budget*	FY 22-23 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 10,185,658	\$ 8,899,036	22.3%	25.5%
2nd Q	Oct-Dec 22	10,265,545			
3rd Q	Jan-Mar 23	9,147,120			
4th Q	Apr-Jun 23	10,345,433			
Total		\$ 39,943,755	\$ 8,899,036	22.3%	25.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 1,286,621 3.2%

Positive



The Fire Medical Rescue Department has spent 22.3% of its FY 2022-23 budget through the first quarter, compared with a historical percentage of 25.5%. In terms of variance from the budget through the first quarter, expenditures are \$1.3 million or 3.2% below the expected amount.



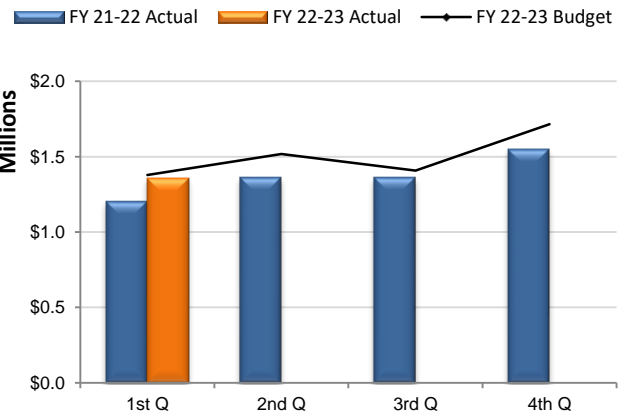
Human Resources

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 1,378,106	\$ 1,356,257	22.5%	22.9%
2nd Q	Oct-Dec 22	1,516,518			
3rd Q	Jan-Mar 23	1,408,196			
4th Q	Apr-Jun 23	1,715,110			
Total		\$ 6,017,930	\$ 1,356,257	22.5%	22.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 21,849 0.4%

Positive



The Human Resources Department has spent 22.5% of its FY 2022-23 budget through the first quarter, compared with a historical average of 22.9%. In terms of variance from the budget through the first quarter, expenditures are \$22 thousand or 0.4% below the expected amount.



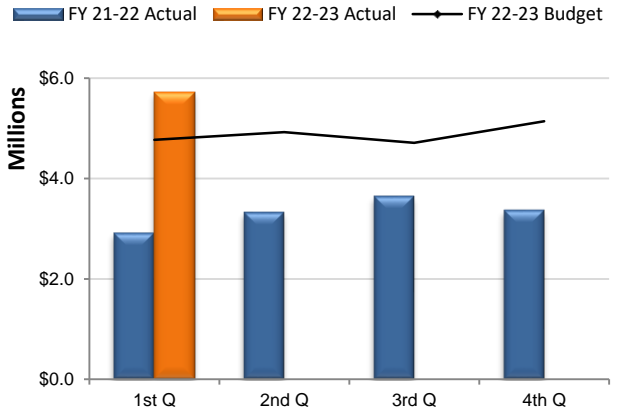
Human Services

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 4,769,739	\$ 5,713,714	29.2%	24.4%
2nd Q	Oct-Dec 22	4,926,124			
3rd Q	Jan-Mar 23	4,711,095			
4th Q	Apr-Jun 23	5,141,153			
Total		\$ 19,548,112	\$ 5,713,714	29.2%	24.4%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (943,975) -4.8%

Watch



The Human Services Department spent 29.2% of its FY 2022-23 budget through the first quarter, compared to a historical average of 24.4%. In terms of variance from the budget in the first quarter, expenditures are \$944 thousand or 4.8% above the expected amount. It is anticipated that this variance will normalize as the fiscal year progresses.



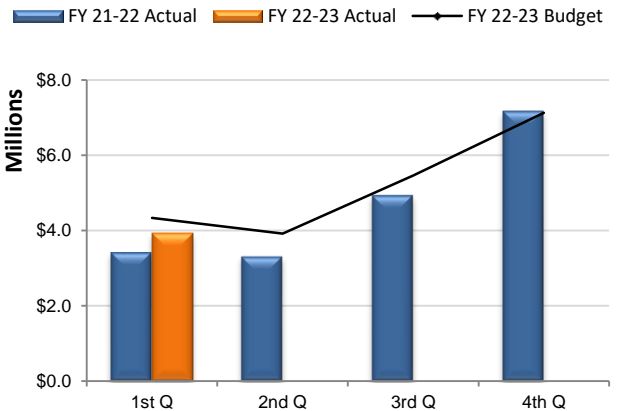
Information Technology

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 4,335,105	\$ 3,930,019	18.9%	20.8%
2nd Q	Oct-Dec 22	3,918,268			
3rd Q	Jan-Mar 23	5,460,565			
4th Q	Apr-Jun 23	7,127,913			
Total		\$ 20,841,850	\$ 3,930,019	18.9%	20.8%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 405,086 1.9%

Positive



The Information Technology Department has spent 18.9% of its FY 2022-23 budget through the first quarter, compared with a historical average of 20.8%. In terms of variance from the budget in the first quarter, expenditures are \$405 thousand or 1.9% below expected amount.



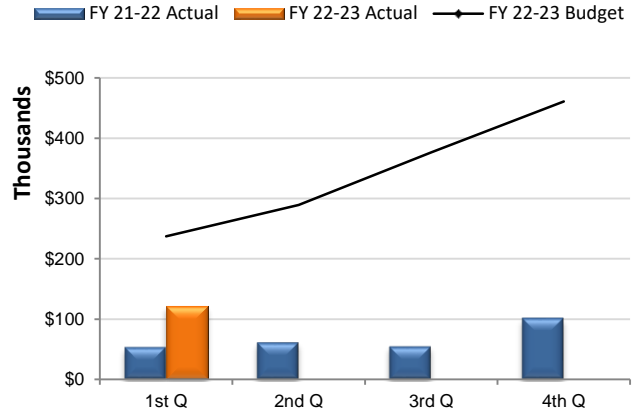
Strategic Mgmt and Innovation Office

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 237,241	\$ 121,580	8.9%	17.4%
2nd Q	Oct-Dec 22	289,052			
3rd Q	Jan-Mar 23	376,313			
4th Q	Apr-Jun 23	460,847			
Total		\$ 1,363,452	\$ 121,580	8.9%	17.4%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 115,661 8.5%

Positive



The Strategic Management and Innovation Office has spent 8.9% of its FY 2022-23 budget through the first quarter, compared with a historical average of 17.4%. In terms of variance from the budget through the first quarter, expenditures are \$116 thousand or 8.5% below the expected amount.



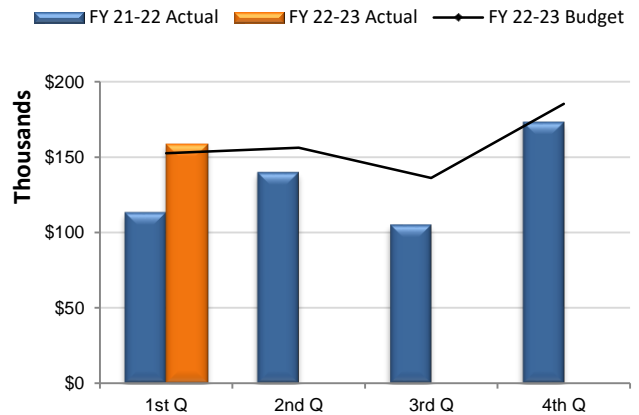
Internal Audit Office

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 152,533	\$ 158,599	25.2%	24.2%
2nd Q	Oct-Dec 22	156,315			
3rd Q	Jan-Mar 23	136,145			
4th Q	Apr-Jun 23	185,309			
Total		\$ 630,303	\$ 158,599	25.2%	24.2%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (6,066) -1.0%

Positive



The Internal Audit Office has spent 25.2% of its FY 2022-23 budget through the first quarter, compared with a historical average of 24.2%. In terms of variance from the budget through the first quarter, expenditures are \$6 thousand or 1.0% above the expected amount.



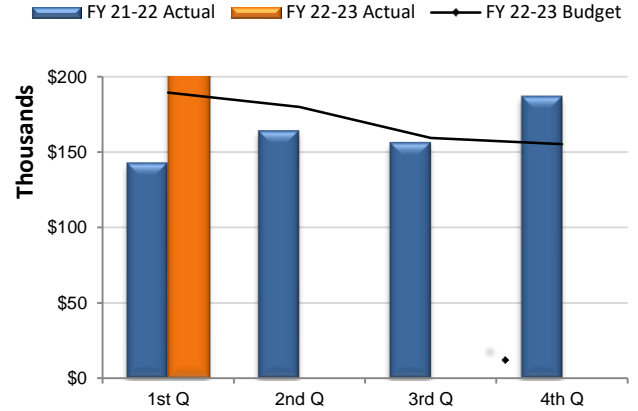
Mayor & Council

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 189,444	\$ 215,395	31.5%	27.7%
2nd Q	Oct-Dec 22	179,870			
3rd Q	Jan-Mar 23	159,352			
4th Q	Apr-Jun 23	155,249			
Total		\$ 683,915	\$ 215,395	31.5%	27.7%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (25,950) -3.8%

Watch



The Mayor and Council Department has spent 31.5% of its FY 2022-23 budget through the first quarter, compared with a historical average of 27.7%. In terms of variance from the budget in the first quarter, expenditures are \$26 thousand or 3.8% above the expected amount. It is anticipated that this variance will normalize as the fiscal year progresses.



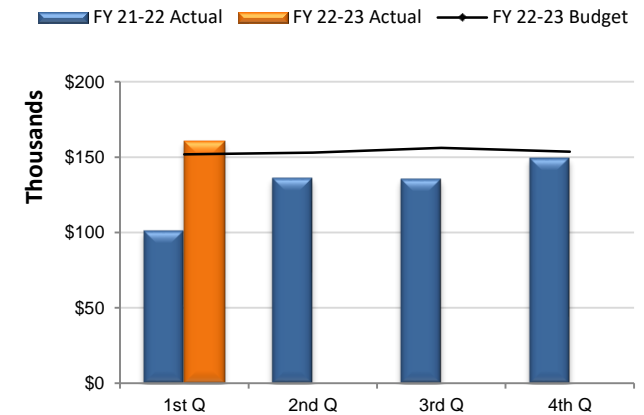
Municipal Budget Office

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 151,809	\$ 160,673	26.1%	24.7%
2nd Q	Oct-Dec 22	153,038			
3rd Q	Jan-Mar 23	156,111			
4th Q	Apr-Jun 23	153,653			
Total		\$ 614,611	\$ 160,673	26.1%	24.7%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (8,864) -1.4%

Positive



The Municipal Budget Office has spent 26.1% of its FY 2022-23 budget through the first quarter, compared to a historical average of 24.7%. In terms of variance from the budget through the first quarter, expenditures are \$9 thousand or 1.4% above the expected amount.



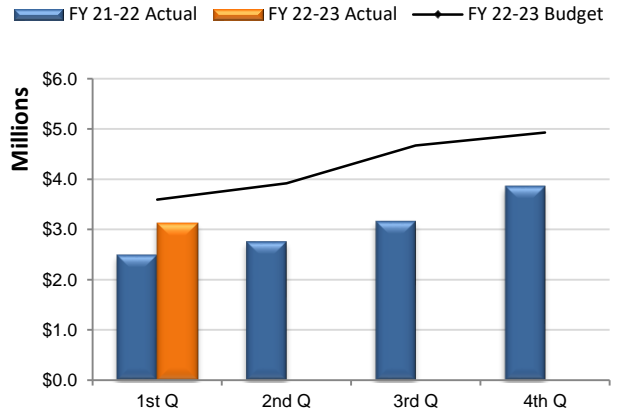
Municipal Utilities

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 3,593,602	\$ 3,125,654	18.3%	21.0%
2nd Q	Oct-Dec 22	3,918,738			
3rd Q	Jan-Mar 23	4,671,683			
4th Q	Apr-Jun 23	4,928,369			
Total		\$ 17,112,391	\$ 3,125,654	18.3%	21.0%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 467,948 2.7%

Positive



The Municipal Utilities Department has spent 18.3% of its FY 2022-23 budget through the first quarter, compared to a historical average of 21.0%. In terms of variance from the budget through the first quarter, expenditures are \$468 thousand or 2.7% below the expected amount.



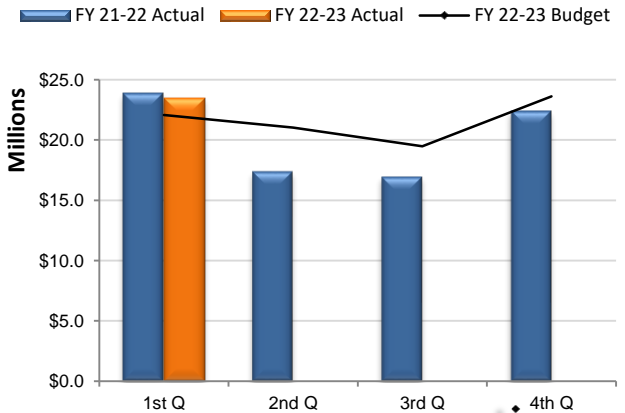
Police

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 22,066,051	\$ 23,511,162	27.3%	25.6%
2nd Q	Oct-Dec 22	21,031,705			
3rd Q	Jan-Mar 23	19,480,186			
4th Q	Apr-Jun 23	23,617,571			
Total		\$ 86,195,513	\$ 23,511,162	27.3%	25.6%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (1,445,110) -1.7%

Positive



The Police Department has spent 27.3% of its FY 2022-23 General Fund budget through the first quarter, compared with a historical average of 25.6%. In terms of variance from the budget through the first quarter, expenditures are \$1.5 million or 1.7% above the expected amount.



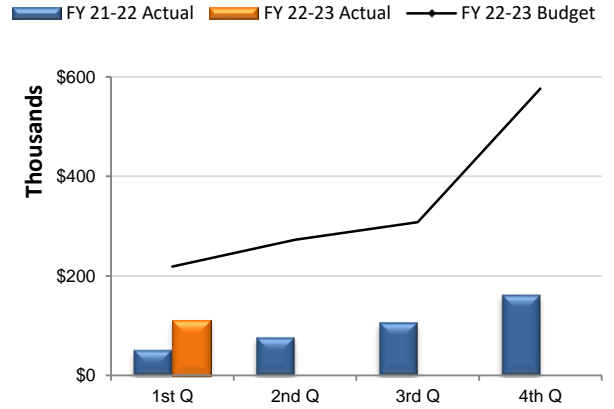
Sustainability Office

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 218,749	\$ 110,900	8.1%	15.9%
2nd Q	Oct-Dec 22	272,404			
3rd Q	Jan-Mar 23	308,174			
4th Q	Apr-Jun 23	576,451			
Total		\$ 1,375,778	\$ 110,900	8.1%	15.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 107,849 7.8%

Positive



The Sustainability Office has spent 8.1% of its FY 2022-23 budget through the first quarter, compared to a historical average of 15.9%. In terms of variance from the budget through the first quarter, expenditures are \$108 thousand or 7.8% below the expected amount.



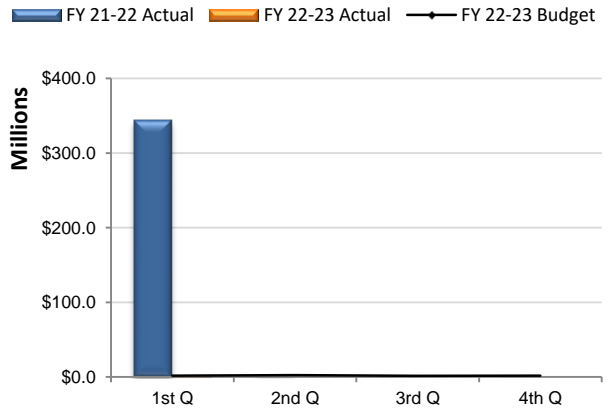
Non-Departmental

		FY 22-23 Adopted Budget*	FY 22-23 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 22	\$ 1,813,657	\$ 1,058,931	14.1%	24.1%
2nd Q	Oct-Dec 22	2,393,124			
3rd Q	Jan-Mar 23	1,467,481			
4th Q	Apr-Jun 23	1,851,284			
Total		\$ 7,525,546	\$ 1,058,931	14.1%	24.1%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 754,725 10.0%

Positive



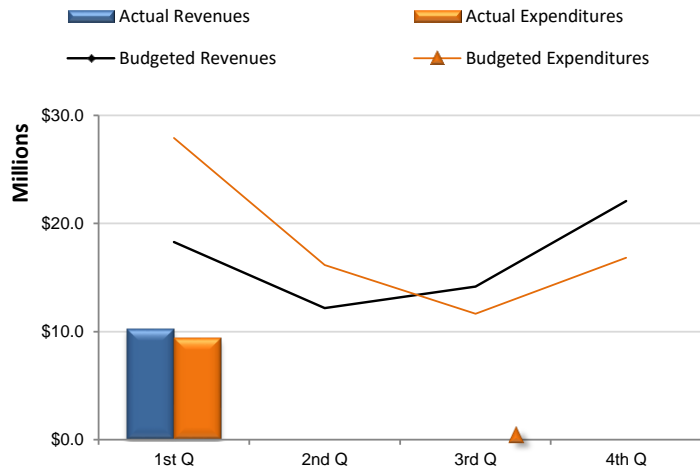
The Non-Departmental category of the budget includes items not directly related to the operations of any one City operating department. One example includes the payment of the Tempe Tourism Office's portion of the Bed Tax. Through the first quarter of FY 22-23, Non-Departmental expenditures are 14.1% of the budget compared to the historical pattern of 24.1%. In terms of variance from the budget through the first quarter, expenditures are \$755 thousand or 10.0% below budget.

Transit Fund

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Revenues	\$ 66,639,039	\$ 10,224,031	15.3%
Transfers In	50,000	-	0.0%
Total Revenues	\$ 66,689,039	\$ 10,224,031	15.3%
Operating	\$ 61,334,910	\$ 3,403,360	5.5%
Capital	75,000	-	0.0%
Debt Service	4,691,992	1,500	0.0%
Transfers Out	6,446,941	5,946,941	92.2%
Total Expenses	\$ 72,548,843	\$ 9,351,801	12.9%
Net Rev/Exp	\$ (5,859,804)	\$ 872,230	

*amounts exclude contingencies and encumbrances

Positive



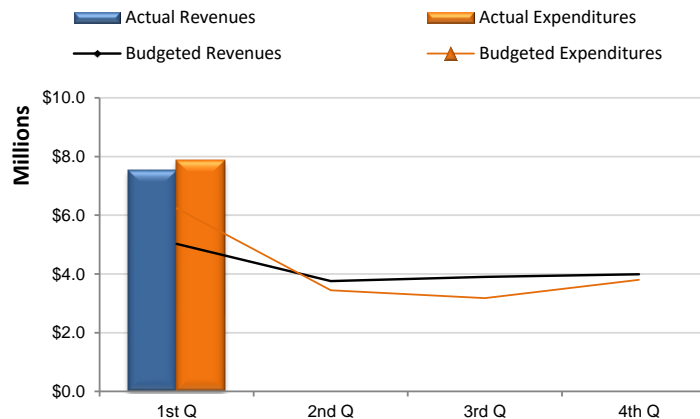
The Transit Fund accounts for the receipt of the Mass Transit Tax, a 0.5% tax on sales. Fund resources are dedicated to transit system planning, design, and operations, community outreach, and debt service. Through the end of the first quarter, there is an operating surplus in the Transit Fund of 872 thousand. Transit Fund revenue is at 15.3% of budget which is below the historical tracking percentage of 27.4%. Expenditures are 12.9% of budget while the historical tracking percentage is 38.5%. The net result is an operating surplus through the first quarter of the fiscal year. It is anticipated that both revenues and expenditures will normalize as the fiscal year progresses.

Highway User Revenue Fund

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Revenues	\$ 15,173,165	\$ 6,043,263	39.8%
Transfers In	1,500,000	1,500,000	0.0%
Total Revenues	\$ 16,673,165	\$ 7,543,263	45.2%
Operating	\$ 12,476,539	\$ 5,324,415	42.7%
Capital	1,635,751	4,103	0.3%
Debt Service	-	-	0.0%
Transfers Out	2,554,547	2,554,376	100.0%
Total Expenses	\$ 16,666,837	\$ 7,882,893	47.3%
Net Rev/Exp	\$ 6,328	\$ (339,629)	

*amounts exclude encumbrances

Positive



The Highway User Revenue Fund (HURF) accounts for the receipt of HURF distributions from the state. These revenues are derived largely from fuel taxes and vehicle registration fees and are allocated based on Tempe's share of state population as well as other factors. HURF resources are dedicated to Street and Traffic Operations, Maintenance, and Construction activities in the City. Revenues are 45.2% of budget compared to a historical average of 30.1%, expenditures are 47.3% of budget compared to the three year historical trend of 37.4%. The net result is an operating deficit through the first quarter of \$339 thousand. The revenue and expense variances are due to one-time transfers that occurred during the first quarter.

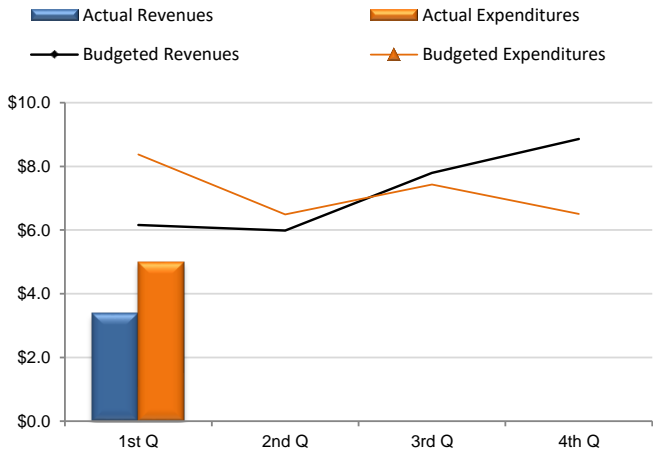


CDBG/Section 8 Funds

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Revenues	\$ 28,802,189	\$ 3,381,826	11.7%
Transfers In	-	-	0.0%
Total Revenues	\$ 28,802,189	\$ 3,381,826	11.7%
Operating	\$ 28,096,567	\$ 4,487,772	16.0%
Capital	165,046	-	0.0%
Debt Service	540,576	507,563	93.9%
Transfers Out	-	-	0.0%
Total Expenses	\$ 28,802,189	\$ 4,995,334	17.3%
Net Rev/Exp	\$ -	\$ (1,613,509)	

*amounts exclude encumbrances

Positive



The Community Development Block Grant (CDBG) and Section 8 Funds are established to account for the receipt and expenditure of federal grants for redevelopment and rental subsidies for low income residents. Revenues through the first quarter total 11.7% of the FY 2022-23 budget, compared to the historical percentage of 21.4%. Expenditures through the first quarter total 17.3% of the FY 2022-23 budget, compared to the historical percentage of 29.1%. The net effect on the fund status through the first quarter is an operating deficit of \$1.6 million. This is largely due to the timing of grant revenue receipts from the federal government.

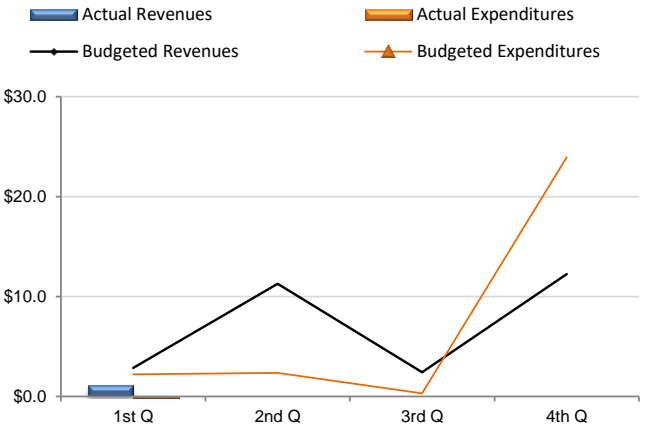


Debt Service Fund

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Revenues	\$ 35,773,957	\$ 625,665	1.7%
Transfers In	6,069,862	510,363	8.4%
Total Revenues	\$ 41,843,819	\$ 1,136,028	2.7%
Operating	\$ -	\$ -	0.0%
Capital	-	-	0.0%
Debt Service	32,862,152	(117,276)	-0.4%
Transfers Out	8,249,379	-	0.0%
Total Expenses	\$ 41,111,531	\$ (117,276)	-0.3%
Net Rev/Exp	\$ 732,288	\$ 1,253,304	

*amounts exclude encumbrances

Positive



The Debt Service Fund accounts for the receipt of secondary property taxes to be used for payment of debt service on the City's tax supported debt. The City receives significant revenue from the Maricopa County Treasurer's Office in October and May, coinciding with the property tax due dates. The annual secondary tax levy includes the amount necessary to make the annual payments of principal and interest on existing bonds, payments of principal and interest on new debt planned for the ensuing year, plus a reasonable delinquency factor. The majority of the debt service payments as well as all transfers out occur during the last quarter of the fiscal year. Actual revenues through the first quarter are 2.7% of budget compared to the historical tracking percentages of 9.9%. Actual expenditures through the first quarter are (0.3%) of budget, compared to the historical tracking percentages of 7.6%. The net result is an operating surplus of \$1.3 million. The variances in both revenues and expenditures are primarily due to the timing of receipts and bond payments.

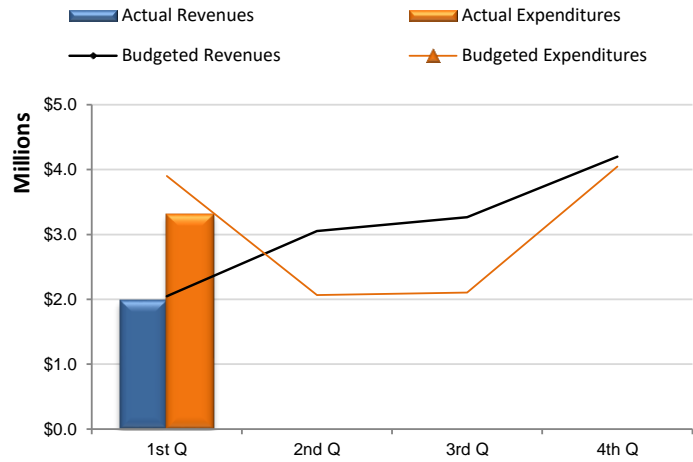


Arts & Cultural Fund

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Revenues	\$12,316,542	\$1,977,610	16.1%
Transfers In	250,000	-	0.0%
Total Revenues	\$12,566,542	\$1,977,610	15.7%
Operating	\$ 9,992,051	\$ 1,881,487	18.8%
Capital	121,940	5,276	100.0%
Debt Service	583,250	1,500	0.0%
Transfers Out	1,419,500	1,419,500	0.0%
Total Expenses	\$ 12,116,741	\$ 3,307,763	27.3%
Net Rev/Exp	\$ 449,801	\$ (1,330,154)	

*amounts exclude encumbrances

Positive



The Arts & Culture Fund accounts for the receipt of the 0.1% Arts & Cultural Sales Tax, which is used to fund operating expenses associated with the Tempe Center for the Arts (TCA), Tempe History Museum, Edna Vihel Arts Center and other arts and cultural programming. Revenues through the first quarter of FY 2022-23 are 15.7% of budget, compared to the historical tracking percentage of 16.3%. Total expenditures are 27.3% of budget, compared to a historical average of 32.2%. The net result is an operating deficit of \$1.3 million.

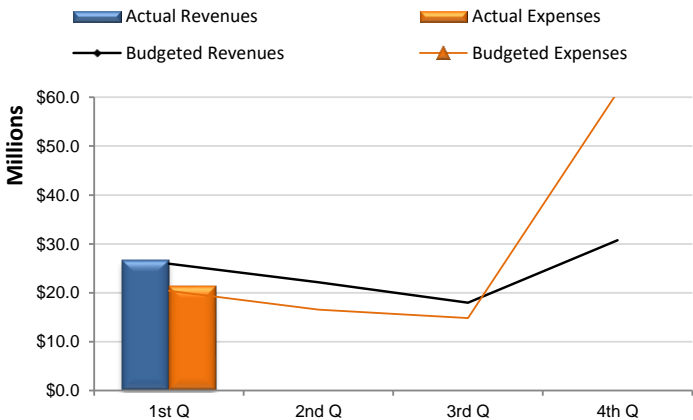


Water/Wastewater Fund

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Revenues	\$ 91,225,959	\$ 26,651,824	29.2%
Transfers In	5,552,867	-	0.0%
Total Revenues	\$ 96,778,826	\$ 26,651,824	27.5%
Operating	\$ 51,809,257	\$ 10,920,921	21.1%
Capital	1,541,631	136,385	8.8%
Debt Service	44,286,282	4,953	0.0%
Transfers Out	15,174,821	10,235,187	0.0%
Total Expenses	\$ 112,811,991	\$ 21,297,446	18.9%
Net Rev/Exp	\$ (16,033,165)	\$ 5,354,378	

*Budget excludes a \$1 million contingency appropriation, encumbrances and inventory

Watch



The Water/Wastewater Fund is an enterprise fund used to account for all water and wastewater treatment operations in the City. Total revenues through the first quarter of FY 2022-23 are 27.5%, compared to the historical tracking percentage of 26.8%. Total expenses through the first quarter are 18.9% of budget compared to 18.1% historically. Through the first quarter, the fund posted a \$5.4 million surplus. It is anticipated that the expenditure variance will normalize during the remainder of the fiscal year.



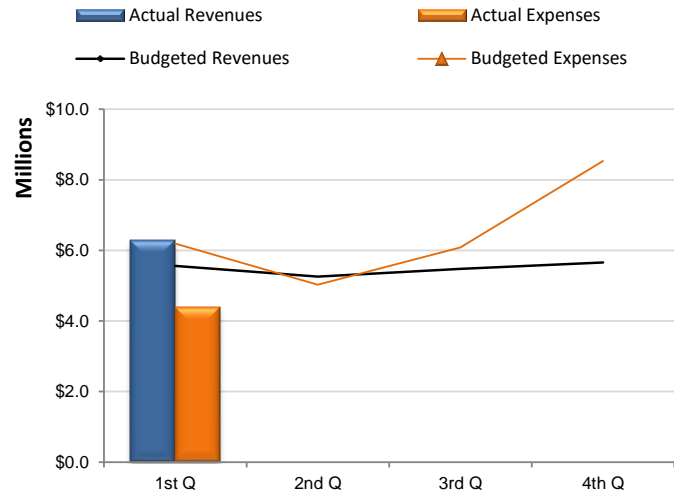
Solid Waste Fund

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Revenues	\$21,008,724	\$5,337,601	25.4%
Transfers In	939,826	939,826	0.0%
Total Revenues	\$21,948,550	\$6,277,427	28.6%
Operating	\$ 18,991,104	\$ 4,127,979	21.7%
Capital	6,735,481	55,770	0.8%
Debt Service	-	-	0.0%
Transfers Out	108,282	222,853	205.8%
Total Expenses	\$ 25,834,867	\$ 4,406,601	17.1%

Net Rev/Exp \$ (3,886,317) \$ 1,870,825

*Budget excludes a contingency appropriation and encumbrances

Positive



The Solid Waste Fund is an enterprise fund that accounts for the operating, maintenance, and capital costs of providing residential and commercial solid waste services. Total revenues through the first quarter of FY 2022-23 are 28.6% of budget compared to 25.3% historically. Total expenses through the first quarter are 17.1% of budget compared to 24.0% historically. Through the first quarter, the fund posted a \$1.9 million surplus.



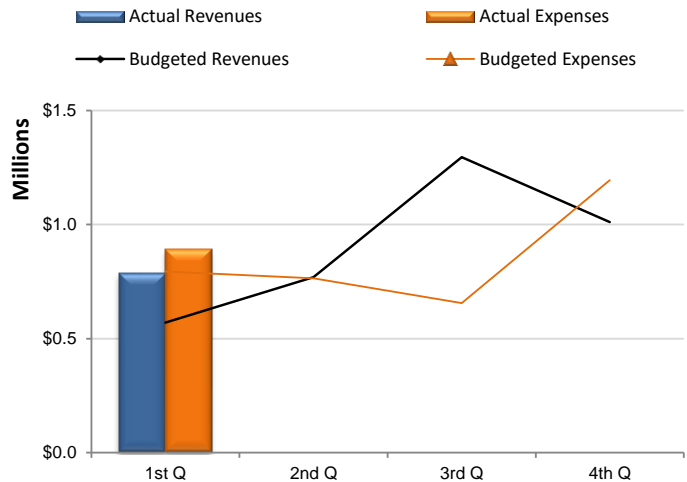
Golf Fund

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Revenues	\$3,571,659	\$712,366	19.9%
Transfers In	74,000	74,000	100.0%
Total Revenues	\$3,645,659	\$786,366	21.6%
Operating	\$ 2,577,813	\$ 626,921	24.3%
Capital	647,711	204,651	31.6%
Debt Service	-	-	0.0%
Transfers Out	182,450	60,000	32.9%
Total Expenses	\$ 3,407,974	\$ 891,572	26.2%

Net Rev/Exp \$ 237,685 \$ (105,206)

*amounts exclude encumbrances

Positive



The Golf Fund is an enterprise fund that accounts for the operations of the city's two municipal golf courses. Revenues generated are used to support the operations of the golf courses, while capital projects on the courses and buildings are funded with bond funds and repaid with secondary property tax. Total revenues through the first quarter of FY 2022-23 are 21.6% compared to the historical tracking percentage of 15.6%. Total expenses through the first quarter are 26.2% of budget compared to the historical tracking percentage of 23.3%. Through the first quarter, the fund has an operating deficit of \$105 thousand.

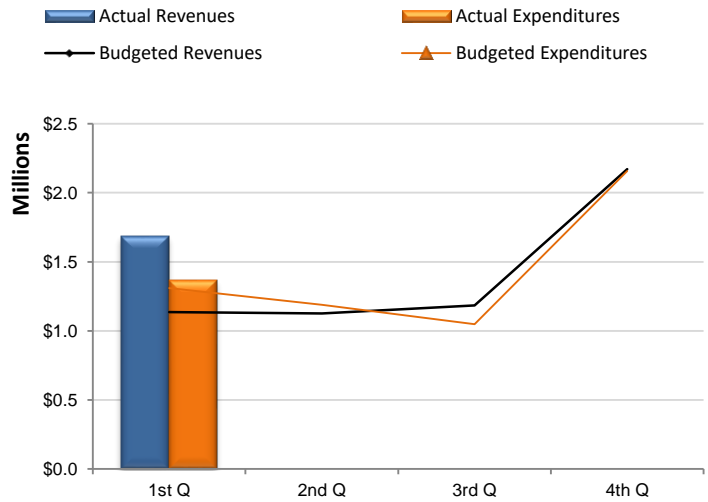


Emergency Medical Transport

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Revenues	\$ 5,617,446	\$ 1,687,282	30.0%
Transfers In	-	-	0.0%
Total Revenues	\$ 5,617,446	\$ 1,687,282	30.0%
Operating	\$ 5,244,000	\$ 1,361,596	26.0%
Capital	395,000	(81)	0.0%
Debt Service	-	-	0.0%
Transfers Out	63,890	-	0.0%
Total Expenses	\$ 5,702,890	\$ 1,361,515	23.9%
Net Rev/Exp	\$ (85,444)	\$ 325,767	

*amounts exclude contingencies and encumbrances

Positive



The Emergency Medical Transport Fund is in its fifth year as an enterprise fund that provides for operation, maintenance, and debt service costs associated with providing an ambulance service for medical emergencies within the community. Total revenues through the first quarter of FY 2022-23 are 30.0% of budget compared to the historical average of 20.2%. Total expenses through the first quarter are 23.9% of budget compared to the historical average of 23.0%. Through the first quarter, the fund has an operating surplus of \$326 thousand.

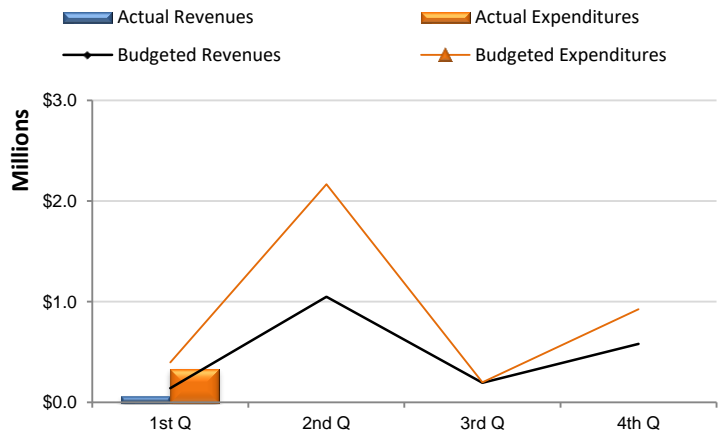


Restricted Revenue and Donations

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Total Revenues	\$ 1,963,655	\$ 64,851	3.3%
Total Expenses	\$ 3,686,823	\$ 332,499	9.0%
Net Rev/Exp	\$ (1,723,168)	\$ (267,648)	

*amounts exclude encumbrances and contingency appropriations

Negative



The Restricted Revenue and Donations Fund accounts for the receipt and expenditure of restricted revenue and donations related to general governmental activities. Revenues through the first quarter total 3.3%, while expenditures total 9.0% of budget. The \$268 thousand deficit through the first quarter is mostly due to timing of receipt of funds for incurred expenses. It is anticipated that the variance will normalize as the fiscal year progresses.

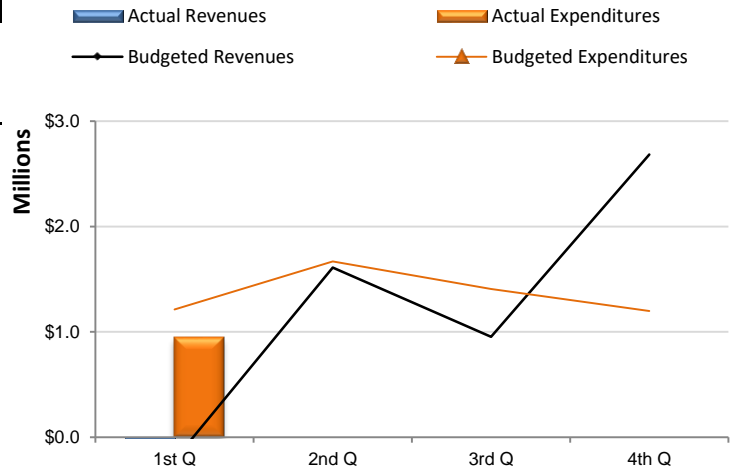


Police Dept-RICO & Grants

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Total Revenues	\$ 5,031,140	\$ (432,871)	-8.6%
Total Expenses	\$ 5,486,607	\$ 951,440	17.3%
Net Rev/Exp	\$ (455,467)	\$ (1,384,311)	

*amounts exclude encumbrances and contingency appropriations

Watch



The Police Dept-RICO & Grants Fund accounts for the receipt and expenditure of grants, donations, asset forfeitures, and tow hearing fines associated with Police Department activities. Revenues through the first quarter total (8.6%) of the FY 2022-23 budget, compared to the historical percentage of 4.3%. Expenditures through the first quarter total 17.3% of the FY 2022-23 budget, compared to the historical percentage of 22.1%. The net result on the fund's status through the first quarter is an operating deficit of \$1.4 million. The deficit is due largely to the timing of receipt of grant revenue for reimbursement of expended funds.

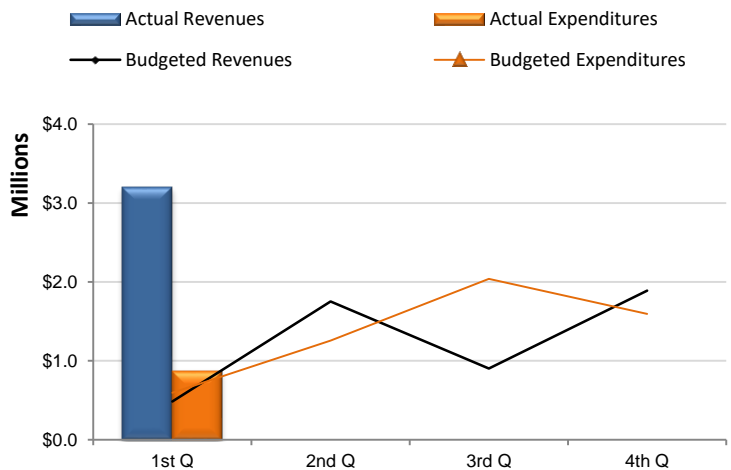


Governmental Grants

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Total Revenues	\$ 9,642,937	\$ 3,208,208	33.3%
Total Expenses	\$ 12,855,506	\$ 876,578	6.8%
Net Rev/Exp	\$ (3,212,569)	\$ 2,331,631	

*amounts exclude encumbrances and contingency appropriations

Positive



The Governmental Grants Fund accounts for the receipt and expenditure of grants related to general governmental activities. Revenues through the first quarter of FY 2022-23 total 33.3%, compared to the historical percentage of 9.6%. Expenditures through the first quarter total 6.8% of the FY 2022-23 budget, compared to the historical percentage of 10.9%.

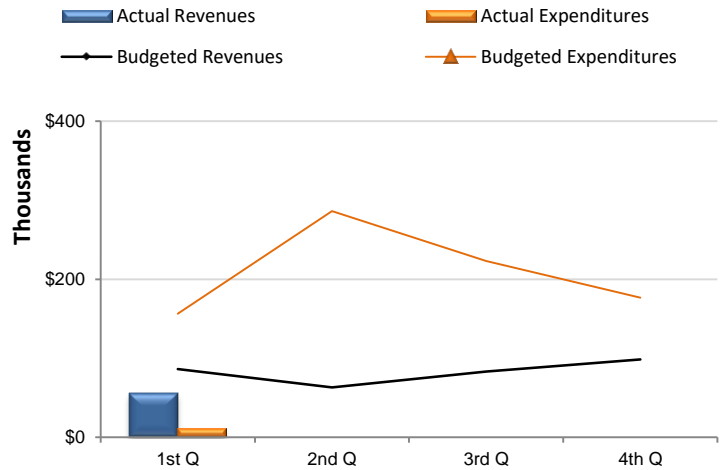


Court Enhancement Fund

	FY 22-23 Budget	FY 22-23 1Q Actual*	% Budget to Date
Total Revenues	\$ 330,643	\$ 56,151	17.0%
Total Expenses	\$ 841,991	\$ 10,693	1.3%
Net Rev/Exp	\$ (511,348)	\$ 45,457	

*amounts exclude encumbrances and contingency appropriations

Positive



The Court Enhancement Fund is established to account for fine, fee and forfeiture revenues dedicated for City Court purposes pursuant to state statute and city code. Revenues through the first quarter total 17.0% of the FY 2022-23 budget, compared to the historical percentage of 26.0%. Expenditures through the first quarter total 1.3% of the FY 2022-23 budget, compared to the historical percentage of 18.6%. This results in a surplus of \$45 thousand.

MEMORANDUM



TO: Mayor and Council
FROM: Lauri Vickers, Municipal Budget & Finance Analyst
THROUGH: Mark Day, Municipal Budget Director
DATE: December 2, 2022
SUBJECT: Tax Revenue Statistical Report – October 2022

Introduction

The Municipal Budget Office (MBO) reviews the City's privilege (sales) tax collections for the General Fund (1.2%), Transit Fund (0.5%) and Arts & Cultural Fund (0.1%) and the General Fund bed tax (5.0%) in order to monitor the financial performance of the City's largest revenue source. This monthly analysis also provides the opportunity to determine if adjustments need to be made for any significant variances to ensure continuity of programs and service delivery. The October 2022 report summarizes our analysis of the September sales activity reported to the Arizona Department of Revenue (ADOR).

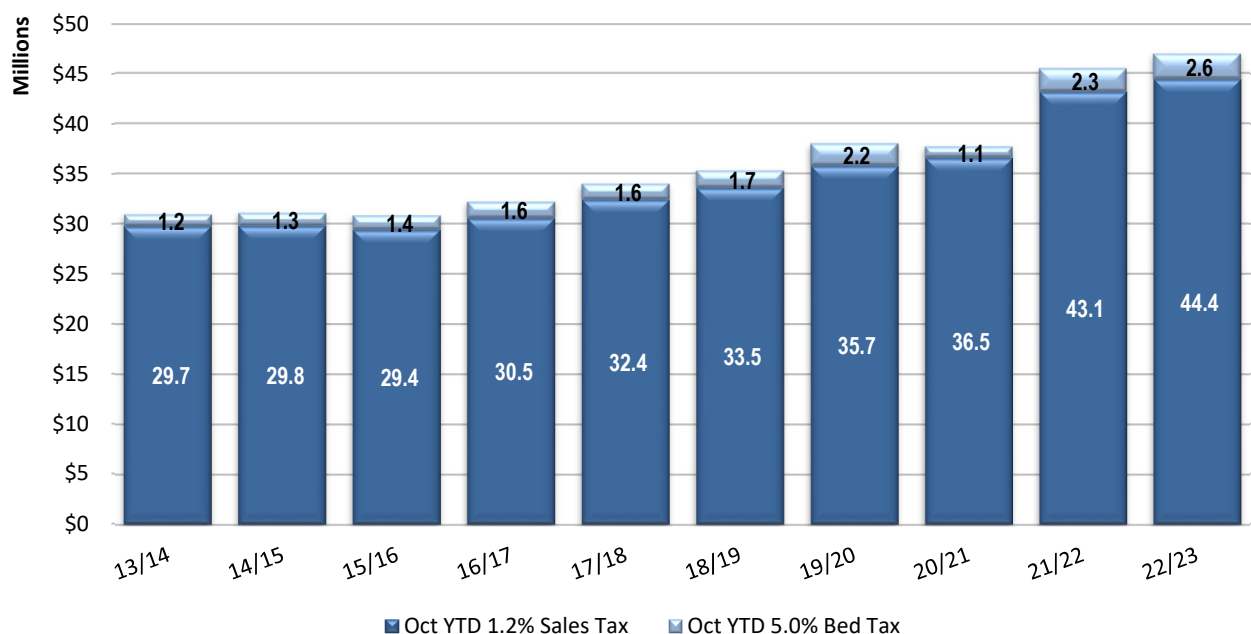
Overall Highlights

Total fiscal year to date taxable sales increased by 3.0% over the same year to date period in the prior fiscal year. Total sales tax revenue is up 3.2% or \$2.2 million, due to growth in rentals (\$1.9 million), restaurants (\$479 thousand) and contracting (\$454 thousand) activity. The attached Executive Summary provides a summary of historical and current fiscal year taxable sales, sales tax collections by fund, tax revenues by business activity, and an analysis of retail tax revenues by activity.

General Fund Highlights

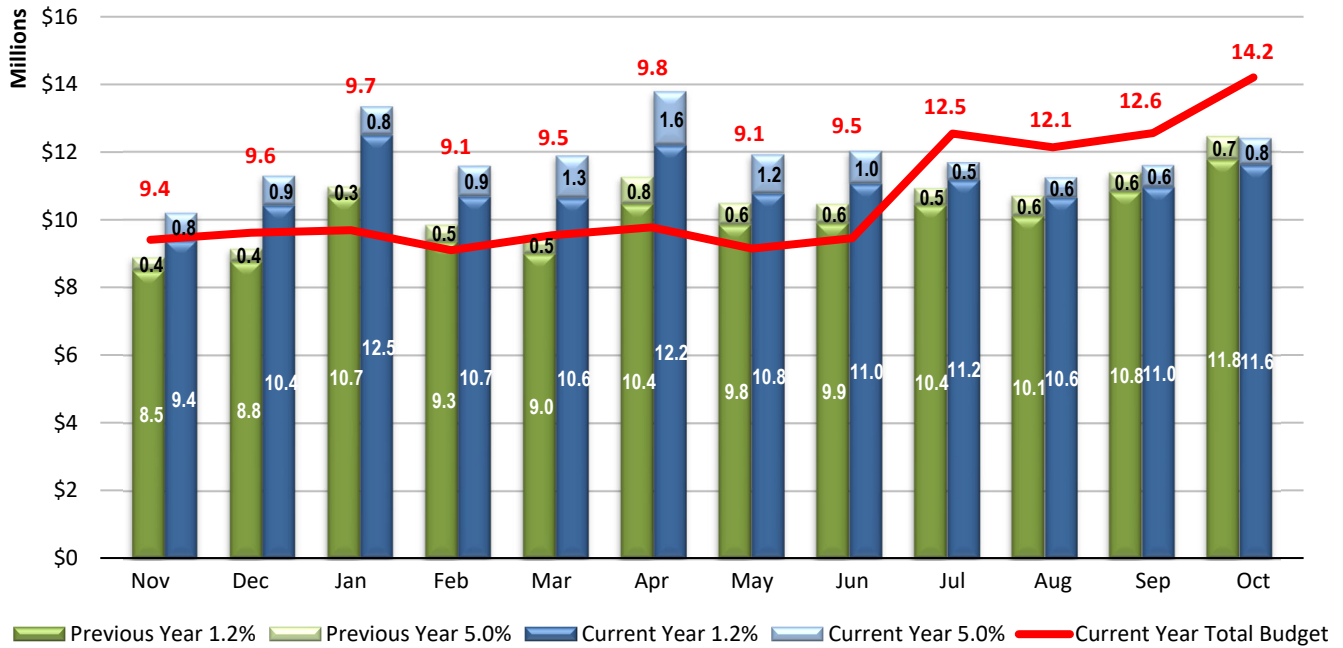
As the General Fund portion of the City's sales and bed tax revenue collections represents the General Fund's largest revenue source, further analysis is performed on these specific tax collections. The graph below depicts year to date General Fund historical sales and bed tax revenue from FY 2013/14 through FY 2022/23. General Fund sales and bed tax revenue for FY 2022/23 is up 3.2% or \$1.5 million over the prior year to date period.

General Fund Year to Date Sales and Bed Tax Collections through October



In addition to the 10-year historical comparison, we also review 12 months of General Fund monthly sales and bed tax collections compared to the previous year and to the FY 2022/23 adopted budget for the combined sales and bed tax, as noted in the graph below.

General Fund Monthly Sales and Bed Tax Collection vs. Previous Year



Finally, the MBO prepares the attached Actual to Budget Comparison report that provides a summary of FY 2022/23 General Fund sales tax, bed tax, and a combined total sales and bed tax collections compared to a projected budget amount for the month. Although sales and bed tax are not actually budgeted on a monthly basis, this type of analysis of actual collections compared to projections provides insight into sales and bed tax performance. Using this approach, fiscal year to date General Fund sales tax is \$2.7 million below revenue projections, General Fund bed tax is \$1.8 million below projections, and the combined General Fund sales and bed tax collections for the General Fund are \$4.5 million below the revenue projection.

The Municipal Budget Office is closely monitoring the above noted fiscal year to date variance of sales and bed tax collections compared to the projected amount. At this time, the City is not planning to make any budget adjustments due to the variance in sales and bed tax collections as the City’s overall revenue collections are meeting current projections.

Sales and bed tax collections continue to experience variances from projections based on historical trends as the economy experiences volatility due to a variety of factors, including inflation, supply and labor shortages and movement towards a post COVID pandemic economy. In the future, if sales and bed tax collections experience negative variances from projections and overall revenue collections are not meeting projections, the City will make necessary budget adjustments to ensure continuity of programs and service delivery.

Attachments: Executive Summary
Actual Compared to Budget Projection

Executive Summary

Current Month - October

Fiscal Year to Date - October

	2019-20		2020-21		2021-22		2022-23		2019-20		2020-21		2021-22		2022-23	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Taxable Sales																
Total Taxable Sales	744,250,000	-0.6%	779,546,000	4.7%	1,012,979,000	29.9%	1,006,086,000	-0.7%	3,107,707,000	6.7%	3,126,751,000	0.6%	3,716,240,000	18.9%	3,828,759,000	3.0%
Retail Taxable Sales	387,654,000	-1.9%	448,439,000	15.7%	499,858,000	11.5%	507,711,000	1.6%	1,656,694,000	3.2%	1,798,199,000	8.5%	2,115,148,000	17.6%	2,034,824,000	-3.8%
Tax Revenues by Fund																
General Fund																
Privilege Tax (1.2%)	8,503,000	-1.4%	9,077,000	6.8%	11,768,000	29.6%	11,608,000	-1.4%	35,728,000	6.5%	36,519,000	2.2%	43,108,000	18.0%	44,359,000	2.9%
Bed Tax (5.0%)	732,000	56.7%	323,000	-55.9%	685,000	112.1%	788,000	15.0%	2,237,000	30.5%	1,128,000	-49.6%	2,336,000	107.1%	2,561,000	9.6%
Privilege Tax Rebates	252,000	0.8%	200,000	-20.6%	224,000	12.0%	276,000	23.2%	1,028,000	3.7%	731,000	-28.9%	927,000	26.8%	971,000	4.7%
Total General Fund	9,487,000	1.5%	9,600,000	1.2%	12,677,000	32.1%	12,672,000	0.0%	38,993,000	7.6%	38,378,000	-1.6%	46,371,000	20.8%	47,891,000	3.3%
Transit Fund																
Privilege Tax (0.5%)	3,546,000	-1.6%	3,782,000	6.7%	4,903,000	29.6%	4,837,000	-1.3%	14,900,000	6.6%	15,217,000	2.1%	17,962,000	18.0%	18,483,000	2.9%
Privilege Tax Rebates	102,000	5.2%	83,000	-18.6%	93,000	12.0%	115,000	23.7%	415,000	2.5%	304,000	-26.7%	386,000	27.0%	404,000	4.7%
Total Transit Fund	3,648,000	-1.4%	3,865,000	5.9%	4,996,000	29.3%	4,952,000	-0.9%	15,315,000	6.5%	15,521,000	1.3%	18,348,000	18.2%	18,887,000	2.9%
Arts & Culture Fund																
Privilege Tax (0.1%)	730,000	-1.4%	773,000	5.9%	999,000	29.2%	990,000	-0.9%	3,063,000	6.5%	3,104,000	1.3%	3,670,000	18.2%	3,778,000	2.9%
Total Arts & Culture Fund	730,000	-1.4%	773,000	5.9%	999,000	29.2%	990,000	-0.9%	3,063,000	6.5%	3,104,000	1.3%	3,670,000	18.2%	3,778,000	2.9%
Totals	13,865,000	0.6%	14,238,000	2.7%	18,672,000	31.1%	18,614,000	-0.3%	57,371,000	-46.4%	57,003,000	-0.6%	68,389,000	20.0%	70,556,000	3.2%
Tax Revenues by Business Activities																
Retail	6,978,000	-1.9%	8,072,000	15.7%	8,997,000	11.5%	9,139,000	1.6%	29,820,000	3.2%	32,368,000	8.5%	38,073,000	17.6%	36,627,000	-3.8%
Rentals	2,601,000	1.5%	2,911,000	11.9%	3,137,000	7.8%	3,574,000	13.9%	10,214,000	8.4%	10,850,000	6.2%	12,103,000	11.5%	13,964,000	15.4%
Utilities/Communication	861,000	5.4%	840,000	-2.4%	755,000	-10.1%	844,000	11.8%	3,281,000	-3.3%	3,289,000	0.2%	3,301,000	0.4%	3,495,000	5.9%
Restaurants	1,105,000	2.7%	918,000	-16.9%	1,321,000	43.9%	1,471,000	11.4%	4,254,000	5.0%	3,347,000	-21.3%	4,947,000	47.8%	5,426,000	9.7%
Contracting	1,175,000	62.1%	933,000	-20.6%	976,000	4.6%	836,000	-14.3%	4,412,000	13.3%	4,336,000	-1.7%	3,369,000	-22.3%	3,823,000	13.5%
Hotel/Motel	229,000	28.7%	124,000	-45.9%	261,000	110.5%	305,000	16.9%	797,000	19.0%	430,000	-46.0%	900,000	109.3%	992,000	10.2%
Transient (Bed Tax)	732,000	56.7%	323,000	-55.9%	685,000	112.1%	788,000	15.0%	2,237,000	30.5%	1,128,000	-49.6%	2,336,000	107.1%	2,561,000	9.6%
Non-Recurring Business Activities	2,000	-99.7%	1,000	-50.0%	2,309,000	230800.0%	1,417,000	-38.6%	1,596,000	198.3%	864,000	-45.9%	2,495,000	188.8%	2,708,000	8.5%
Amusements	105,000	-2.8%	65,000	-38.1%	104,000	60.0%	120,000	15.4%	483,000	8.5%	180,000	-62.7%	482,000	167.8%	593,000	23.0%
All Other	77,000	-41.7%	52,000	-32.5%	126,000	142.3%	119,000	-5.6%	276,000	-99.5%	212,000	-23.2%	382,000	80.2%	367,000	-3.9%
Totals	13,865,000	0.6%	14,238,000	2.7%	18,672,000	31.1%	18,614,000	-0.3%	57,371,000	-46.4%	57,003,000	-0.6%	68,389,000	20.0%	70,556,000	3.2%
Retail Tax Revenues by Activities																
Automotive	1,096,000	-6.7%	1,192,000	8.8%	1,266,000	6.2%	1,511,000	19.4%	4,728,000	3.6%	4,626,000	-2.2%	5,367,000	16.0%	5,591,000	4.2%
Building Supply Stores	185,000	-33.7%	335,000	81.1%	374,000	11.6%	416,000	11.2%	1,128,000	-0.2%	1,377,000	22.1%	1,568,000	13.9%	1,752,000	11.7%
Department Stores	922,000	2.8%	975,000	5.7%	1,058,000	8.5%	1,146,000	8.3%	4,017,000	2.9%	4,027,000	0.2%	4,553,000	13.1%	4,838,000	6.3%
Drug/Small Stores	1,096,000	13.5%	1,313,000	19.8%	1,357,000	3.4%	1,358,000	0.1%	4,561,000	11.6%	5,092,000	11.6%	5,416,000	6.4%	4,875,000	-10.0%
Furniture/Equipment/Electronics	535,000	-16.8%	612,000	14.4%	602,000	-1.6%	(469,000)	-177.9%	2,347,000	-3.5%	2,653,000	13.0%	2,939,000	10.8%	947,000	-67.8%
Grocery Stores	813,000	1.0%	867,000	6.6%	859,000	-0.9%	915,000	6.5%	3,079,000	1.0%	3,365,000	9.3%	3,246,000	-3.5%	3,539,000	9.0%
Manufacturing Firms	440,000	-31.3%	606,000	37.7%	627,000	3.5%	568,000	-9.4%	2,498,000	-13.7%	2,447,000	-2.0%	3,805,000	55.5%	1,711,000	-55.0%
All Other Retail	1,891,000	10.6%	2,172,000	14.9%	2,854,000	31.4%	3,694,000	29.4%	7,462,000	8.9%	8,781,000	17.7%	11,179,000	27.3%	13,374,000	19.6%
Totals	6,978,000	-1.9%	8,072,000	15.7%	8,997,000	11.5%	9,139,000	1.6%	29,820,000	3.2%	32,368,000	8.5%	38,073,000	17.6%	36,627,000	-3.8%

Actual Compared to Budget Projection

Privilege Tax Revenue - General Fund (1.2%) 2022-23 Actual Compared to Budget

Monthly Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.4%	\$ 11,776,000	\$ 11,159,000	\$ (617,000)	-5.2%
Aug	7.9%	11,161,000	10,641,000	(520,000)	-4.7%
Sep	8.0%	11,286,000	10,951,000	(335,000)	-3.0%
Oct	9.1%	12,834,000	11,608,000	(1,226,000)	-9.6%
Nov	8.1%	11,429,000			
Dec	8.4%	11,853,000			
Jan	9.2%	12,938,000			
Feb	8.0%	11,201,000			
Mar	8.3%	11,718,000			
Apr	8.5%	11,896,000			
May	7.9%	11,053,000			
Jun	8.1%	11,430,000			
Totals	100.0%	\$ 140,575,000	\$ 44,359,000	\$ (2,698,000)	-1.9%

Cumulative Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.4%	\$ 11,776,000	\$ 11,159,000	\$ (617,000)	-5.2%
Jul-Aug	16.3%	22,937,000	21,800,000	(1,137,000)	-5.0%
Jul-Sep	24.3%	34,223,000	32,751,000	(1,472,000)	-4.3%
Jul-Oct	33.5%	47,057,000	44,359,000	(2,698,000)	-5.7%
Jul-Nov	41.6%	58,486,000			
Jul-Dec	50.0%	70,339,000			
Jul-Jan	59.2%	83,277,000			
Jul-Feb	67.2%	94,478,000			
Jul-Mar	75.5%	106,196,000			
Jul-Apr	84.0%	118,092,000			
Jul-May	91.9%	129,145,000			
Jul-Jun	100.0%	140,575,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 134,484,000	\$ 140,575,000	\$ (6,091,000)	-4.3%
% Received	\$ 132,515,000	\$ 140,575,000	\$ (8,060,000)	-5.7%

Bed Tax Revenue - General Fund (5.0%) 2022-23 Actual Compared to Budget

Monthly Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	7.1%	\$ 772,000	\$ 525,000	\$ (247,000)	-32.0%
Aug	9.0%	978,000	602,000	(376,000)	-38.4%
Sep	11.7%	1,276,000	646,000	(630,000)	-49.4%
Oct	12.6%	1,376,000	788,000	(588,000)	-42.7%
Nov	8.4%	915,000			
Dec	7.9%	855,000			
Jan	5.6%	605,000			
Feb	6.1%	660,000			
Mar	6.8%	739,000			
Apr	7.4%	803,000			
May	8.4%	914,000			
Jun	9.1%	985,000			
Totals	100.0%	\$ 10,878,000	\$ 2,561,000	\$ (1,841,000)	-16.9%

Cumulative Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	7.1%	\$ 772,000	\$ 525,000	\$ (247,000)	-32.0%
Jul-Aug	16.1%	1,750,000	1,127,000	(623,000)	-35.6%
Jul-Sep	27.8%	3,026,000	1,773,000	(1,253,000)	-41.4%
Jul-Oct	40.5%	4,402,000	2,561,000	(1,841,000)	-41.8%
Jul-Nov	48.9%	5,317,000			
Jul-Dec	56.7%	6,172,000			
Jul-Jan	62.3%	6,777,000			
Jul-Feb	68.4%	7,437,000			
Jul-Mar	75.2%	8,176,000			
Jul-Apr	82.5%	8,979,000			
Jul-May	90.9%	9,893,000			
Jul-Jun	100.0%	10,878,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Bed Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 11,757,000	\$ 10,878,000	\$ 879,000	8.1%
% Received	\$ 6,329,000	\$ 10,878,000	\$ (4,549,000)	-41.8%

Total General Fund Tax Revenue 2022-23 Actual Compared to Budget

Monthly Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.3%	\$ 12,548,000	\$ 11,684,000	\$ (864,000)	-6.9%
Aug	8.0%	12,139,000	11,243,000	(896,000)	-7.4%
Sep	8.3%	12,562,000	11,597,000	(965,000)	-7.7%
Oct	9.4%	14,210,000	12,396,000	(1,814,000)	-12.8%
Nov	8.2%	12,344,000			
Dec	8.4%	12,708,000			
Jan	8.9%	13,543,000			
Feb	7.8%	11,861,000			
Mar	8.2%	12,457,000			
Apr	8.4%	12,699,000			
May	7.9%	11,967,000			
Jun	8.2%	12,415,000			
Totals	100.0%	\$ 151,453,000	\$ 46,920,000	\$ (4,539,000)	-3.0%

Cumulative Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.3%	\$ 12,548,000	\$ 11,684,000	\$ (864,000)	-6.9%
Jul-Aug	16.3%	24,687,000	22,927,000	(1,760,000)	-7.1%
Jul-Sep	24.6%	37,249,000	34,524,000	(2,725,000)	-7.3%
Jul-Oct	34.0%	51,459,000	46,920,000	(4,539,000)	-8.8%
Jul-Nov	42.1%	63,803,000			
Jul-Dec	50.5%	76,511,000			
Jul-Jan	59.5%	90,054,000			
Jul-Feb	67.3%	101,915,000			
Jul-Mar	75.5%	114,372,000			
Jul-Apr	83.9%	127,071,000			
Jul-May	91.8%	139,038,000			
Jul-Jun	100.0%	151,453,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Total Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 146,011,000	\$ 151,453,000	\$ (5,442,000)	-3.6%
% Received	\$ 138,094,000	\$ 151,453,000	\$ (13,359,000)	-8.8%

Tempe Transit Shelter Design Update

Background

Tempe is working with TY Lin, a local consultant team, guided by a Steering Committee and a public meeting process, to develop four new transit shelter designs to encourage increased ridership by improving the waiting environment. The final designs will provide a new iconic Tempe identity for the transit system.

There are currently 777 bus stops citywide in Tempe. Roughly 60% of the stops are without shelters. The new designs provide options for varying site conditions, allowing placement at bus stops with limited right of way.



Prototype of Small Transit Shelter on display at the Tempe Library parking lot



Shelters were fabricated by Talis Corporation

Extensive public outreach (over 400 comments and survey responses) identified and prioritized key features. Improving shade coverage and increasing seating were at the top of the list. In these designs we are meeting the needs of more transit riders by serving restricted sites with a smaller footprint shelter, at lesser cost than our current shelters.

Modifications

The three completed prototypes were installed at the Tempe Library and were available for viewing and comments for one month. After reviewing the comments received in person and on-line, and considering the input by staff, the design team made some changes. We also added variety in the color of the roofs, reflecting the city's established palette.



Medium Transit Shelter



Medium Transit Shelter



Small Transit Shelter

Request for Proposal (RFP)

In October an RFP was issued for fabrication and installation of the first 30 shelters. Applicants will be interviewed in December, and a contract will be presented to Council in January, 2023.

Bonnie Richardson, (480) 350-8628, bonnie_richardson@tempe.gov



Tempe plans line inspections, replacements as part of efforts to protect community from lead exposure in drinking water

Tara Ford, Municipal Utilities Director, 480-350-2855, tara_ford@tempe.gov

In 2021, the Environmental Protection Agency (EPA) revised the [Lead and Copper Rule \(LCRR\)](#) to protect public health and reduce exposure to lead and copper in drinking water. The most common source of lead in drinking water is the wearing away of materials containing lead in household plumbing (lead leaching from corrosion), including pipes made of lead, pipes joined with lead-based solder or galvanized iron pipes that have absorbed lead materials. Tempe has been monitoring lead and copper in homes in accordance with the Lead and Copper Rule (LCR) since 1992, has been compliant with the LCR and has not exceeded the regulatory action levels for either lead or copper. The new requirements of the LCRR go into effect Oct. 16, 2024, and necessitates a multitude of actions including:

- Identifying areas most affected through a service line inventory.
- Strengthening treatment requirements.
- Systematically replacing lead service lines, if found, and creating a plan for replacing galvanized service lines.
- Increasing sample reliability.
- Improving risk communication.
- Prioritizing protection of children in schools and childcare facilities.

Tempe's LCRR response

In preparation for the LCRR, Tempe is working with water quality experts and regulatory agencies to develop and implement a compliance strategy to address the new requirements. The LCRR requirements affect all water utilities, and Tempe is working closely with partners in the Arizona Municipal Water Users Association and across the state to standardize implementation, where possible. Tempe and other Arizona water utilities also are working to interpret and clarify regulatory requirements with the Arizona Department of Environmental Quality, which has been delegated by the EPA to implement the LCRR for the state.

The City of Tempe Municipal Utilities Department has contracted with Hazen and Sawyer to develop a service line inventory and replacement plan. Service lines are defined as the pipe that connects from the water main to the inlet of the building or home, including privately and publicly

owned sections. The required service line inventory consists of all service lines within the distribution system, including those serving landscapes and residential, commercial and industrial buildings. Tempe does not have records of any known public lead service lines.

Chapter 33 Code amendments

Amendments to Tempe City Code Chapter 33 (“Code”) are recommended to support compliance with the LCRR. The Code currently enables city staff or its contractors the right of entry for inspection and for maintenance of city meters and connections. A code amendment is needed to allow city staff and its contractors to access privately-owned service lines to verify service line material and, if required by the LCRR, perform replacements of service lines.

The proposed code amendment is anticipated to address two primary concerns with respect to city employee and contractor authorization for LCRR compliance: access and replacement.

- **Access:** Access to privately-owned service lines will be needed for identification purposes to meet LCRR requirements. The Code currently states that the city may maintain the water meter; however, access is not authorized beyond the meter. To meet LCRR compliance requirements, the city requires access beyond the meter to perform additional material identification activities. Code amendments will strengthen the Code, primarily by expanding the access city employees and contractors will have without an easement the city holds. This access will be expanded to provide the right of entry onto private property for inspection and maintenance of service lines by the water system up to the point where the water service enters a building. Inspection of service lines usually will require above-ground tests. In unique circumstances, city employees or contractors may need to excavate around the water meter or service line on private property to identify the material.

Tempe’s LCRR timeline

- **Review service line records (completed):** Tempe completed an extensive records review in first quarter of fiscal year 2022, identifying the service line material for 2,483 pipes. The service line materials identified were copper (88.2%), PVC (2.8%), other non-lead (8%) and galvanized (less than 1%). The inventory identified no lead pipes and 23 galvanized pipes. An additional 32,372 privately owned and 21,716 publicly owned service line materials remain to be inventoried and many will require field verification.
- **Survey, educate customers:** Tempe will launch a customer survey in January for assistance in verifying remaining water service line material. Tempe Water Utilities’ customers can assist in the effort by visiting tempe.gov/ServiceLine and completing the inventory survey. See Fig. 1 on page 4 for outreach postcard.
- **Perform field inspections:** Tempe will initiate field inspections starting in the spring, using data submitted through the surveys to prioritize system-wide material identification efforts. To facilitate field inspections, the Municipal Utilities Department will propose revisions to Tempe City Code Chapter 33 to provide greater access to privately-owned sections of service lines that previously have been necessary but are now required for compliance with the EPA regulations.
- **Share results:** Results of the service line verification will be made available by November 2024. Customers will be notified if their service line material is lead or galvanized.
- **Develop a service line replacement plan:** Tempe is required to establish a service line replacement plan. Completion of the inventory will be a primary component of developing the plan.
- **Replace service lines:** The LCRR may require future replacement of galvanized pipes in addition to lead pipes. Tempe is investigating funding sources, such as federal grants, to assist customers with replacement of customer-owned lead and galvanized service lines. To facilitate the replacement of service lines, Tempe will propose revisions to Tempe City Code Chapter 33.
- **Communicate with customers:** Tempe will regularly communicate with customers who are affected by the revised rule.
- **Develop water quality sampling strategy:** Tempe will develop a school, day care and residential lead and copper sampling strategy for implementation in 2025. Results of this sampling will guide future LCRR action.

- **Replacement:** In response to the LCRR, the city may need to replace privately-owned service lines in certain circumstances to prevent harm to levels of service, public health or water quality. The city does not anticipate the presence of lead service lines; however, the presence of galvanized pipes has been confirmed. Based on the LCRR, the city may be required to replace the private-side portion of galvanized service lines. The proposed code amendment will address replacement and repair activities that may be required or necessary to protect public health.

The city currently maintains the public-side portion of approximately 44,000 service lines and has an estimated 32,000 privately owned service lines inventoried as lead status unknown. The city aims to have all service line materials identified (as non-lead, lead, or galvanized) by Oct. 16, 2024. Currently, less than 50 service lines have been identified to fall within a required replacement category of the LCRR. The city may be required to replace these lines to stay compliant with the LCRR. The Code states that the water utility is responsible for the water meter and public portion of the service line. Therefore, customers will continue to maintain ownership of their service lines following any replacements the city may conduct in the future.



Photo by Arianna Graine

Tempe conducts thousands of tests each year to ensure that water meets Safe Drinking Water Act standards when it leaves the water treatment plant or groundwater well.

The proposed Code amendments will assist the city in complying with the LCRR and assure drinking water quality delivered to the community. The city would retain access to exterior service lines in the future to confirm the absence of lead, compel the replacement of galvanized pipes or identify defects on private service lines that negatively affect public health or water quality.

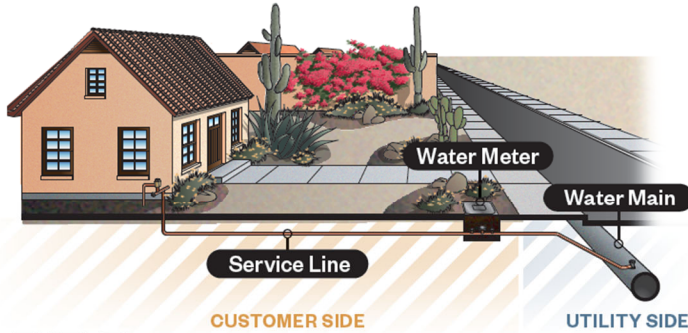
Staff is working through the City Attorney's Office to draft the applicable ordinance.

Figure 1



ACTION REQUIRED: Tempe Water Utilities Division does not have a record of the service line material for this address.

Tempe needs your assistance in verifying water service line materials. The material identification will take approximately **five minutes**. Surveys received by **April 30, 2023**, will be entered into a drawing to win a gift card to a local Tempe business.



tempe.gov/ServiceLine

◀ **Why does my water service line material matter?**

How can I help?

1. Scan the QR code or follow the URL to access the survey.



tempe.gov/ServiceLine

2. Call or email with questions or for help.

Phone: 480-350-2982

email: ServiceLineInventory@tempe.gov

Survey responses will help the city prioritize next steps, which include field verification of exterior water service line materials. Learn more at tempe.gov/ServiceLine.

ACCIÓN REQUERIDA: La División de Servicios Públicos de Agua de Tempe no tiene un registro del material de la línea de servicio para esta dirección.

La Ciudad de Tempe necesita su ayuda para verificar los materiales de las líneas de servicio. La identificación del material tomará aproximadamente **cinco minutos**. Las encuestas recibidas antes del **30 de abril de 2023** entrarán en un sorteo para ganar una tarjeta de regalo para un negocio local de Tempe.



Llamar:

480-350-2982

Correo electrónico:

ServiceLineInventory@tempe.gov

¿Cómo puedo ayudar?

1. Escanee el código QR o siga la URL para acceder a la encuesta.
2. Llame o envíe un correo electrónico si tiene preguntas o para obtener ayuda.

Las respuestas de la encuesta ayudarán a la ciudad a priorizar los próximos pasos, que incluyen la verificación en persona del material de la línea de servicio externa. Obtenga más información en tempe.gov/ServiceLine.



City of Tempe
Municipal Utilities Department
P.O. Box 5002
Tempe, AZ 85280

Postcards in English and Spanish are among the outreach efforts that will target residents and help the city verify remaining water service line material and prioritize its response.

COMMUNITY SERVICES UPDATE

December 2, 2022

Special Events Update: December 2—19

The Special Events Task Force Committee works with event producers up to 12 months in advance to ensure that administrative and operational logistics are addressed before the event receives final approval.



Date	Event	Location	Notation
11/17-1/1	Candy Rush	Diablo Stadium	Formerly Illumination
12/2-4	Festival of Arts	Mill Avenue & Downtown	Arts Festival
12/3	Donor Dash	Kiwanis Park	Charity 1k, 5k & 10k
12/3	2nd Annual Black Saturday Market	AZ Mills Mall	Holiday Market
12/8	Petersen House Victorian Christmas	Petersen House	Holiday Open House
12/10	Fantasy of Lights Boat Parade	Tempe Town Lake	Boat Parade
12/10	Here Comes Santa Run	Kiwanis Park	5k Run/Walk
12/11	Bee Happy 4 Odin Fun Run	Kiwanis Park	Charity Fun Run
12/11	University Street Market	Kiwanis Park	Community Market
12/17	Caribbean Christmas Half & 5K	Tempe Beach Park	5k Run/Walk
12/19	DTA Menorah Lighting	6 th St. Park	Community Event

For additional information on activities, events, and things to do in and around Tempe, visit:

Tempe Center for the Arts (Tempe.gov/TCA),

Downtown Tempe Authority (Downtowntempe.com/explore), and

Tempe Tourism (Tempetourism.com).

