



Human Services Grants

The 2005-06 revenue estimate of \$43,931,000 is \$3,464,000 less than the 2004-05 estimate of \$47,395,000. This category includes funds from the Department of Health and Human Services, Workforce Investment Act, Aging Program Grants and Head Start funds.

Community Development Block Grant

Each year since 1974, the city has received Community Development Block Grant funds from the U.S. Department of Housing and Urban Development. These funds are used to support a variety of projects and programs that must meet the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet other urgent community development needs. The 2005-06 CDBG entitlement plus carryover amounts is \$33,381,000.

Criminal Justice Grants

The 2005-06 grant revenue for Criminal Justice programs is estimated to be \$7,843,000. This includes Police, Court and Law department grants. Grants include Universal Hiring grants totaling \$1.3 million, \$3.1 million in Homeland Security grants, and renewals of ongoing state grants.

Public Transit Grants

The 2005-06 Federal Transit Administration Grant estimate is \$7,457,000 reflecting a decrease of \$2,908,000 below the 2004-05 estimate of \$10,365,000.

HOPE VI Grant

In October 2001, the U.S. Department of Housing and Urban Development awarded \$34 million in HOPE VI funding to the city for the revitalization of the Matthew Henson public housing development. The revenue estimate assumes that \$6,849,000 of that grant will be earned and expended in 2005-06.

Other Grants

The 2005-06 budget also includes \$11,869,000 for federal, state and other grants that provide funding for some parks and recreation and library activities as well as unique programs such as urban area security.

ENTERPRISE FUNDS

This category includes revenues from the city's six enterprise funds including Aviation, Water, Wastewater, Solid Waste, Civic Plaza and Golf. These enterprise funds fully recover their costs through user fees associated with the provision of their services. This category also includes the Civic Plaza that, in addition to the user fees associated with the operation of the Civic Plaza, is supported by earmarked sales taxes. Following are descriptions of each enterprise fund category and explanations of the revenue estimates.

Aviation

Aviation revenue estimates include landing fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. Total Aviation revenue for 2005-06 is anticipated to be \$240,367,000, which is \$6,924,000 or 3.0 percent greater than the 2004-05 estimate of \$233,443,000. The 2005-06 estimate anticipates conservative growth in airline fees, concessions and parking revenues, and increased fuel sales as airport activity continues to return to a more normal level.

The first table on page 71 shows Aviation revenue by major category and annual percent change since 2001-02.

Water System

Water system revenues include water sales, development fees, various water service fees, resource acquisition fees, fees paid by other jurisdictions for the operation of the Val Vista Water Treatment Plant and other miscellaneous fees. Total water system revenue for 2005-06 is projected to be \$287,350,000, which is \$30,985,000 or 12.1 percent more than the \$256,365,000 estimate for 2004-05. The 2005-06 estimate reflects modest increases in metered water sales from account growth, a 7 percent rate increase, as well as continued economic growth and from increased revenues related to the Val Vista Treatment Plant.

The second table on page 71 shows water system revenues by major category since 2001-02.



SUMMARY OF AVIATION REVENUES
(In Thousands of Dollars)

	2001-02	2002-03	2003-04	2004-05 (Est.)	2005-06 (Est.)
Airline Operation	\$ 75,815	\$ 76,223	\$ 78,910	\$ 88,410	\$ 91,062
Concessions and Rentals	106,033	113,296	120,032	129,661	132,949
Interest	8,507	5,854	6,758	7,023	6,723
Other/Federal Grants	2,086	13,754	9,357	3,675	4,925
Goodyear	1,811	1,813	1,773	2,049	2,045
Deer Valley	2,351	2,419	2,445	2,624	2,663
Total Aviation Revenue	\$196,603	\$213,359	\$219,275	\$233,443	\$240,367
Change From Prior Year	1.7%	8.5%	2.8%	6.5%	3.0%

SUMMARY OF WATER SYSTEM REVENUES
(In Thousands of Dollars)

	2001-02	2002-03	2003-04	2004-05 (Est.)	2005-06 (Est.)
Water Sales	\$174,201	\$171,472	\$179,639	\$185,464	\$208,526
Environmental Consumption Charge	10,855	11,658	15,956	20,068	24,642
Raw Water Charge	17,133	15,879	16,514	16,068	17,075
Interest	13,526	10,316	8,571	6,500	10,613
Development Fees	6,242	7,625	9,038	10,000	7,000
Combined Service Fees	1,379	1,542	1,740	3,896	5,329
Val Vista	3,623	4,104	4,690	4,428	4,540
All Other	9,125	27,725	13,898	9,941	9,625
Total Water Revenue	\$236,084	\$250,321	\$250,046	\$256,365	\$287,350
Change From Prior Year	3.6%	6.0%	(0.1%)	2.5%	12.1%





Wastewater System

Wastewater system revenues include monthly sewer service charge revenues, which are based on water consumption rates, development fees, the sale of wastewater treatment services to other jurisdictions, the sale of effluent and other miscellaneous fees. The wastewater system is expected to generate revenue of \$158,947,000 in 2005-06, which is \$6,912,000 or 4.5 percent greater than the 2004-05 estimate of \$152,035,000. The increase is primarily due to projected increases in sewer charges due to a full year's realization of the 9.0 percent rate increase implemented in early 2005, account growth and continued economic

growth. The table below shows Wastewater revenue by major category and annual percent change since 2001-02.

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2005-06 estimate of \$111,826,000 is an increase of \$5,868,000 or 5.5 percent greater than the 2004-05 estimate of \$105,958,000. The increase assumes a full year's impact of the February 2005 rate increase of \$1 and an increase in housing units consistent with the growth of the city's economy.

Civic Plaza

The majority of Civic Plaza revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 1.8 percent tax on restaurant and bar sales, construction, publishing, printing, and transportation and towing, plus a 2 percent portion of the 4.8 percent hotel/motel tax on rooms rented for 30 days or less.

Earmarked sales taxes are expected to produce \$51,270,000 in 2005-06. Civic Plaza operating revenues are expected to be \$4,836,000, parking revenue is expected to be \$3,128,000, and interest revenue is expected to be \$1,000,000, for total

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)

	2001-02	2002-03	2003-04	2004-05 (Est.)	2005-06 (Est.)
Sewer Service Charge	\$ 75,067	\$ 79,157	\$ 88,461	\$ 97,998	\$ 105,342
Environmental Charges	20,464	22,361	22,862	21,506	21,843
Development Fees	5,788	7,260	8,487	9,500	6,000
Interest	6,724	4,258	3,909	3,255	4,854
Multi-City	12,549	14,689	17,118	15,072	16,250
Other	5,505	5,009	5,968	4,704	4,658
Total Wastewater Revenue	\$126,097	\$132,734	\$146,805	\$152,035	\$158,947
Change From Prior Year	0.1%	5.3%	10.6%	3.6%	4.5%



revenue estimates of \$60,234,000. This is \$4,534,000 or 8.1 percent more than the 2004-05 total estimated revenue of \$55,699,000. The increase is primarily from increases in the earmarked sales tax categories. Tax estimates are consistent with general fund sales tax estimates for the categories included in Civic Plaza.

The table on the right shows the Civic Plaza excise tax collections since 2001-02.

Overall growth rates differ from General fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the pie chart on the right, contracting and tourism represent 91 percent of the sales tax revenue to this fund. Both industries are considered volatile; the tourism industry in particular has experienced dramatic changes in the last several years. In the General Fund, however, contracting and tourism represent only 15 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact in this fund's sales tax revenue than in the General Fund's sales tax revenue.

The growth rates anticipated for 2004-05 and 2005-06 reflect the continued improvement in the tourism industry. They also reflect a continuation of the outstanding growth in construction activity. Growth is anticipated from significant commercial construction projects such as the Civic Plaza expansion and Light Rail as well as consistent growth in the housing market.

Golf Courses

Revenue sources in the Golf Course category are greens fees and concession sales at city golf courses which include Aguila, Cave Creek, Encanto, Maryvale, Palo Verde and Papago courses. The 2005-06 estimate of \$7,281,000 is \$579,000 or 8.6 percent above the 2004-05 estimate.

**CIVIC PLAZA SALES TAXES
(In Thousands of Dollars)**

Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2001-02	\$37,281	\$ (266)	(0.7)%
2002-03	36,849	(432)	(1.2)
2003-04	40,322	3,473	9.4
2004-05 (Est.)	46,758	6,436	16.0
2005-06 (Est.)	51,270	4,512	9.6

**2004-05 CIVIC PLAZA
Earmarked Sales Taxes**

