

# CITY OF PHOENIX BUDGET FOR COMMUNITY REVIEW



City of Phoenix

## FY 2024-2025

### FY 2024-2025 Phoenix Budget: Building the Phoenix of Tomorrow

The City Manager's Trial Budget for Fiscal Year 2024-2025 is ready for public review and comment. The City of Phoenix has experienced strong growth over the past three fiscal years with continued increases in resources. However, projected deficits beginning



in FY 2025-26 will require strategic decision making to ensure the General Fund (GF) Budget is balanced and the City preserves essential services provided to residents.

The GF budget outlook for FY 2024-25 reflects a projected one-time surplus of \$80 million, representing a carry forward of prior year fund balance and savings in GF capital costs. To preserve essential GF City services and manage future projected deficits, the one-time surplus of \$80 million is recommended to be set-aside to balance the FY 2025-26 budget.

The projected deficits are due to actions taken by the Arizona State Legislative and Executive branches to reduce Phoenix's tax base. This reduction in revenue is the primary reason deficits are projected for FY 2025-26 and FY 2026-27, as presented to City Council on February 27, 2024 in the GF Multi-Year Forecast.

Senate Bill 1131 eliminates residential rental sales taxes for cities and towns, effective January 1, 2025. The estimated five-month impact to the GF for FY 2024-25 is approximately \$(18) million and the ongoing annual impact beginning in FY 2025-26 is \$(43) million. The loss of residential rental sales tax also negatively impacts Special Revenue Funds including the Public Safety Specialty Funds, the Parks and Preserves Fund and the Transportation 2050 Fund. The combined estimated ongoing annual loss is over \$(83) million to all funds.

Additionally, Senate Bill 1828 reduced individual income tax rates beginning in tax year 2022 to the current "flat tax" rate of 2.5 percent. Individual income tax collections are shared with cities and towns and is allocated to the GF.



BUILDING THE  
PHOENIX  
OF TOMORROW



# Fund PHX

The Dollars and Sense  
in Phoenix's Budget

# Phoenix Budget for Community Review 2024-25

On June 9, 2023, the State’s Joint Legislative Budget Committee (JLBC) notified the legislative membership of a significant decline in GF revenue collections, which is primarily due to underestimating the negative impact of the individual income tax rate reduction. The City receives state-shared income taxes based on actual collections from two years prior. Budget and Research staff rely on projections from the JLBC to estimate this revenue stream for budget development. The estimated negative impact to FY 2024-25, FY 2025-26, and FY 2026-27 of the less than estimated income tax revenues by the JLBC is approximately \$(36) million, \$(43) million and \$(41) million respectively, compared to projections in the GF Forecast presented to City Council on Feb. 21, 2023.

Additionally, voters recently passed the 2023 General Obligation GO Bond Program totaling \$500 million. GO Bond projects are paid for with secondary property taxes. The program includes 47 projects and will provide resources to build new and improved fire stations, parks, libraries, pools and splash pads, community centers, street and storm drain improvements and resources for affordable housing, economic development, sustainability, and arts projects. Projects are scheduled to start this summer and it is critical resources are available in the future to support ongoing operating costs to be paid for by the General Fund.

It is for these reasons the City Manager is proposing to set-aside and reserve the one-time FY 2024-25 GF Surplus of \$80 million to be used to balance the FY 2025-26 budget.

On Tuesday, March 19, 2024, a balanced City Manager’s Trial Budget was presented for Council and Community discussion along with the Preliminary Five-Year Capital Improvement Program (CIP). The CIP is a multi-year plan for capital expenditures needed to replace, expand, and improve infrastructure and systems. Additionally, the proposed FY 2024-25 Trial Budget includes 30.0 ongoing full-time equivalent (FTE) positions needed in the GF (28.0 FTE) and Non GFs (2.0 FTE), and represents conversion of existing budgeted resources for critical position needs. Funding for these positions has been identified and accounted for in department operating budgets. Details on each position can be found in the FY 2024-25 City Manager’s Trial Budget City Council Report (**Attachment A**) available at [phoenix.gov/budgetsite/budget-books/2024-25\\_Trial\\_Budget.pdf](https://phoenix.gov/budgetsite/budget-books/2024-25_Trial_Budget.pdf).

Please visit the Budget & Research website for more information about the Trial Budget and CIP at [phoenix.gov/budget](https://phoenix.gov/budget).



In November 2023, voters approved a \$500 million General Obligation (GO) Bond Program. Bond sales are expected to begin this summer, with projects starting in FY 2024-25. GO Bond projects are paid for with secondary property taxes.

**Learn more at  
[Phoenix.gov/bond](https://phoenix.gov/bond)**



# Phoenix Budget for Community Review 2024-25

## Your Feedback is an Important Part of the Budget Process

This year, staff plans to continue the important practice of seeking community input on the proposed budget with several opportunities for residents to provide feedback. Input will be received through 11 Community Budget Hearings to be held from April 2-16, at various locations within the community. Residents are invited to use the City's FundPHX interactive tool available at [phoenix.gov/budget](https://phoenix.gov/budget) or provide feedback by email at [budget.research@phoenix.gov](mailto:budget.research@phoenix.gov), or by calling 602-262-4800. Residents can also comment on the City's social media @CityofPhoenixAZ on Facebook and Twitter, using the hashtag #PHXBudget.

After the community's review, the City Manager will present a proposed budget to the City Council on May 7, 2024, and the City Council is expected to make a decision on the budget on May 21, 2024. The approved budget will take effect July 1, 2024.

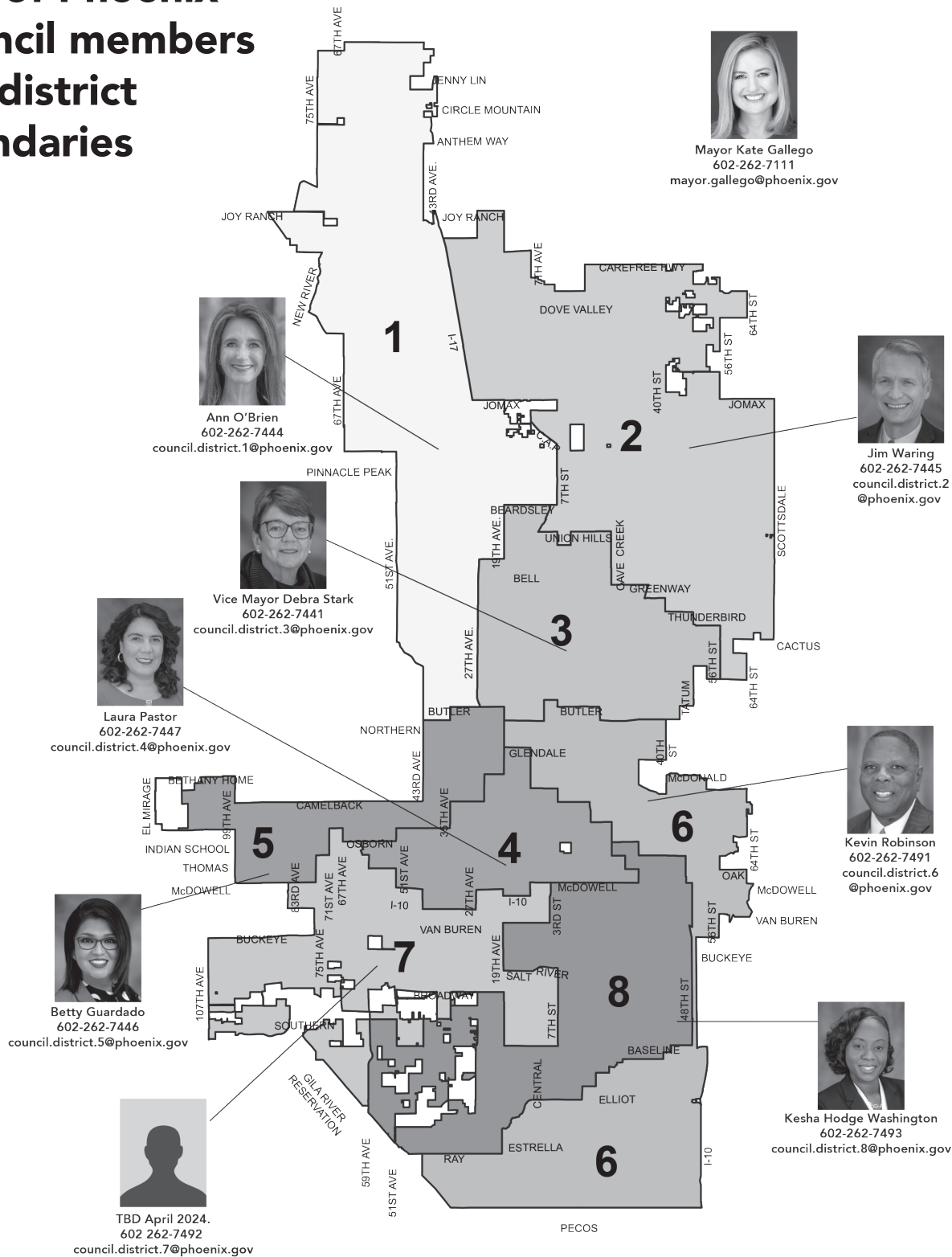


## 2024-25 COMMUNITY BUDGET HEARINGS

DATE/TIME	COUNCIL DISTRICT(S)	LOCATION INFORMATION
<b>Tuesday, April 2, 2024</b> 6:00 pm	Community-wide (virtual/in-person open to all residents)	<b>City Council Chambers</b> 200 W. Jefferson Street <a href="https://phoenix.gov/budget/hearings">phoenix.gov/budget/hearings</a>
<b>Thursday, April 4, 2024</b> 6:00 pm	D6	<b>Devonshire Senior Center</b> Multipurpose 2802 E. Devonshire Avenue
<b>Thursday, April 4, 2024</b> 6:00 pm	D4	<b>Steele Indian School Park</b> Memorial Hall 300 E. Indian School Road
<b>Friday, April 5, 2024</b> 8:00 am	D1	<b>DoubleTree by Hilton Phoenix North</b> 10220 N. Metro Pkwy E
<b>Saturday, April 6, 2024</b> 10:30 am	Community-wide – Bilingual (virtual/in-person open to all residents)	<b>City Council Chambers</b> 200 W. Jefferson Street <a href="https://phoenix.gov/budget/hearings">phoenix.gov/budget/hearings</a>
<b>Monday, April 8, 2024</b> 6:00 pm	D8	<b>South Mountain Community College</b> Library Community Room 7050 S. 24th Street
<b>Wednesday, April 10, 2024</b> 6:00 pm	D5	<b>Maryvale Community Center</b> Multipurpose 4420 N. 51st Avenue
<b>Thursday, April 11, 2024</b> 8:30 am	D3	<b>Sunnyslope Community Center</b> Multipurpose 802 E. Vogel Avenue
<b>Thursday, April 11, 2024</b> 6:00 pm	D7	<b>Desert West Community Center</b> Multipurpose 6501 W. Virginia Avenue
<b>Monday, April 15, 2024</b> 6:00 pm	D2/D3	<b>Shadow Mountain Senior Center</b> 3546 E. Sweetwater Avenue
<b>Tuesday, April 16, 2024</b> 6:00 pm	D4/D5 – Spanish-language (English interpretation services will be available)	<b>Maryvale Community Center</b> Multipurpose 4420 N. 51st Avenue



## City of Phoenix Council members and district boundaries



March 2024



The city of Phoenix fully endorses and supports the concept of equal business and employment opportunities for all individuals, regardless of race, color, age, sex, religion, gender identity or expression, national origin, disability, or sexual orientation. For more information, alternative format or reasonable accommodations, call 602-262-4805/voice or 7-1-1 Relay.

March 2024