

FISCAL YEAR
2021

BUDGET

IN

BRIEF



INTRODUCTION

The City of Peoria's annual budget is a complex spending plan made up of hundreds of funds and accounts that can be difficult to absorb even for those of us who work with it on a daily basis. Even so, we believe it is important for residents and other stakeholders to understand how the community's resources are being directed. While the budget in all its detail is always available on the City's website, we have created this Budget in Brief document to summarize the most essential elements of the City's budget. We hope you find the document to be helpful. Thank you for taking the time to become informed about the important budgetary decisions made by your City Council.



PEORIA AT A GLANCE

Incorporation:

June 6, 1954

Government:

Council-Manager

Population:

180,161

Area:

179 square miles

Credit Rating:

AAA for General Obligation Bonds &
AA for Water/Wastewater Bonds

Major Employers:

- Arizona Medical Clinic Ltd
- Brookdale Senior Living
- City of Peoria
- Fry's Food Stores
- Home Depot
- Immanuel Campus of Care
- Lowes
- Peoria Unified School District 11
- Target
- Walmart

Recreation:

Library Facilities: 2

Community Parks: 2

Neighborhood Parks: 34

Swimming Pools: 3

Sports Complex: 1

Community Lake: 1

Hiking/Walking Trails: 32 miles

Infrastructure & Utilities

Streets: 1,586 miles

Number of Active Customers:

- Water: 59,229
- Wastewater: 62,147
- Residential Solid Waste: 59,649

Water Treatment Capacity: 27 million
gallons/day

Wastewater Treatment Capacity: 16 million
gallons/day

Public Safety

Number of Police Calls for Service: 252,238

Number of Fire/Ambulance Calls

for Service: 24,900

Sworn Police Officers: 203

Sworn Fire Fighters: 194

Police Stations: 2

Fire Stations: 8

CITY COUNCIL INITIATIVES



Arts, Cultural & Recreational Enrichment

Under this initiative:

- The arts are celebrated, appreciated, supported
- We celebrate heritage and unique, diverse culture
- We encourage the community to be healthy, play, recreate every day



Economic Prosperity

With this initiative we strive to build:

- A reputation as a city of world class industry clusters, standards, and practices
- A community of sustainable high-quality jobs that keep Peoria citizens working in Peoria
- A future-ready economy with trend setting industry clusters and cutting-edge innovation



Smart Growth

This initiative includes our efforts to:

- Build community by linking distinctive destinations through strategic and sustainable land use
- Advance quality housing options throughout the community
- Preserve and protect the city's cultural and natural heritage
- Foster a strong sense of place through the meaningful integration of art, public spaces and recreational amenities



Healthy Neighborhoods

This initiative captures our commitment to:

- Engage and encourage neighborhoods to honor the cultures, characteristics and communities within
- Promote safety and cleanliness through communication, activation and healthy design
- Advocate community pride that inspires collaboration, pooling of resources and healthy social interaction.
- Enhance access to needed resources that meet basic human needs.



Superior Public Safety

With this initiative:

- Peoria is committed to providing services that keep the community safe



Superior Public Services

With this initiative, we recognize that:

- Every day, Peoria provides responsive services that are timely, available and accessible
- Dedicated, well trained and well equipped staff provide Peoria residents with reliable services
- Peoria services focus upon keeping the community safe
- Peoria delivers services in a caring, engaging, and ethical manner reflecting our compassionate approach for the people we serve
- Peoria is known for innovation and solution oriented problem solving through the use of technology and planning, providing services that are strategic
- Peoria elevates our professional image by exhibiting Leadership excellence, both within the region, and within our disciplines.



Integrated Transportation

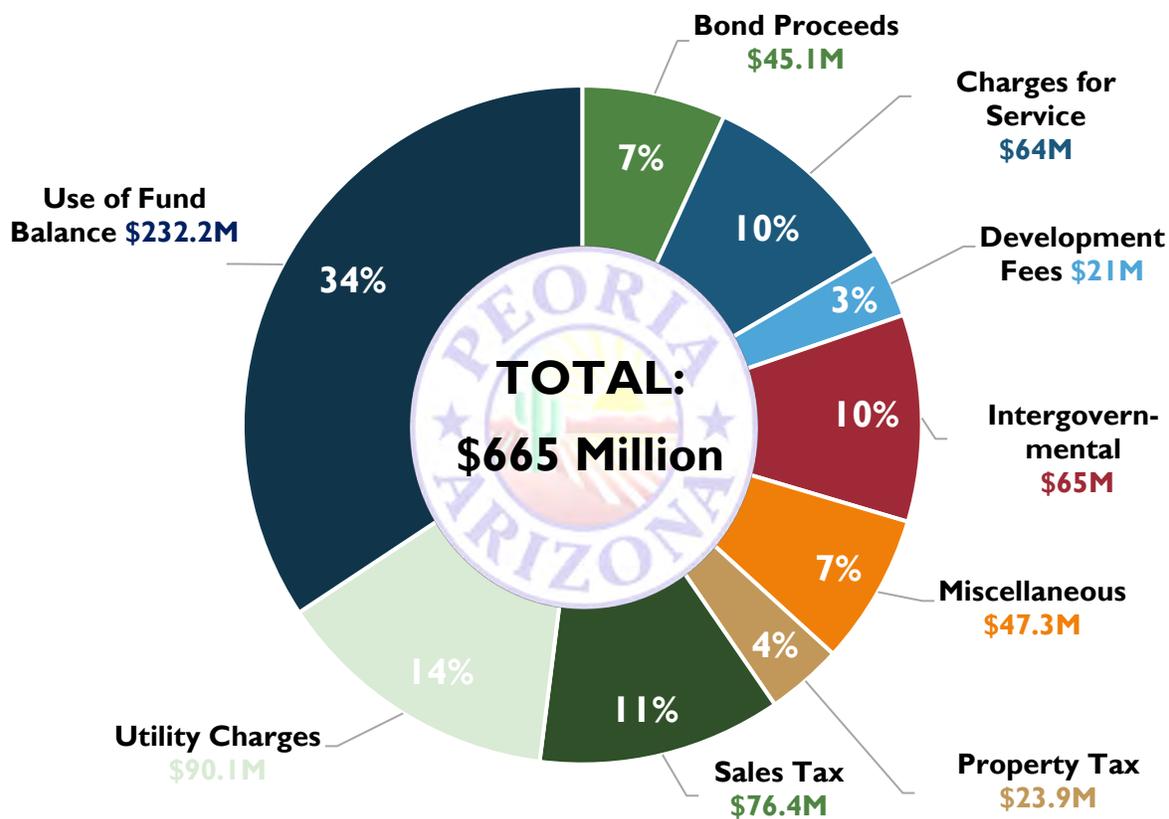
Within this initiative, we:

- Provide a public transportation system that facilitates seamless travel throughout the city
- Provide pedestrian and bicycle improvements that provide comfortable, safe, and convenient access throughout the city
- Provide transportation infrastructure that reflects excellent roadway maintenance and safety, preserving past investments for the future
- Implement technology solutions that provide advancements for all modes of transportation, providing effective networks and corridors
- Provide signature streets that identify our city's uniqueness and incorporate placemaking and identity creation

WHERE THE MONEY COMES FROM

The City of Peoria generates income, or revenue, from a host of sources, including taxes, grants, utility billings, sports program fees, and more. These revenues are deposited into different funds, similar to bank accounts. Revenue that is not reserved for a specific purpose goes into the general fund, which pays for the general operations of the city. Revenues that are reserved for a specific purpose are deposited into separate funds to ensure that they are used only for that purpose.

Citywide Revenues



Bond Proceeds - The city uses various debt instruments to finance large capital projects with estimated useful lives of 10 years or more. The proceeds from bonds and loans are deposited in separate capital project funds to pay for the costs of designing and constructing infrastructure and facilities.

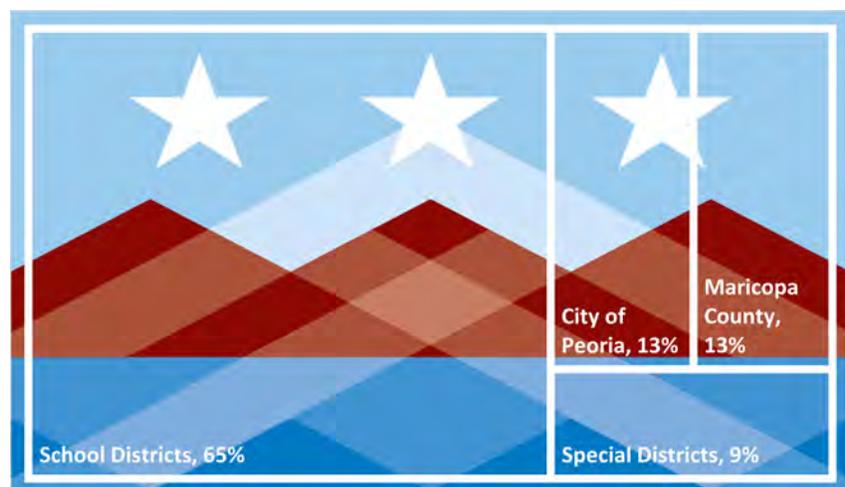
Charges for Service - This category includes charges to both external and internal customers for services rendered. Examples include recreation fees, ambulance transport charges, and interfund service charges.

Development Fees - Peoria is a growing city, and there are significant costs involved in extending infrastructure to serve new areas and in reviewing and permitting development plans. To the extent possible, the city seeks to recover the costs associated with growth through impact fees for new infrastructure and through fees charged for plan review and inspection services.

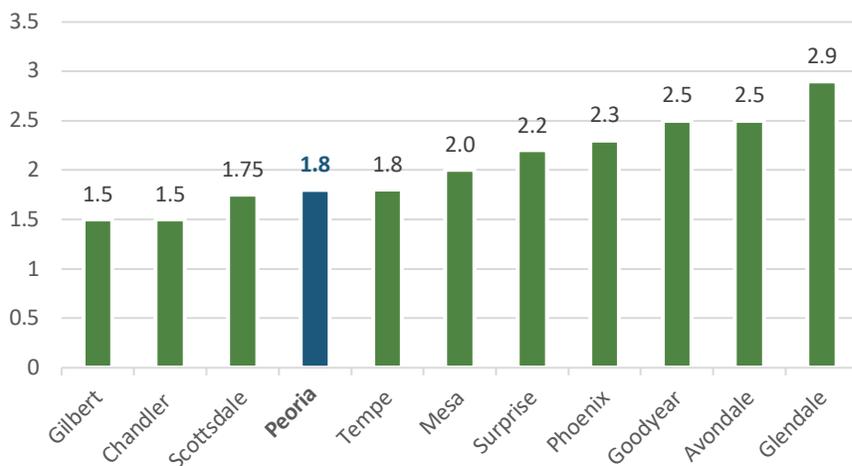
Intergovernmental - The State of Arizona distributes to municipalities based on population a portion of state sales, income, vehicle license, and gasoline taxes. Peoria's allocation of state shared sales, income, and vehicle license taxes can be used for any government purpose and are thus deposited into the general fund. Gasoline taxes, along with several other transportation-related fees, fund the state's Highway User Revenue Fund (HURF), a portion of which is distributed to cities and counties. Peoria's HURF allocation is deposited in a separate fund and used solely for street purposes. Various federal and state grants are also included in this category.

Your Property Tax Bill

Property Tax - Property taxes in Arizona are divided into a primary levy and a secondary levy. The primary levy may be used for any government purpose, whereas the secondary levy may only be used to repay debt. Peoria's primary property tax rate of \$0.29 per \$100 of assessed value will generate \$4.8 million for the general fund, while the secondary rate of \$1.15 will generate \$19.1 million for debt service. Arizona municipalities are generally less reliant on property taxes than other parts of the country.



Local Sales Tax Rate Comparison



Sales Tax - Peoria's retail sales tax rate is 1.8 percent, which compares favorably to peer cities in the Valley. Peoria's sales tax is the most important source of revenue for the general fund, accounting for 21 percent of total revenues. Sales taxes are also a volatile source of revenue, meaning that collections can swing dramatically depending on economic conditions.

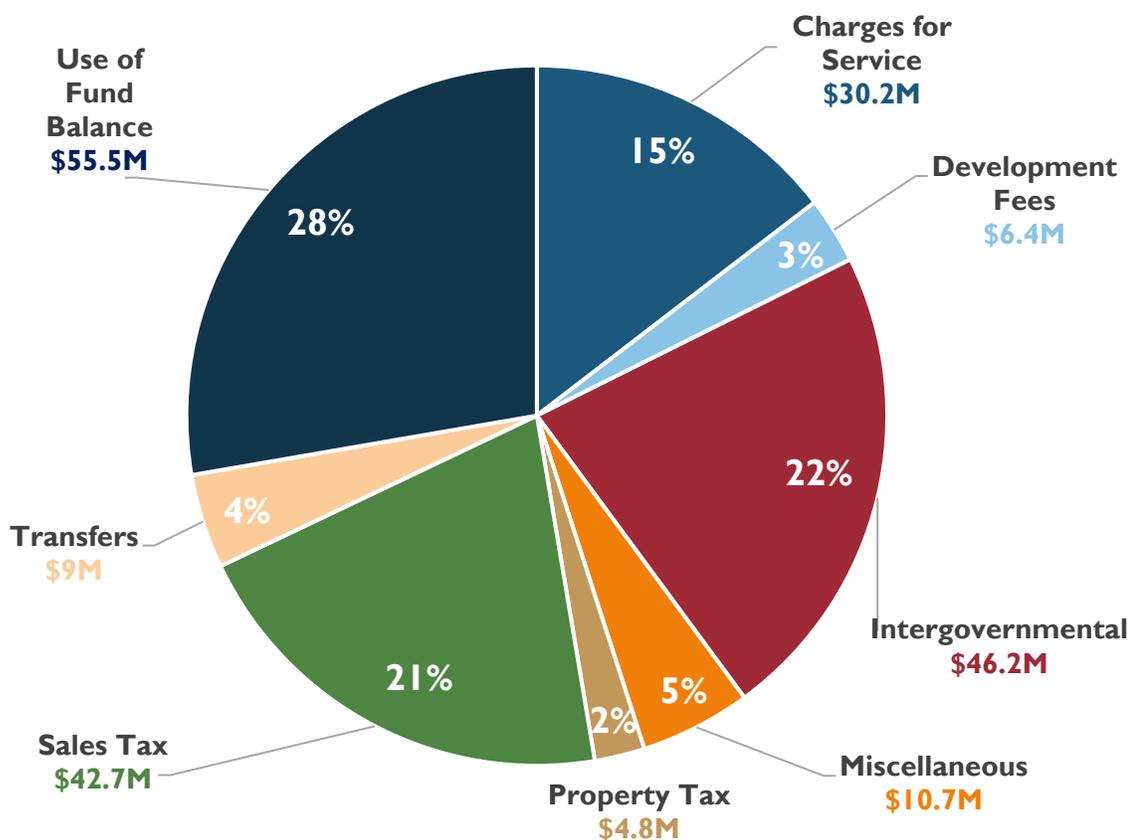
Use of Fund Balance - Revenue received but not expended in a fiscal year is added to the balance of that particular fund. Any fund balances over and above required reserve requirements is available to be budgeted and spent, typically for one-time projects.

Utility Charges - The City of Peoria operates water, sewer, and solid waste utilities. These utilities function like a private business in that they are expected to cover the costs of providing these services through charges to customers. For example, money collected from residential and commercial customers for water consumption pay to operate and maintain the city's water treatment and distribution system.

General Fund Revenues

Unrestricted revenues are deposited into the general fund, which serves as the city's checking account for the day-to-day operations of the city, including police and fire, parks and recreation, development services, and administration. Because of its size and importance, the general fund is the focus of the annual budget process. However, some of the most critical functions of the city are paid for out of other funds, including street maintenance, traffic signal operations, the Peoria Sports Complex, water distribution, wastewater treatment, and solid waste disposal.

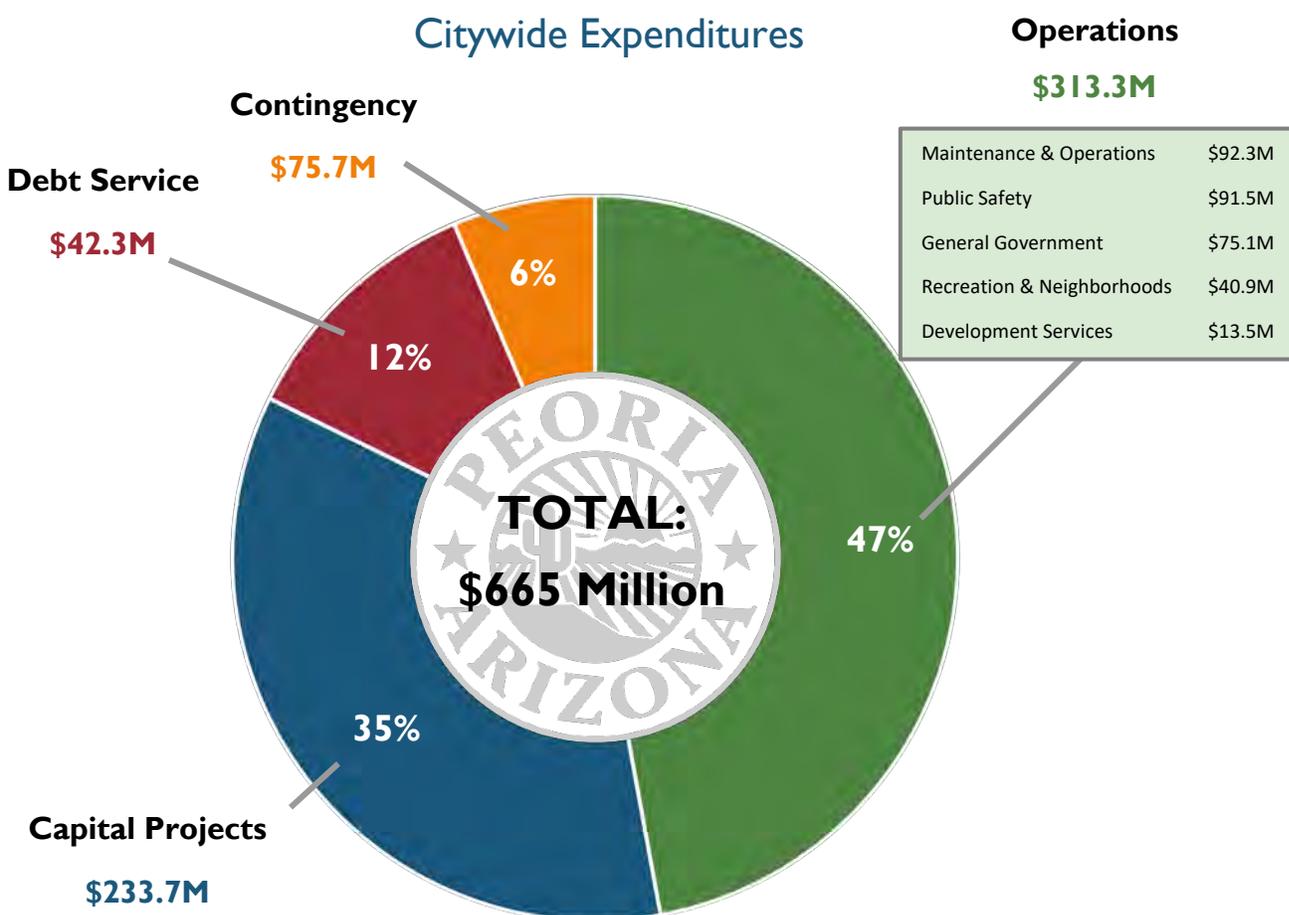
The general fund revenue picture is quite different from overall city revenues. Sales taxes and intergovernmental revenues account for a much larger share of general fund revenues than overall revenues. Sales taxes account for 21 percent of general fund revenues compared to 11 percent of overall revenues, while intergovernmental revenues account for 22 percent of general fund revenues compared to 10 percent of overall revenues. If you combine city sales taxes with state-shared sales taxes, sales taxes account for more than a third of general fund revenues, which makes this fund particularly susceptible to fluctuations in the economy.



TOTAL: \$205.5 Million

WHERE THE MONEY GOES

Peoria's budget for Fiscal Year 2021 is \$665 million. This total is made up of four major categories: (1) operations, (2) capital projects, (3) debt service, and (4) contingency. The \$313.3 million operating budget accounts for almost half of the city's budget. The \$233.7 million capital budget pays for projects like new or expanded streets, water and sewer infrastructure, storm water mitigation, parks and trails, and buildings. Principal and interest payments on outstanding debt are budgeted at \$42.3 million, or 6.4 percent of the total. Finally, the city has a \$75.7 million contingency budget for unplanned expenditures, including a major emergency or natural disaster.



Capital Projects - Each year the city invests significant resources to design and construct the infrastructure and facilities needed to deliver services to residents and businesses.

Contingency - This budget is for unplanned expenditures.

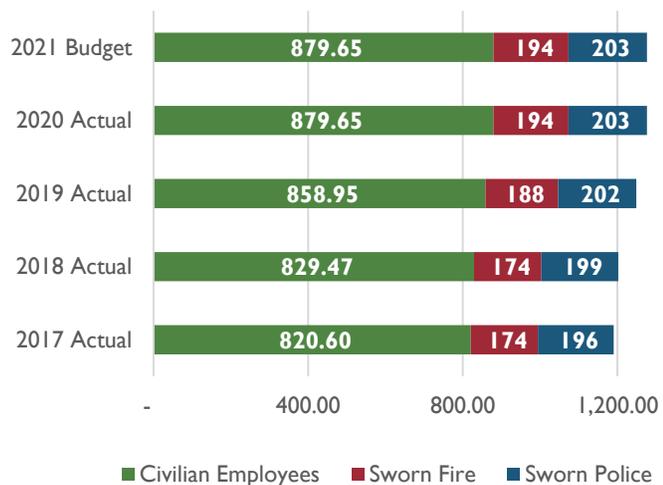
Debt Service - Peoria uses long-term debt to finance certain capital projects. This category represents the principal and interest payments on outstanding debt.

Development Services - In a growing city such as Peoria, planning the character of the natural and built environments and ensuring that development complies with applicable standards are critical functions. This category also includes the planning and oversight of capital projects, traffic management, and business attraction and retention.

General Government - This category includes all of the central support functions of the city, including the city manager's office, finance, human resources, legal, communications, information technology, etc.

Maintenance & Operations - Garbage collection and disposal, recycling, public transit, water distribution, and wastewater treatment are core municipal services common in most cities, including Peoria. Also, the city owns substantial infrastructure assets that require regular maintenance—things like buildings, vehicles, streets, traffic signals, storm drains, and water and sewer facilities

Full-Time City Employees

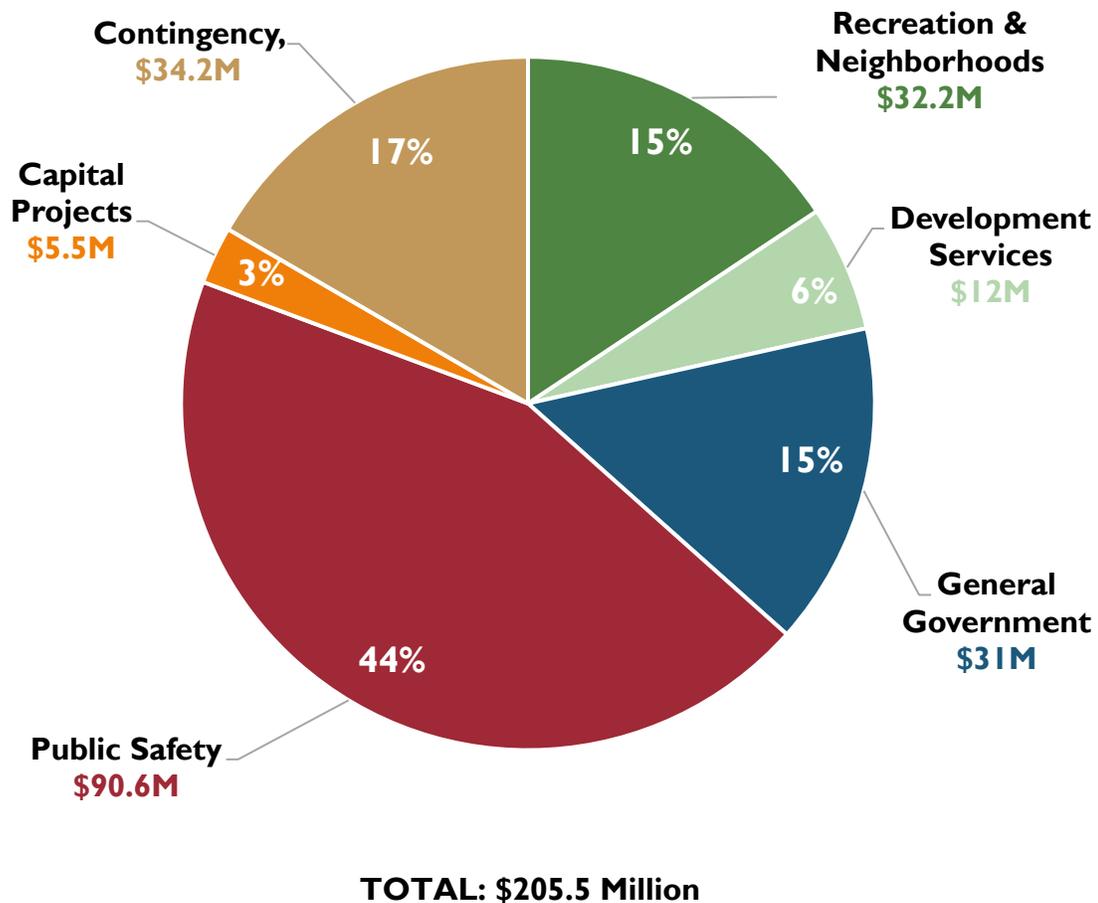


Public Safety - The Police Department and the Fire-Medical Department are committed to preserving and protecting life and property of residents with the City of Peoria.

Recreation & Neighborhoods - This category includes a host of activities that seek to enhance the quality of life in Peoria, including parks and trails, recreation programs, arts and cultural experiences, special events, adaptive programs, code compliance, neighborhood beautification, and community assistance.

General Fund Expenditures

As in the case of revenues, the general fund expenditure composition is quite different from overall city expenditures. Most notably, public safety accounts for almost half of general fund expenditures, but only 14 percent of total city expenditures. General government, community services, and development services are primarily general fund functions, whereas maintenance and operations are funded elsewhere. The general fund does not pay for any debt service, but does have a large contingency budget.



CAPITAL IMPROVEMENT PROGRAM

As we've seen, the capital improvement program (CIP) is a major component of the overall budget. Capital improvements are the "bricks and mortar" from which the city delivers services to residents and businesses in Peoria. By preventing the deterioration of existing infrastructure and by adding new infrastructure in response to growth, capital improvements help to ensure that the city can continue to provide the level of service our customers have come to expect.

Peoria's CIP is a 10-year balanced plan that addresses projects that are needed, or will be needed, across eight broad categories: (1) drainage, (2) economic development, (3) operational facilities, (4) parks and recreation, (5) public safety, (6) streets and traffic control, (7) wastewater, and (8) water. The program is balanced because we have identified funding sources based on reliable revenues to support both the capital costs and the operating costs for each project in the 10-year program. Each year, a great deal of effort goes into updating this plan to ensure not only that critical needs are being met, but also that the cost, scope and timing of all projects are coordinated.

The first year of the program is the only year that is budgeted by the City Council. This becomes the capital budget. The fiscal year 2020 capital budget includes not only newly funded projects, but also any unspent project budgets carried over from the previous year. The last nine years of the CIP are for planning purposes only; future funding is not guaranteed and the plan is subject to change. The CIP is a dynamic plan that can change significantly from year to year.

The 10-year CIP totals \$783 million. For FY2021 alone, budgeted capital projects total \$233.7 million.

FY 2021-2030 CIP by Project Type

Project Type	10-Year Total	% of Total
Drainage	\$30,196,142	4%
Economic Development	\$12,133,089	2%
Operational Facilities	\$41,001,284	5%
Parks	\$141,816,497	18%
Public Safety	\$21,911,142	3%
Streets & Traffic Control	\$152,654,812	21%
Wastewater	\$135,322,541	17%
Water	\$234,638,365	30%
Total	\$783,151,742	100%

Notable Capital Projects for FY2021

- Airnasium at Neighborhood Parks
- Fiber Optics Installation
- Neighborhood and Human Services Facility Refurbish
- Pool Renovation and Refurbishment Program
- Solid Waste Remodel
- Stadium Improvements (AZSTA)
- Terramar Drainage Modifications

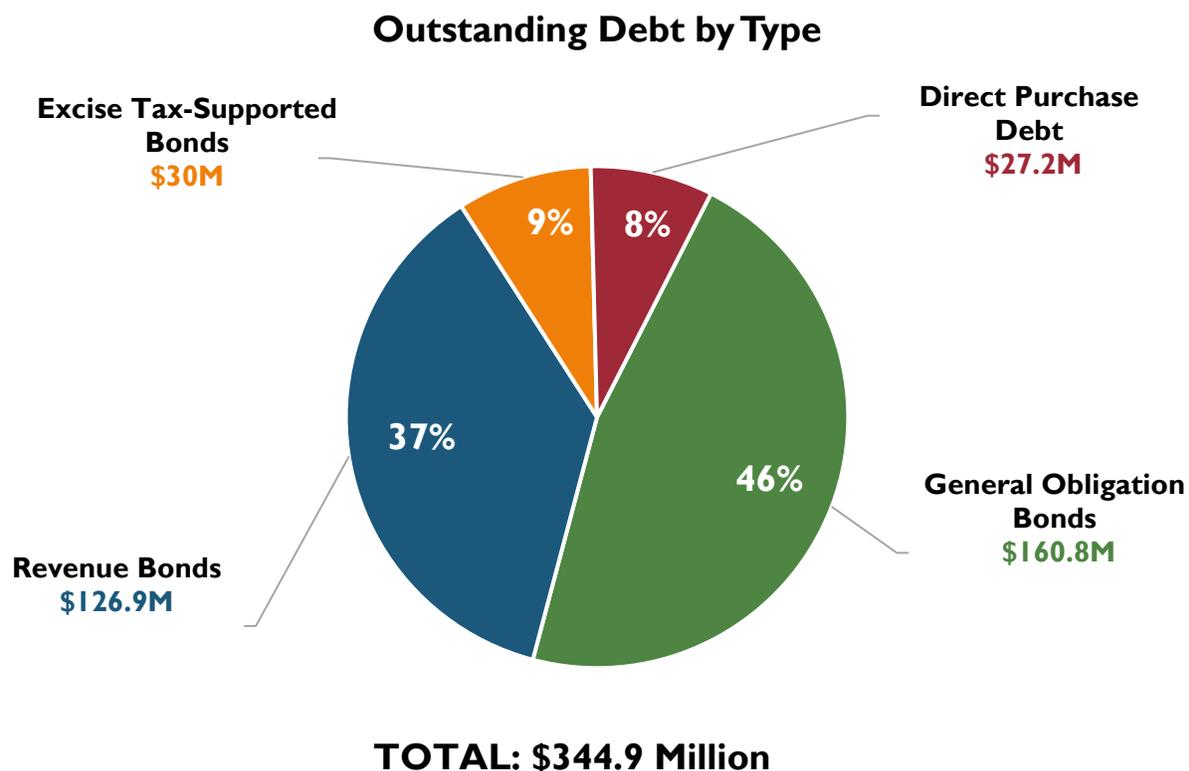
DEBT SERVICE

The city uses debt to finance capital projects with long useful lives. Financing capital projects with debt ensures that today's taxpayers don't bear the entire cost of projects that provide benefits over many years. The city only issues debt where the repayment period does not exceed the useful life of the asset.

The most common debt instruments used by the City of Peoria are general obligation bonds and revenue bonds. General obligation bonds are guaranteed by the full taxing power of the city and are retired from secondary property taxes. They carry the lowest risk to investors and thus the lowest interest rates. Revenue bonds are used to finance a revenue-producing facility such as a water treatment plant. The bonds are secured by revenues produced by the facility for which they are issued. They represent a higher risk to investors and thus carry higher interest rates. Other, less common debt instruments used by the city include direct bank loans and excise tax-supported debt.

In May 2019, Peoria issued \$33.1 million in new general obligation bonds, \$20 million of which is for Paloma Community Park. With this latest issue, the city has \$160.7 million in general obligation debt outstanding. The city intends to sell an additional \$23.1 million in general obligation debt sometime during FY 2021.

Credit ratings are an important indicator of the city's overall financial position and management practices. Strong credit ratings help the city obtain favorable interest rates on debt issuances and thus generate considerable savings for Peoria taxpayers. Peoria continues to demonstrate strong financial standing as it relates to the city's general obligation credit, stable tax base, consistently strong reserves, and sound financial management policies. As such, Peoria is rated Aa1 for G.O. Bonds and Aa2 for water and wastewater revenue bonds respectively according to Moody's.





CITY COUNCIL

Cathy Carlat, Mayor

Michael Finn, Vice Mayor

Bill Patena, Councilmember

Bridget Binsbacher, Councilmember

Denette Dunn, Councilmember

Jon Edwards, Councilmember

Vicki Hunt, Councilmember

City Hall

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General Information

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Visit our website at:

www.peoriaaz.gov