

TOWN OF ORO VALLEY ANNUAL BUDGET FY 2022-23



Photo by: John Byerly



ORO VALLEY, *it's in our nature*

ANNUAL BUDGET 2022 – 2023



Community Vision

Oro Valley strives to be a well-managed community that provides all residents with opportunities for quality living. Oro Valley will keep its friendly, small-town, neighborly character, while increasing services, employment and recreation. The Town's lifestyle continues to be defined by a strong sense of community, a high regard for public safety and an extraordinary natural environment and scenic views.

Mission

Govern efficiently, inclusively and responsively to promote community health, safety and a sustainable quality of life for residents, business and visitors.

Organizational Values

We are strongly committed to:

- Honesty, Integrity, Trustworthiness
- Openness, Accountability, Transparent Government
- Respect for Diversity
- Creativity, Teamwork and Continuous Improvement
- Excellent Service

FY 2022/23 Adopted Budget

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Budget Document Guide

The budget document seeks to implement the Town of Oro Valley’s adopted General Plan and Strategic Plan within the boundaries of its available financial resources. The budget is a policy document, financial plan, operations guide and communication device.

The purpose of this guide is to provide the reader with some basic understanding on the organization of the budget document and what is included in each of the sections.

The budget document is comprised of the following five major areas:

Introduction

The introduction section includes the Manager’s budget message, a “Know Your Town’s Budget” synopsis document, a community profile and town history, the Town’s Strategic Leadership Plan, General Plan, financial policies, fund structure and the budget process.

The Manager’s budget message provides an introduction to the budget. The message outlines the assumptions used in the development of the budget, goals for the upcoming fiscal year, any new program enhancements or changes in service levels, and any challenges for the upcoming year.

Also included is a budget synopsis or “snapshot” document called “Know Your Town’s Budget”, a community profile containing interesting facts about the town, and a history of the town. The section also includes information on the Town’s elected officials, an organization chart, elements of the Town’s General Plan and Strategic Plan, financial policies of the Town and the budget development process.

Financial Overview

The financial overview section illustrates the total financial picture of the Town, sources and uses of funds, as well as types of debt issued and their uses.

The financial overview begins with the total sources and uses of funds. Summary tables and graphs depict revenue sources and expenditure categories.

Consolidated financial summaries and schedules provide a look, by major fund levels, at the sources and uses of funds, beginning and ending fund balances, and explanations of variance in these balances.

The revenue and expenditure section provides a detailed history of sources and uses both at the fund level and the program level. It also contains a section on revenue sources which discusses their use, assumptions used in forecasting, and anticipated growth. The expenditure section includes an explanation of year-over-year changes in expenditure categories.

The personnel summary provides an overview of personnel and employee compensation, staffing levels, employee benefit matching rates, FTEs per capita and consolidated personnel schedules.

The debt section provides an overview on the types of debt issued by the Town, their uses and future debt requirements.

The long term forecast discusses the broader economic outlook for the Town and includes five-year forecasts of the Town’s General Fund and Highway Fund.

Department Budgets

The department budget section contains the operating piece of the budget document. Specifics on types of services offered, along with associated costs and revenues are found in this section.

Each department budget begins with a department overview. Organizational charts and summary budget schedules are shown for departments with multiple funds, divisions or program areas. Department budgets also contain the following information:

- Accomplishments: Highlights achieved by departments in the previous fiscal year.
- Council Focus Area(s) and Objective(s): Tie to the Town's Council-adopted Strategic Leadership Plan and adopted General Plan
- Performance Measures: Performance indicators that assess progress towards Strategic Leadership Plan or General Plan goals and objectives.
- Departmental Budgets: Larger departmental budgets are divided into program areas. The program areas give a brief description of each program and the service provided. Department and program budgets include data on personnel, expenditures by category and explanations on variances between budget years.

Capital Improvement Program (CIP)

The capital improvement section contains information on the projects budgeted in this fiscal year and their operating impacts on the budget.

The capital improvement section describes the process and timeline for compiling the CIP budget, a summary of revenue sources to support the program, and a ten-year CIP plan.

It also includes a description and justification for each of the projects budgeted and their future operating impact.

Appendix

The appendix section contains several additional documents pertaining to the budget and a glossary of terms.

The appendix section contains the resolution adopting the budget, Auditor General Statements and a glossary of frequently used terms.

Budget Message



Mary Jacobs, Town Manager

It is my privilege to present the Town of Oro Valley balanced budget for Fiscal Year (FY) 2022/2023. This budget totals \$147.7 million, representing a decrease of \$14.3 million, or 8.8 percent lower than the adopted FY 21/22 budget of \$162 million. The General Fund budget totals \$53.1 million, a 9.7% decrease from the FY 21/22 budget of \$58.9 million. This decrease is primarily attributable to a one-time, \$27 million contribution to the Town's Public Safety Personnel Retirement System (PSPRS) unfunded pension liability from last year's budget, a policy decision made by the Town Council in April 2021 that resulted in the Town achieving 100 percent funding for its police pension program. Substantially higher sales taxes and state shared revenues budgeted for FY 22/23 partially offset this decrease, as further discussed below.

The impact of the pandemic continues to be felt both individually and collectively across the region, nation and world. Coupled with the instability related to the Russian invasion of Ukraine and growing concern of a pending economic recession, the Town has been mindful to continue its conservative forecast of revenues, particularly in areas considered discretionary, that are often the first things families reconsider when costs increase. Sales taxes for FY 22/23 are 16.2 percent higher than the prior fiscal year budget, largely reflecting the impacts of inflation. This budget continues to provide the high levels of service our community has come to expect and enjoy, including exciting opportunities ahead with regard to significant additional recreational amenities that will expand offerings we can provide to both residents and visitors.

The FY 22/23 Adopted Budget reflects the following overarching themes:

- Notable operating cost increases across all departments
- Additional personnel to meet growing service demands
- Robust capital investment strategy utilizing Parks and Recreation \$25 million bond proceeds and other one-time revenues
- Funding annual step and merit increases as well as changes to the Town's classification and compensation pay plan to ensure the organization can continue to attract and retain quality employees

The increases in ongoing personnel and operations and maintenance (O&M) costs remain at levels staff are confident can continue to be supported in the future, even if there is an economic downturn.

LOCAL, STATE AND NATIONAL TRENDS

Heading into FY 22/23, the Town remains cautious due to potential unpredictable events that could have notable economic impacts moving forward. While unemployment is lower than at almost any other point in modern history and the economy has been growing at the fastest pace since 1984, the Federal Reserve Board has been taking action to combat inflation by raising interest rates, which will likely create headwinds for future economic growth. In a recent report issued by the U.S. Department of Labor, the nation's inflation rate continues to rise at a record-setting pace and hit a 12-month rate of 9.1 percent in June 2022. While the 9.1 percent rate is the U.S. overall average, Mountain West states that include Arizona, Colorado, Idaho, Montana, Nevada, New Mexico and Wyoming saw inflation increase at 8.8 percent.

Economists widely believe that over the next year, the country will continue to recover from the pandemic-induced slump of 2020. Consensus is that the economy will likely expand by somewhere between three and four percent during this time. While that would represent a slowdown from 2021, in the decade before the pandemic, the annual rate of growth never reached three percent, so it would represent overall strong economic conditions.

Arizona continues to remain well-positioned to outpace most states in jobs, income, and population increases. The outlook for the state economy is positive, with the baseline forecast calling for strong job growth in 2022 and 2023, and continued solid population gains. In contrast to solid job and population gains, income and sales growth will likely decelerate throughout 2022, which reflects the end of federal income support related to the pandemic as well as the

impact high inflation is having on the overall economy. Nominal gains will likely remain positive, but inflation-adjusted income and sales are expected to decline towards the end of the year.

These figures indicate that much of the economic damage that the pandemic wreaked has been repaired, but also that there is still plenty of scope for further gains in the months and years ahead. The optimistic predictions for growth are based upon extrapolations from recent experience—in this case, high levels of spending, strong hiring, and continued pent-up demand—with appropriate adjustment. The trends could be impacted by known variables including COVID-19, inflation, and world events impacting supply chain and availability of resources.

While there are several areas of key consequence whose severity and duration are difficult to predict and which could have a major impact on economic performance, overall, the coming fiscal year is expected to be one of growth and good news for Oro Valley. However, the economic outlook depends in part on national economic performance. Arizona is generally expecting to see solid overall economic growth, while income and sales growth decelerate throughout 2022.

MAJOR BUDGET CHANGES EXPLAINED

O&M Cost Increases

The Adopted Budget reflects a decrease of 42 percent in O&M costs attributable largely to the removal of the one-time \$27.6 million contribution budgeted and funded in FY 21/22 to the Town's Police PSPRS unfunded pension liability. However, inflation, supply chain delays and the impact of overall supply/demand issues have been reflected in the Adopted Budget and are offsetting some of that overall decline. Departmental budgets include higher-than-usual annual increases in areas such as gasoline, public safety equipment, field supplies, technology, professional services and more across the organization.

Capital Investments

Costs for capital projects have been projected conservatively and are higher than predicted just a year ago. The Town's experience, as well as that of our regional and state counterparts, is that availability of contractors and subcontractors is unpredictable and continues to significantly impact the cost of capital investments. The Recommended Budget includes additional project contingency funds budgeted in the Capital Fund, Water Utility Fund, and Community Center Fund to ensure capital projects can still move forward if the Town's updated estimates do not align with future market conditions.

In keeping with the Town Council's financial policies, the Adopted Budget includes a transfer of \$13.5 million in excess reserves to the Capital Fund to fund capital projects included in the current and future year budgets. The transfer includes \$10 million in American Rescue Plan Act (ARPA) dollars that do not have restrictions but must be spent or otherwise encumbered no later than December 31, 2024.

New Positions

The Town has been very conservative in adding new personnel over the past five years, but workload increases have necessitated the addition of nine new full-time and four part-time positions.

Public Safety – Most significant is in the Public Safety realm with a total of five full-time positions and one part-time position. The Town has been able to use state Smart and Safe funds generated from the legalization of marijuana (\$325,000 in FY 22/23) and an estimated \$100,000 from the recent national opioid settlement (per year for 18 years) to fund most of these positions.

The Adopted Budget includes an additional two police officers in the Police Department and a civilian public information officer (PIO), which will then free up a sergeant position currently assigned to PIO duties to resume full-time policing work. An additional telecommunicator position has also been added. These four positions will allow the Police Chief to keep up with increases in calls for service in the community, help support the new Pima Regional Critical Incident Team and academy counselors, reduce overtime use in telecommunications to reach minimum staffing levels, and maintain overall response rates.

The recent changes in state law regarding marijuana use and other process changes at the Pima County Attorney's Office have also resulted in an increase in misdemeanor cases getting processed through the Town Court. An additional prosecutor has been added to the Legal Services Department to ensure cases being referred by the Police to Town Court can be prosecuted in a timely fashion. There is also a new part-time probation compliance officer proposed in the Town Court to assist in addressing ongoing compliance-related requirements.

Administration – The Adopted Budget includes a procurement specialist position to assist the two-member Procurement team with the considerable work required to support the large list of capital projects and more effectively search for vendors, shared contracts and other sources in a challenging and competitive market. In Innovation & Technology, an additional IT technician is necessary to support the growing use of technology in the organization's operations, with special emphasis on the needs of the Police Department.

Parks and Recreation – In Parks and Recreation, two new part-time positions (lifeguard supervisor and fitness instructor) will support increased hours and expanded fitness classes at the Aquatic Center, with costs offset by additional revenue. An additional parks maintenance worker has been added to provide the capacity to supervise another Department of Corrections inmate crew to cost effectively address maintenance needs in outlying areas, the trail system and landscaped public rights-of-way. An additional park monitor will help cover after hours and special events at Town parks as they continue to grow post-pandemic.

Public Works – The Adopted Budget also includes an additional fleet mechanic that will more effectively utilize the renovated third maintenance bay, improving service and preventative maintenance on the Town's fleet while reducing external contract costs.

Staff Retention and Attraction

The pandemic has impacted worker movement, salaries and benefits across many sectors. The "Great Resignation," as it has come to be known, has resulted in 2021 holding the highest average number of workers who quit their jobs—almost four million across the nation. Oro Valley has not been immune to this trend, although the Town has fared better than other organizations. The state minimum wage laws and now the voter-approved City of Tucson minimum wage initiative have and will continue to increase wages for entry level workers in the region. Companies are out-bidding for talent across multiple industries.

As a service-based organization, recruiting and retaining top talent is foundational to the Town's ability to provide quality public services. As such, the Town finalized a comprehensive classification and compensation study that adjusted employee pay grades to remain competitive. The new pay plans have been adopted by Town Council, and the Adopted Budget includes \$2.6 million for implementation. The budget also includes funds to continue normal step increases and a salary adjustment for all eligible Town employees.

The Town continues to perform well in its employee health self-insurance fund. With an ongoing emphasis on wellness and early detection, Town employees and their dependents are not only well served with outstanding health plan choices, but they are taking steps to remain healthy. As a result, the Town will not need to increase employee-only health premiums for FY 22/23 for the third year in a row, an anomaly in the health benefit arena today. Dependent premiums are moving slowly to a universal 75 percent contribution by the Town, a process that will conclude next fiscal year. The Town's benefit advisor has expressed that the self-insurance fund reserves remain very healthy and are more than adequate to address any unexpected claims.

SUPPORTING THE TOWN COUNCIL FY 21/22 – FY 22/23 STRATEGIC LEADERSHIP PLAN

Foundational to the work of Town staff and resources is the leadership direction of the Mayor and Town Council. In addition to the day-to-day work of good government like responding to emergency calls, conducting building inspections, processing business licenses, and ensuring residents and visitors have quality water, the elected body sets a robust number of two-year priorities for further emphasis. These priorities reflect the following overarching strategic focus areas:

- Economic Vitality
- Recreation and Culture
- Public Safety
- Roads, Water and Town Assets
- Land Use and Design
- Efficient and Effective Government
- Financial Stability and Sustainability

The Town of Oro Valley has a demonstrated history of responsible budgets, strong reserve funds, conservative financial projections and continuous improvement. The FY 22/23 Adopted Budget continues to build upon that foundation and is structurally balanced, meaning one-time revenues are used for one-time investments—not for supporting ongoing operations. Department directors continued their practice of being prudent in making budget requests necessary to support operations and collaborated fully to ensure the budget was balanced.

Strategic Investments

The Adopted Budget includes funds that support the Council's Strategic Leadership Plan priorities and focus areas.

Economic Vitality –The adopted Community and Economic Development (CED) budget focuses on supporting the department's shift from OVSafeSteps to OVNextSteps, amending Town Codes in response to emerging consumer buying habits and making Oro Valley more business friendly. The department will also be prioritizing actions that identify and recruit high-quality primary employer prospects, developing strategies to incentivize entrepreneurial opportunities for start-up and home-based businesses. The budget includes \$25,000 to conduct a retail market assessment, which will help the Town target specific retailers in the future to help fill vacant spaces. In addition, the Town will continue to partner with the Oro Valley Chamber of Commerce to conduct the annual business summit.

Starting January 1, 2021, the Town Manager transferred the tourism function to CED. With a recent vacancy, the Town has recruited a tourism specialist and will broaden its own attraction efforts to augment what Visit Tucson is doing as part of the Town's annual destination marketing contract. Next year's budget includes \$75,000 to begin implementation of the newly developed Oro Valley-centric visitor attraction and marketing strategy.

Recreation and Culture – The Adopted Budget continues to focus on (1) investing and maintaining high quality parks, recreation, and trail facilities, and (2) providing residents with multigenerational recreation and cultural programs and events. Of note is the robust investment in Naranja Park, which includes additional multi-purpose fields, a splash pad, pickleball courts, a basketball court, skate park and pump track. A groundbreaking ceremony was held in May 2022, with grading and utilities as the first step, followed by construction of the next phase of amenities, which will be finalized this fall.

The Town Council recently added a new objective to its Strategic Leadership Plan related to the transfer of the former Vistoso Golf Course from The Conservation Fund to the Town in July 2022. The Adopted Budget includes funds to make safety improvements to the property, reopen restrooms, and maintain the property year-round. Property master planning will also take place to include significant community input, which will be the foundation of future investment priorities.

One of the most visited recreation properties, Steam Pump Ranch will see additional investments in the coming fiscal year starting with the completion of the Garage renovation. The Recreation and Culture Division will move into the building shortly thereafter and begin expanding the programming for area residents, including targeted programs for seniors. Restoration of the BBQ and Bunk Houses, as well as the swimming pool demolition, will also see further progress toward the eventual completion of the master plan and will facilitate expanded access for new programs and events.

During the pandemic, the Aquatic Center was one of the only public pools open in the region and the facility enjoyed more and more users. As programs expand, the additional part-time staff will support the pre-pandemic operating hours and facilitate an increase in aquatic fitness classes, offset by additional revenues. The Town

has gradually been making lifecycle replacements to the facility, and the Adopted Budget includes funds to add upgraded filtration and sanitization systems that will have an overall improved water quality for swimmers while at the same time reduce chemical usage.

The Town is projecting that the golf operation will end the fiscal year virtually break even for the first time since the Town acquired the property. As resources in the Community Center Fund are freed up, the fund can now accommodate needed repairs and upgrades to the golf courses, tennis courts and buildings. The Adopted Budget includes the completion of the Conquistador irrigation replacement and the start of the Cañada Course, with the final \$2 million planned for FY 23/24. Also included are some additional post-irrigation Conquistador Golf Course improvements, such as changing the greens from bent grass to Bermuda grass, turf reduction around the greens, and lifecycle replacement of bunker sand as well as re-grassing the driving range floor. ADA improvements to both the Community Center and Pusch Ridge tennis/golf building are also budgeted, as well as the 10-year resurfacing of the Pusch Ridge tennis courts.

Public Safety – The Adopted Budget continues to prioritize funding for the health, wellness, and safety of the Town’s first responders. Safety for the community and staff includes additional training and up-to-date equipment. Looking to the future, succession planning is also a priority, which involves training and recruitment. The Police Chief continues to make minor organizational changes to increase efficiencies and focus policing resources on data-driven needs, including Pima Regional Critical Incident Team and academy needs.

Part of the overall public safety ecosystem includes the Town Court and Legal Services. The additional personnel investments in these two departments will help ensure the Town follows up with the prosecution of crimes that the Pima County Attorney opts not to accept, further contributing to the overall safety of the community. The Adopted Budget also includes \$200,000 to design building improvements at the Town Court to address lobby deficiencies and space constraints for confidential discussions among prosecutors and defense attorneys that will improve the overall efficiency of the Court operations. Once designed, improvements will be budgeted in FY 23/24.

Roads, Water and Town Assets – The Adopted Budget includes resources to continue funding the Town’s highly successful pavement management program at \$1.8 million to ensure the Town continues to maintain its overall pavement condition (OCI) index of 76. As roads continue to age, these investments are crucial to managing long-term pavement investments. Several major road repairs are included, which are noted below under the capital overview.

The Adopted Budget for the Water Utility operating fund increased by 5.4 percent from FY 21/22. This increase is primarily due to increases in Central Arizona Project (CAP) water resource costs related to the Colorado River Tier 1 shortage. Due to extraordinarily high costs and long lead time for materials, construction of the partnered portion of the Northwest Recharge, Recovery and Delivery System (NWRDRS), a partnership with the Town of Marana and Metro Water District, has been delayed to future years. The transfer to the Impact fee fund was reduced \$4,120,000 from the recommended budget. The NWRDRS project is a multi-year project that, when completed, will allow the Utility to increase utilization of the Town’s CAP water allocations in the future. The Town is moving forward with the independent portion of the project. In total, for FY 22/23 the Water Utility has budgeted \$4.5 million for CAP water and \$1.7 million for the NWRDRS project. Of the \$1.7 million budgeted for the NWRDRS project, \$660,000 is funded from Water impact fees.

In addition, maintaining Town facilities remains a continuing priority. The Facilities Division of Public Works includes \$463,000 for a variety of smaller projects not included in the Capital Fund, such as roof repairs, facility painting, ADA improvements and flooring replacement. These projects are tasks identified in the Facilities 10-year Maintenance and ADA Plan.

There are three bridges that require deck surface improvements, one of which was in the FY 21/22 budget; however, due to the unprecedented increased construction costs, and since the deck issues are more aesthetic and maintenance-related than structural, the bridge resurfacing will be deferred. Staff will pursue regional/federal funds via the Bipartisan Infrastructure Law, which includes funds for the Bridge Formula Program. This competitive program requires detailed information; hence the Town will perform design concept reports that will address the deck issues and recent cost estimates in preparation for the upcoming applications. In the

meantime, the Adopted Budget includes \$60,000 for ongoing maintenance of the three bridges until a more permanent solution is identified. The Grants and Contributions Fund has \$1.6 million in additional capacity included for potential grants of this nature, and other opportunities that may come up during the year.

Also in the Grants and Contributions Fund is a placeholder for a potential \$3.3 million grant for the Arizona Broadband Development Grant project. If the Town is awarded the grant, this project will establish a fiber optic network owned and managed by the Town of Oro Valley that encourages competition by private internet service providers to improve services to residents and business while connecting Town assets. This project will establish 26 miles of fiber to improve competition and connectivity in the Town targeting areas that are unserved or underserved. The Adopted Budget includes a transfer of \$900,000 in excess reserves to serve as current and future grant matches.

Land Use and Design – From a land use perspective, the Adopted Budget includes funding for studies related to housing, code amendments, recreation amenity requirements, and other topics related to community development. Staff will complete an analysis of Town codes and ordinances to ensure the design standards maintain the unique character of Oro Valley while also providing for a variety of architectural concepts that integrate with and enhance the community. In addition, a Housing Study will help determine the types of residential opportunities necessary to successfully promote a thriving and diverse economic base. Staff will review the Town’s outdoor lighting code for potential improvements. Staff will also conduct an analysis of recreation amenity requirements for residential subdivisions and recommend updates that will prioritize larger neighborhood area parks and amenities as outlined in the Parks and Recreation needs assessment. Finally, the budget includes funds to complete the Rooney Property Master Plan that considers opportunities for economic growth, retention of open space, and potential future municipal uses of the 109 acre property on Oracle Road donated to the Town in late 2020.

Efficient and Effective Government – The Town continues to gain momentum applying Peak Performance process improvement tools to daily tasks and projects. These tools, training, and methodologies touch all Town departments. Resources are again budgeted to continue the highly effective OV Peak Performance process improvement initiative for FY 22/23. As of July 2022, the Peak Performance initiative has implemented 29 process improvement projects across the organization in FY 21/22, which will result in a projected annual savings of \$119,224 in ongoing time and materials. By utilizing process improvement tools, teams throughout the Town can set goals and daily targets for their work, track and measure successes and opportunities, and generate ideas for improvement. Town employees are learning to be aware of how current job processes affect the value that is delivered to both internal and external customers. Their focus is on how to improve the processes they work with every day and in turn, employees are encouraged to consistently try to improve value through innovative new ideas.

Financial Stability and Sustainability – As noted earlier, the Adopted Budget includes a transfer of \$13.5 million in excess reserves to the Capital Fund, giving that fund a healthy balance to fund Council priorities as well as normal maintenance and replacement projects. As part of the Town’s continued strong record of financial management, the Adopted Budget also includes a transfer of \$5.4 million in federal ARPA funds to the Water Utility for use toward the NWRD project. This portion of the Town’s allocation has restrictions for use, and the NWRD project qualifies. By using these resources for the project, the Utility will avoid the considerable costs associated with borrowing funds for the project. The Town Manager will present a formal action to the Council post budget adoption to memorialize the agreement, which will include a payback schedule to the Capital Fund. Staff will also complete the buildout analysis with financial projections next fiscal year as a joint project between Finance and Community and Economic Development.

Other Regional Partnerships

The Adopted Budget includes funds to continue the Town’s partnerships with the Oro Valley Chamber of Commerce (\$42,500), the Oro Valley Children’s Museum (\$75,000), the Southern Arizona Arts and Cultural Alliance (\$25,000) and the University of Arizona Center for Innovation at Oro Valley (\$30,000). Funding for the Town’s destination marketing organization, Visit Tucson, has been budgeted at a continued \$410,000 in FY 22/23, reflecting higher bed tax collections since the annexation of the Westward Look resort in April 2021.

In addition, the Adopted Budget also includes funding from the Stormwater Utility Fund to support regional floodplain management activities related to wash improvements. Specifically, the Mutterer Wash area near Greenock Drive and Oracle Road as the wash makes its way into the Cañada Del Oro Wash. The confluence of several washes meets at this location with the Pima County Regional Flood Control District managing the Rooney and Cañada Del Oro Washes. In partnership with the Federal Emergency Management Agency (FEMA) and Pima County, the Stormwater Utility has funds budgeted to develop a set of alternatives to alleviate the continued maintenance and management of this area. The Stormwater Utility continues to leverage partnership opportunities to perform floodplain maintenance and repair projects.

With the Town's partnership with the Regional Transportation Authority (RTA), the Adopted Budget provides the necessary local match to acquire five replacement busses for the Sun Shuttle Dial-a-Ride system. The transit system ridership is experiencing significant growth, and the \$110,000 match will facilitate the purchase of more than \$491,000 worth of vehicles through the ADOT grant program. An increased reimbursement rate from the recently passed IGA will offset the increase in transit wages.

CAPITAL INVESTMENTS

Capital Fund

With more than \$250 million in Town assets, continuing investments in existing infrastructure is vital. The Town Council's financial policies include a requirement that the Town set aside at least five percent of sales tax revenues for the Capital Fund annually, budgeted at \$1.3 million for FY 22/23. The Adopted Budget also includes a transfer of \$10 million in ARPA funds from the General Fund to the Capital Fund. Expenditures in the Capital Fund total \$28.9 million for FY 22/23, which includes a substantial portion of the \$25 million in bond proceeds approved by the Town Council in September 2021 for investments in Naranja Park, exterior improvements to the Community Center and golf courses, and multi-use paths.

The following descriptions are highlights of some of the Capital Fund projects. Those that are part of the bond are noted with a plus (+) and those that include carryover from the prior year budget are noted with an asterisk (*). The rest of the capital projects can be found in the Capital Improvement Program (CIP) section of the Adopted Budget.

Naranja Park Improvements ⁺	\$10 million	Partial implementation of the Naranja Park master plan
Tennis/Pickleball Courts ⁺	\$2.2 million	Completion of improvements to courts at the Community Center
Community Center Parking Lot ⁺	\$200,000	Initial phase of parking lot expansion and reconfiguration
Golf Course Irrigation Replacement ⁺	\$6,405,525	Completion of Conquistador course; half of Cañada Course (funded in part through a \$2.1 million transfer from the Community Center Fund)
Multi-use Paths ⁺	\$1,350,000	Installation of La Cañada MUP; design of Naranja Drive MUP
Aquatic Center Improvements	\$846,000	Replacement of competition equipment and pump room upgrades
Steam Pump Ranch [*]	\$1,471,692	Carryover for Garage, plus renovation of BBQ and Bunk House; demo/repurpose of pool area
Town Court Expansion	\$200,000	Design only

Public Works Laydown Yard	\$325,000	Improvements to relocated yard from Naranja Park to Pima County property
Emergency Generators*	\$724,900	Replacement generators and one new one at 680 Calle Concordia
Community Center Elevator	\$750,000	Installation of elevator

The Capital Fund has a contingency of \$5 million budgeted this year to ensure there is capacity to respond to the uncertain construction market and still allow planned projects to move forward. Even with this robust list of projects and utilization of the contingency in the Adopted Budget, the Capital Fund will still have a balance of \$11.7 million for future years' capital projects.

Community Center Fund

Of note this year is the healthy Community Center Fund balance due to the availability of other resources to fund the irrigation replacement project and the tremendous performance of both the golf courses and Community Center. With the Town Council policy change on broadening the use of the fund for other parks and recreation projects, the healthy balance has allowed for the placement of capital projects in this fund that would otherwise be paid out of the Capital Fund. With the expected transfer of the former Vistoso Golf Course to the Town, use of the Community Center Fund for capital investments and ongoing maintenance of the property will help keep the strain off the General Fund and ensure the Town is prepared to take on the additional ongoing costs of maintaining the new bond-funded infrastructure investments in the future. The following are highlights of capital projects funded from the Community Center Fund. The rest can be found in the CIP section of the budget.

Conquistador Cart Path	\$276,000	Repaving of the golf cart path
Driving Range/Conquistador Course	\$200,000	Re-grassing of Conquistador greens, driving range; turf reduction, bunker replacement
Equipment Lifecycle Replacement	\$150,000	Fitness equipment replacement
Pusch Tennis Court Resurfacing	\$120,000	10-year maintenance treatment
Former Vistoso Course Repairs	\$350,000	Safety improvements to paths, access, signage and restrooms; start of master planning
Community Center ADA	\$750,000	Potential additional costs for elevator installation
Pusch Ridge ADA and Code Compliance	\$252,000	ADA improvements and roof resurface and roof drain repair

The Community Center Fund also includes several necessary operating capital projects for the Community Center building, which are in the O&M portion of the budget. These projects include the fire alarm system upgrade, replacing the flooring and subfloor of the Overlook Restaurant, and design of ADA compliant interior tennis restroom spaces at the Pusch Ridge facility.

Transportation and Drainage Infrastructure

The Adopted Budget includes funding for several road projects in addition to the \$1,850,000 million in the Highway Fund for pavement preservation, which has increased by \$250,000 since last fiscal year due to the significant surge in material costs. The other projects are funded in the PAG/RTA Fund, Roadway Impact Fund, HURF Fund, Stormwater Utility Fund and one project from the Capital Fund. These projects include improvements to the Rancho Vistoso and

Woodburne intersection, the repaving of Shannon Road, a HAWK signalized crossing on Naranja Drive at Ironwood Ridge High School, the mill/overlay of La Cañada Drive from Tangerine Road to Moore Road, Catalina Ridge Drainage Improvements and Sierra Wash Drainage Improvements. Detail can be found in the CIP section of the budget.

Fleet

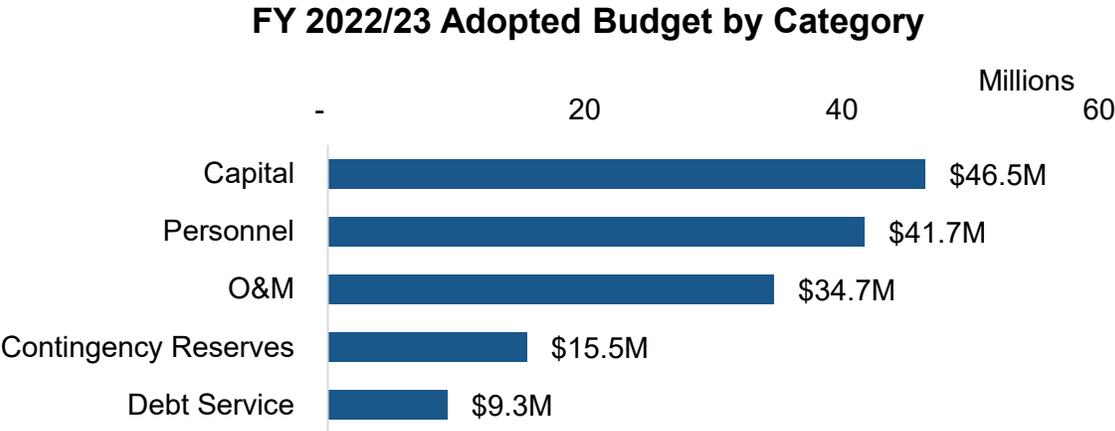
The FY 22/23 Adopted Budget continues to include funding for routine fleet replacements at nearly \$1.8 million, which includes eight carryover vehicles that could not be purchased in Fiscal Year 21/22 due to supply chain issues. These replacements include \$1.1 million for the replacement and outfitting of 18 police vehicles, \$12,000 for heavy equipment, and \$110,000 as part of Town’s portion to replace five public transit vans. The Town funds a healthy vehicle reserve in the Capital Fund in addition to the required five percent of sales tax revenues to ensure fleet replacements can continue on schedule annually.

Water Utility

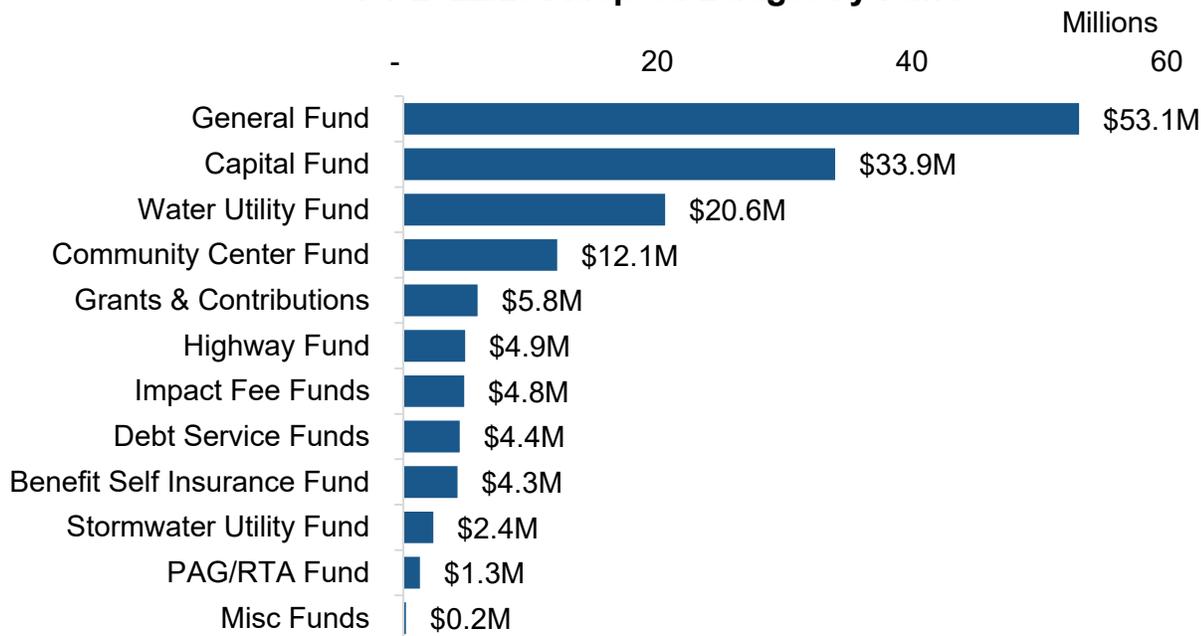
The Water Utility’s Capital program includes seven existing system improvement projects totaling \$1.1 million, and four growth-related projects totaling \$13 million. Of the total CIP budget of \$4.8 million, \$2.7 million is funded with water impact fees. This year’s total CIP budget in the Water Utility is \$3.1 million, or a 39 percent decrease from the adopted FY21/22 budget. Details can be found in the CIP section.

FINANCIAL OVERVIEW

Below are two charts depicting the total FY 22/23 Adopted Budget of \$147.7 million by category and fund.



FY 2022/23 Adopted Budget by Fund



General Fund

The General Fund budget totals \$53.7 million (including contingency reserves of \$5 million and excluding interfund transfers of \$16.5 million), which is \$5.8 million or 10 percent less than the prior year budget of \$58.9 million. The General Fund has a planned use of excess reserves to fund identified one-time projects and initiatives.

The following are key revenue provisions included in the General Fund budget:

- In total, FY 22/23 General Fund revenues are \$3.7 million or 7.8 percent higher than FY 21/22 budgeted General Fund revenues.
- FY 22/23 local sales tax collections in the General Fund are \$4.1 million or 19.4 percent higher than FY 21/22 budget figures, which is due largely to price inflation and the economic recovery from the pandemic.
- State-shared revenues are overall \$3.9 million or 28.2 percent higher than FY 21/22 amounts. These revenue sources are dependent on population figures and revenue collections by the state.
- License and permit revenues are \$375,000 or 20.3 percent higher than the adopted FY 21/22 budget due to commercial building activity projected for the coming year.
- Charges for Services are \$659,000 or 27.6 percent higher than the adopted FY 21/22 budget. Primary drivers for this increase are a recovery of Parks and Recreation related revenues as well as increased administrative support charges to the Town's enterprise funds.

The following are key expenditure provisions included in the General Fund budget:

- Budgeted personnel costs for FY 22/23 total \$34.6 million. This figure includes step increases for sworn police positions as well as 4.25 percent merit increase for all eligible Town positions. Additionally, the FY 22/23 personnel budget includes capacity for all staffing changes noted earlier, as well as \$2.6 million for job class pay rate adjustments associated with implementation of the Town's newly adopted pay plans.
- For FY 21/22, department O&M budget figures represented spending slightly below pre-pandemic levels. For FY 22/23, department O&M budgets increased \$1.3 million or 16.1 percent, a combination of returning to pre-pandemic operational expenditures, as well as increased prices for gasoline, technology, insurance and vehicle maintenance.
- There is a budgeted transfer of \$13.5 million to the Capital Fund. This amount includes five percent of estimated General Fund sales tax collections per Town policy, as well as \$10 million in unrestricted ARPA funds.

- Transfers out include approximately \$1.3 million for debt service on the \$17 million issuance of pension obligation bonds in FY 21/22.

The estimated year-end reserve balance in the General Fund (excluding contingency) for FY 22/23 is \$12.6 million or 27 percent of the expenditure budget. The Town's adopted policy level is 25 percent.

Water Utility Fund

Revenues for the Water Utility Fund are estimated at \$18.7 million, which is a \$1.4 million or 8 percent increase from the adopted FY 21/22 budget due to a projected increase in water sales, including an approved five percent increase in potable water rates.

Expenses for the Water Utility Fund are budgeted at \$23.7 million, which is a \$1.3 million, or 5.6 percent increase from the adopted FY 21/22 budget. This increase is primarily due to increased water resource costs. Capital expenses are detailed in the CIP section of the Adopted Budget document.

10-Year Capital Improvement Program (CIP)

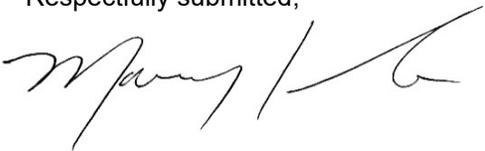
Town Council financial policies require the development of a 10-year Capital Improvement Program, which is reviewed and modified every year based upon needs and projected funding. The full 10-year plan projects a need for \$308.2 million in funding through FY 31/32. Total funding allocated to CIP projects for FY 22/23 is \$45.1 million, \$4.7 million of which is funding carried forward from the prior year for ongoing budgeted projects. Highlights of the 10-year CIP plan include \$53.7 million for potential new municipal facilities, \$58.3 million for parks and recreation related amenities, \$26.4 million for the Water Utility NWRD project, \$22.3 million in continued pavement management and preservation, \$17.2 million for Lambert Lane widening, and \$9.4 million for road reconstruction and/or improvements. Additional details regarding CIP projects and project funding are included in the CIP section.

CONCLUSION

The past two years have been challenging in many ways. Through it all, under the leadership of the Mayor and Town Council, the Town government has continued delivering quality services and has planned and begun implementation of initiatives and capital investments that will significantly benefit the Oro Valley community for generations to come. I am very proud to present a FY 22/23 Adopted Budget that will continue that trajectory in the coming fiscal year.

I would like to recognize and acknowledge the exceptional level of collaboration among staff from all Town departments in the development of this year's budget, and for their diligence in responding to the Town Council's strategic direction. I especially want to recognize my budget team for their extraordinary work and countless hours in preparing the budget: Senior Budget Analyst Christopher Hutchison, Finance and Budget Administrator Wendy Gomez, Chief Financial Officer David Gephart, Chief Information Officer Chuck Boyer and Assistant Town Manager Chris Cornelison.

Respectfully submitted,



Mary Jacobs
Town Manager



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Oro Valley
Arizona**

For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the Town of Oro Valley, Arizona for its annual budget for the fiscal year beginning July 1, 2021.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



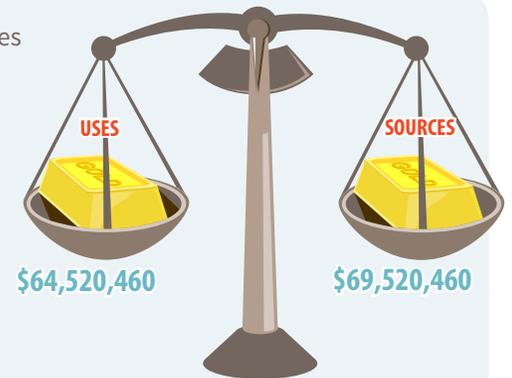
KNOW YOUR TOWN'S BUDGET

TOWN OF ORO VALLEY | FY 2022/23 BUDGET

Fiscal Year 2022/23 budget is in the amount of \$147.7 million; a \$14.3 million, or 8.8% decrease from the adopted FY 2021/22 budget totaling \$162 million. This decrease is due primarily to the Town Council approved one-time payment of \$27.6 million in FY 2021/22 to eliminate the Town's Public Safety Pension Retirement System (PSPRS) unfunded pension liability.

GENERAL FUND HIGHLIGHTS

- General Fund budget totals **\$64.5 million** (excluding budgeted contingency reserves of \$5,000,000).
- The General Fund budget includes transfers out of **\$16.4 million**, which includes \$13.5 million in excess fund balance reserves to the Capital Fund, \$0.9 million to the Grants Fund for local matching funds, and \$2 million to the Debt Service Fund.
- The estimated year-end fund balance in the General Fund for FY 2022/23 is **\$12.6 million**, which equates to 26% of the expenditure budget.
- Includes planned use of **\$13.8 million** of reserves.



KEY REVENUE PROVISIONS

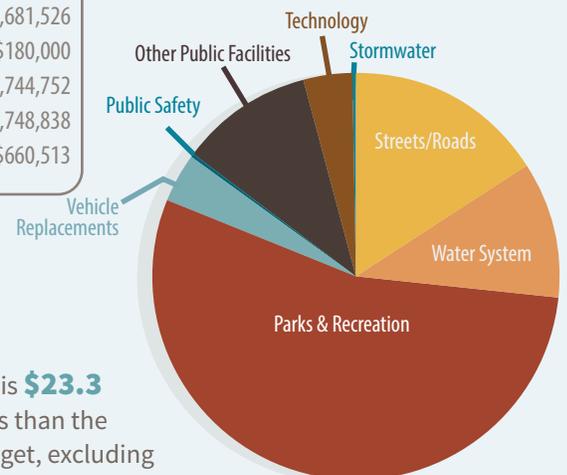
(Reflects all funds, except for first bulletpoint)

- Total FY 2022/23 General Fund revenues are **\$3.7 million**, or 7.8%, higher than FY 2021/22 budgeted General Fund revenues, due to anticipated growth in local sales tax and state-shared revenue offset by reduced federal grant funding.
- Local sales tax revenues are up **\$4.7 million**, or 19.3%, from FY 2021/22.
- Charges for services revenues are **\$1.2 million**, or 10.6%, higher than FY 2021/22 budget amounts.
- Budgeted grant revenues are **\$10 million**, and include projected funds from the Arizona Broadband Development Grant program (ABDG) and deferred American Rescue Plan Act (ARPA) revenue.
- State-shared revenues, including Highway User Revenue Funds, are **\$4.4 million**, or 25.3%, higher than FY 2021/22 budget amounts.

KEY EXPENDITURE PROVISIONS

FY 2022/23 Capital Improvement Program (CIP) projects totaling **\$45,081,812** include:

Streets/Roads	\$7,186,199
Water System	\$4,748,838
Parks & Recreation	\$24,412,717
Vehicle Replacements	\$1,681,526
Public Safety	\$180,000
Other Public Facilities	\$4,744,752
Technology	\$1,748,838
Stormwater	\$660,513



- The FY 2022/23 budget is **\$23.3 million**, or 15.2%, less than the prior year adopted budget, excluding contingency.
- Personnel costs are increasing **\$4.1 million**, or 11%, and include the addition of several new positions, as well as classification and compensation adjustments based on a new market study.

THE TOWN BUDGET: PLANNING FOR THE FUTURE

The budget is a long-range planning tool that allows the Town of Oro Valley to review the community's goals and objectives, evaluate and determine what is required to meet those objectives, and develop an implementation strategy.

RECREATION AND CULTURE

The Town continues to focus on (1) investing and maintaining high quality parks, recreation, and trail facilities, and (2) providing residents with multigenerational recreation and cultural programs and events. Of note is the robust investment in Naranja Park to begin implementation of the updated master plan, which includes additional multi-purpose fields, a splash pad, pickleball courts, a basketball court, skate park and pump track. The official groundbreaking took place on May 31, 2022, and residents can expect to see significant grading starting this summer, followed by construction of the next phase of amenities, which will be finalized this fall.

The budget includes the completion of the Conquistador Golf Course irrigation replacement and the start of the Cañada Course, with the final \$2 million planned for FY 2023/24. Also included are some additional post-irrigation Conquistador Golf Course improvements, such as turf reduction around the greens, lifecycle replacement of bunker sand and re-grassing the driving range floor. ADA improvements to both the Community Center and Pusch Ridge tennis/golf buildings are also budgeted, as well as reconstruction of the Pusch Ridge and Community Center tennis and pickleball courts.

CAPITAL INVESTMENTS

The Town is implementing a robust capital investment strategy using one-time revenues, including \$25 million in bond proceeds approved by the Town Council in September 2021 for investments in Naranja Park, exterior improvements to the Community Center, and multi-use paths. Capital funding also includes \$10 million in ARPA funds that do not have restrictions but must be spent or otherwise encumbered no later than December 31, 2024.

TOWN STAFF RETENTION AND ATTRACTION

The pandemic has impacted worker movement, salaries, and benefits across many sectors. The state minimum wage laws and now the voter-approved City of Tucson minimum wage initiative have and will continue to increase wages for entry level workers in the region. Companies are out-bidding for talent across multiple industries.

As a service-based organization, recruiting and retaining top talent is foundational to the Town's ability to provide quality public services. As such, the Town conducted a comprehensive classification and compensation study that will adjust employee pay grades to remain competitive. The budget includes \$2.6 million in the General Fund set aside for the implementation of the final pay plan. The budget also includes funds for pay increases for all eligible Town employees.

MONITORING AND OVERSIGHT

With uncertainty due to ongoing inflation, conflict in Ukraine, and supply-line disruptions from the COVID-19 pandemic, the Town will continue to closely monitor revenues against projections on a monthly basis. While revenue projections continue to be conservative, careful monitoring will give the Town time to respond if economic conditions do not materialize as forecasted.

WHAT KINDS OF TAXES DO ORO VALLEY RESIDENTS PAY?



The Town of Oro Valley does NOT levy a property tax; however, Oro Valley property owners pay more than \$27 million every year in property taxes to Pima County and other taxing districts (school districts, fire districts, etc.).

Town residents and visitors pay approximately \$28 million in local sales taxes to Oro Valley each year.

- **4% utility tax (\$3.5 million/year)**
- **2.5% retail tax and 2.5% restaurant/bar tax (\$14.2 million/year)**
- **2.5% + 6.0% hotel and bed tax (\$2.7 million/year)**
- **4.0% construction tax (\$5.2 million/year)**
- **All other categories (\$2.4 million/year)**

HOW IS THE BUDGET BALANCED AND HOW ARE FUND BALANCES USED?

The FY 2022/23 Adopted Budget of \$147.7 million comprises 17 separate funds, each with its own balanced budget. Each fund contains its own "savings" account, otherwise known as its fund balance. When revenues are less than expenditures, the Town draws from its fund balance. For FY 2022/23, the Town plans to spend approximately \$30.3 million from its overall beginning fund balance total of \$98.8 million, leaving \$68.6 million on hand at year-end. These are planned uses of funds that have been building up over a period of time being used primarily to cash-fund one-time capital projects and initiatives. In FY 2022/23, the Town is planning to utilize a fund balance of about \$13.8 million in the General Fund.

Oro Valley, Arizona

Oro Valley is located in northern Pima County approximately three miles north of the Tucson city limits. Nestled between the Catalina and Tortolita mountain ranges, the town sits at an elevation of 2,620 feet and covers more than 36 square miles.



4th Safest City in Arizona
SafeWise, 2022

Arizona's Best Small City
WalletHub, 2017

One of the safest places to live in Arizona
National Council on Home Safety and Security, 2017

One of America's 10 Safest Suburbs
Movoto Real Estate, 2014

Best Place in Arizona to Raise Kids
Bloomberg Businessweek, 2013

Climate

When it comes to climate, Oro Valley is one of the sunniest, most comfortable places in the country. High temperatures average 83.4 degrees while lows average 53.8 degrees.

Principal Economic Activities

- Biotechnology/medical
- Recreation/resort/leisure
- Arts and culture

Basic Information

Founded: 1881	Distance to Major Cities:
Incorporated: 1974	Phoenix 109 miles, Tucson 3 miles
County: Pima	Legislative District: 9, 11
Congressional District: 1	Form of Government: Council – Manager

Population	2000	2010	2020
Oro Valley	29,700	41,011	47,070
Pima County	843,746	980,263	1,043,400
Arizona	5,130,632	6,392,017	7,151,502

Source: US Census Bureau

Labor Force	2000	2010	2020	2022
Civilian Labor Force	15,073	18,264	20,119	19,873
Unemployed	389	1,233	594	708
Unemployment Rate	2.6%	6.8%	3.0%	3.6%

Source: Arizona Commerce Authority

Age & Gender Composition

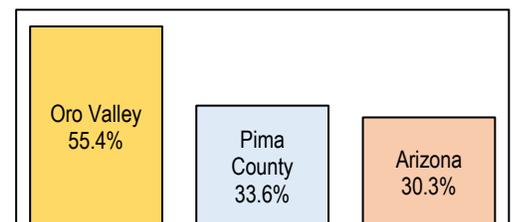
Male	48.4%
Female	51.6%
Median Age	54

Under 5 years	3.3%
5 to 9 years	5.1%
10 to 14 years	5.5%
15 to 19 years	5.6%
20 to 34 years	12.1%
35 to 44 years	8.8%
45 to 54 years	10.4%
55 to 64 years	14.4%
65 + years	34.7%

Source: US Census Bureau 2020 ACS

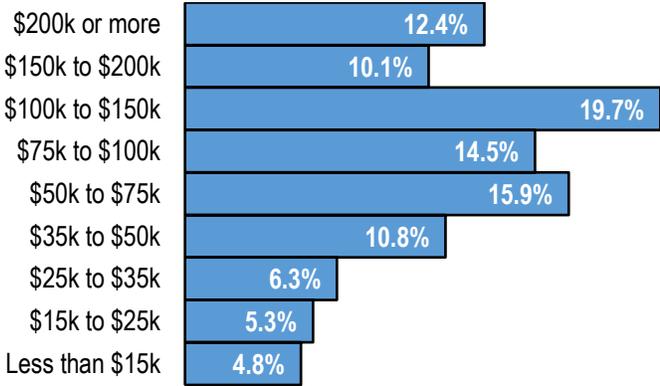
Education Attainment

Bachelor's Degree or Higher



Source: US Census Bureau

Household Income



Source: US Census Bureau 2020 ACS

Major Employers

- Roche Tissue Diagnostics
- Honeywell Aerospace (unincorporated Pima County)
- Oro Valley Hospital
- Amphitheater School District
- Town of Oro Valley
- El Conquistador Tucson, A Hilton Resort
- Casa de la Luz Hospice
- Simpleview
- Meggitt Securaplane
- Splendido at Rancho Vistoso

Home Values

Less than \$50k	1.4%
\$50k to \$99k	1.9%
\$100k to \$199k	6.8%
\$200k to \$299k	30.7%
\$300k to \$499k	43.2%
\$500k to \$999k	14.9%
\$1M or more	1.2%

Source: US Census Bureau 2020 ACS

Community Facilities

Oro Valley is home to more than 440 acres of parks, a community and recreation center, a competition-level aquatic center, an archery range, lighted ball fields, multi-use fields, tennis courts and an accessible playground. In addition to aquatic events, Oro Valley hosts a number of sporting events, including triathlons, duathlons and marathons. Fire services are provided by Golder Ranch Fire Department, while law enforcement services are provided by the Town of Oro Valley Police Department.

Taxes

Property Tax Rate (per \$100 assessed valuation)

Elementary/High Schools	\$5.10
Countywide	\$7.08
Fire District	\$2.55
Town of Oro Valley	\$0.00
Total	\$14.74

Source: Pima County Treasurer's Office

Sales Tax

City/Town	2.5%
County	0.5%
State	5.6%

Source: League of Arizona Cities and Towns, Arizona Dept of Revenue



History of Oro Valley



The area of Oro Valley has been inhabited intermittently for nearly two thousand years by various groups of people. The Native American Hohokam people lived in the Honeybee Village located in the foothills of the Tortolita Mountains on Oro Valley's far north side around 500 AD. Hohokam artifacts are still being discovered in the Honeybee Village site that the Hohokam inhabited continuously for nearly 700 years.

Early in the 16th century, Native American tribes known as the Apache arrived in the southern Arizona area, including Oro Valley. These tribes inhabited the region only a few decades prior to the arrival of the Spanish conquistadors, including Francisco Coronado. The Spanish established forts in the area, including the Presidio at Tucson (1775) beginning in the late 16th century.

Arizona Territorial Period

Beginning in the 19th century, Americans increasingly settled in the Arizona Territory, following the Mexican-American War and the subsequent Gadsden Purchase that included the area of southern Arizona. George Pusch, a German immigrant, settled in the area of Oro Valley in 1874 and established a cattle ranch. This ranch was unique because it utilized a steam pump to provide water, eventually popularizing Pusch's property as the Steam Pump Ranch on the Cañada del Oro. The steam pump was one of only two in the Arizona Territory. Pusch's ranch provided respite for settlers and travelers entering and leaving the Tucson area. Pusch Ridge is named in honor of George Pusch.



Ranching in the area continued to flourish as greater numbers of Americans settled in the Arizona Territory. Large ranching families in the Oro Valley area included the Romeros and the Rooneys. Gold rushers into the American West also were attracted to southern Arizona, where gold was said to be in abundance in and around the Santa Catalina mountains north of Tucson. Fueled by the legend of a lost fabulous gold mine sealed with an iron door in the Santa Catalina mountains, prospectors in search of gold trekked through the Oro Valley area focusing their attention along the Cañada del Oro washbed.

Post-World War II Period

After World War II, the Tucson metro area experienced dramatic population growth, impacting Oro Valley as well. In the early 1950s, the Oro Valley Country Club opened at the base of Pusch Ridge, affirming the area's future as an affluent community. Although one tract housing development was built in the area in the early 1950s, the majority of the original homes in the Oro Valley area were built by individual landowners on large lots in a low-density residential style.

Founding of the Town

The community continued to grow gradually, and area residents increasingly desired local control of the land in the area. In the late 1960s, incorporation became a greater focus in Oro Valley. Tucson Mayor James M. Corbett, Jr. expressed great interest in expanding the Tucson city limits to the far north side of Pima County. Corbett vowed to bring the Oro Valley area into Tucson "kicking and screaming," alluding to the reservations Oro Valley residents expressed about joining Tucson. A petition to incorporate began to circulate in Oro Valley. The Pima County Board of Supervisors officially refused to allow Oro Valley to incorporate, and litigation followed. Ultimately, in 1974 a group of area residents successfully incorporated the Town of Oro Valley, then only 2.4 square miles in size. Oro Valley was centered primarily around the Oro Valley Country Club and Canyon del Oro High School. The Town began with a population of nearly 1,200.

The map on the following page depicts Oro Valley's growth since its inception.

Mayor and Council



Joe Winfield, Mayor
Term Expires: Nov 2026

Oro Valley's Mayor and Council are committed to providing high-quality municipal services and responsible development. Through the Town Manager, the Mayor and Council provide policy direction by adopting rules, regulations, and procedures to meet community needs. The Mayor and Council remain accountable and accessible to the residents through their commitment to full, honest, and timely communication.



Melanie Barrett, Vice Mayor
Term Expires: Nov 2026



Joyce Jones-Ivey, Councilmember
Term Expires: Nov 2026



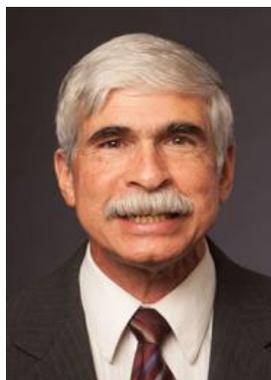
Josh Nicolson, Councilmember
Term Expires: Nov 2026



Timothy Bohlen, Councilmember
Term Expires: Nov 2024

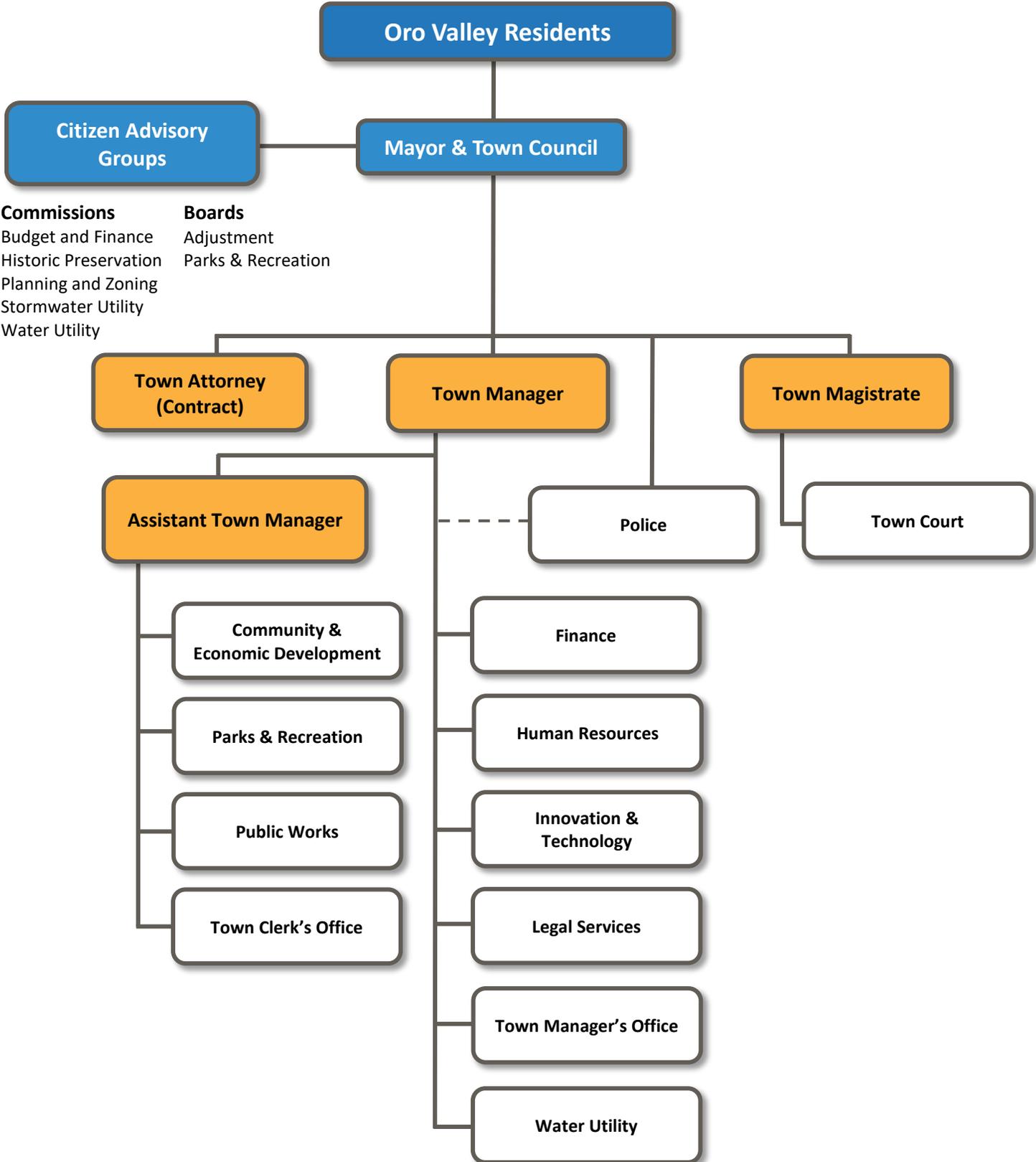


Harry "Mo" Green II,
Councilmember
Term Expires: Nov 2024



Steve Solomon, Councilmember
Term Expires: Nov 2024

The Town Council consists of the mayor and six councilmembers elected to represent the town and serve staggered four-year terms. The organizational structure of the Town, as shown below, was devised to enable an efficient division of labor while affording oversight and accountability in order to carry out the strategic goals and objectives set by the Town Council.



General Plan

Arizona State law requires all cities, town and counties in Arizona to prepare, update or readopt a document known as a General Plan every 10 years to guide and inform critical decisions about a community’s future and quality of life. Although the General Plan addresses immediate concerns, it focuses primarily on the future of the community, particularly on future improvements, land development and growth.

The adoption or re-adoption of the General Plan must be approved by the affirmative vote of at least two-thirds of the members of Town Council and ratified by voters. The current General Plan (also referred to as *Your Voice, Our Future*) was adopted and ratified in 2016 and is summarized below:

VISION AND GUIDING PRINCIPLES

ORO VALLEY’S VISION FOR THE FUTURE

Oro Valley strives to be a well-managed community that provides all residents with opportunities for quality living. Oro Valley will keep its friendly, small-town, neighborly character, while increasing services, employment and recreation. The Town’s lifestyle continues to be defined by a strong sense of community, a high regard for public safety and an extraordinary natural environment and scenic views.

GUIDING PRINCIPLES

- Focus on community safety and maintain low crime
- Preserve the scenic beauty and environment
- Keep the unique community identity as a special place
- Create a complete community with a broad range of shopping, dining and places to gather
- Minimize traffic and increase ways to get around Town
- Manage how we grow and maintain high design standards
- Grow the number of high-quality employment opportunities
- Keep Oro Valley a family-friendly community
- Support and build on high quality of schools
- Provide more parks, recreation and cultural opportunities for all ages
- Promote conservation of natural resources
- Maintain financial stability



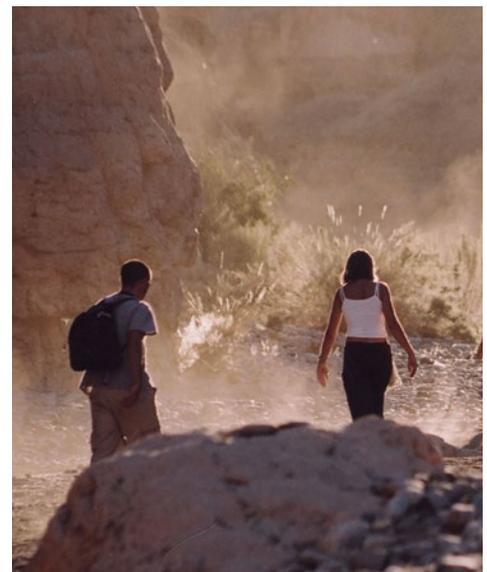


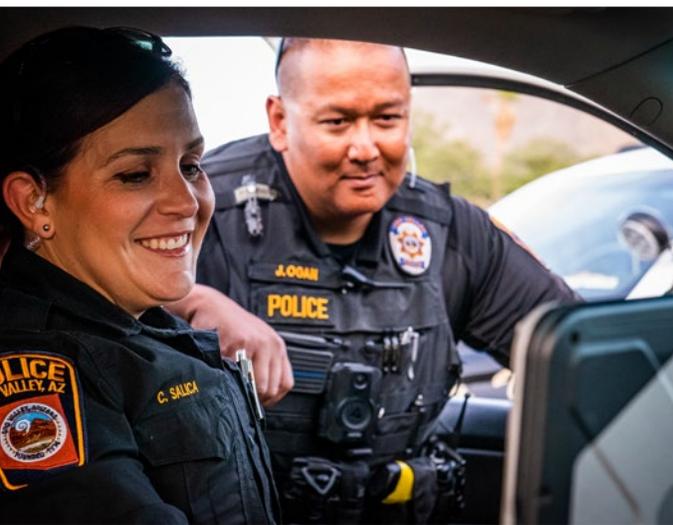
ORO VALLEY TOWN COUNCIL



STRATEGIC LEADERSHIP PLAN

FY 21/22 - FY 22/23





OVERVIEW

The Council-adopted Strategic Leadership Plan for fiscal years 2021/22 through 2022/23 is the culmination of an extensive three-month process involving Town Council and staff. Rooted deeply in the values and priorities of the Your Voice, Our Future 10-year general plan, the two-year Strategic Leadership Plan provides organizational direction in seven focus areas:

- Economic Vitality
- Land Use and Design
- Culture and Recreation
- Effective and Efficient Government
- Public Safety
- Financial Stability and Sustainability
- Roads Water and Town Assets

Within these focus areas are 16 goals and 50 objectives to guide everything from budget decisions to municipal operations, providing the community with a clear understanding of goals and expectations for the next two fiscal years.



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Roads, Water and Town Assets	7
Land Use and Design	8
Effective and Efficient Government	9
Financial Stability and Sustainability	11

ORO VALLEY'S VISION FOR THE FUTURE

YOUR VOICE, OUR FUTURE

Oro Valley strives to be a well-managed community that provides all residents with opportunities for quality living. Oro Valley will keep its friendly, small-town, neighborly character, while increasing services, employment and recreation. The Town's lifestyle continues to be defined by a strong sense of community, a high regard for public safety and an extraordinary natural environment and scenic views.





FOCUS AREA 1: ECONOMIC VITALITY



GOAL 1A:

Implement actions to support and assist local businesses in navigating the current and projected economic conditions.

OBJECTIVES

- Transition the OVSafeSteps initiative to ongoing business support programs designed to help with post-pandemic recovery.
- Review and propose changes to Town codes that assist local businesses in adapting to emerging consumer buying habits.

GOAL 1B:

Implement strategies to attract, grow and retain primary employers and expand local job opportunities.

OBJECTIVES

- Prioritize actions that identify and recruit high-quality primary, employer prospects for the Town of Oro Valley consistent with the Council-adopted Comprehensive Economic Development Strategy.
- Develop strategies to incentivize entrepreneurial opportunities for start-up and home-based businesses, business expansion opportunities and adaptive reuse of vacant buildings.
- Evaluate the effectiveness of the 2019-2020 economic development business attraction efforts and recommend any improvements.



GOAL 1C:

Implement strategies to attract and retain retail, restaurant and hospitality investment and expansion in commercial centers.

OBJECTIVES

- Conduct an external retail market assessment by a qualified firm to provide targeted data designed to assist the Town in attracting and retaining restaurant and retail establishments.
- Work with the owner of the Oro Valley Village Center to develop a multi-faceted, mutually agreeable approach to attract and retain new investment and an expanded customer base to that complex.
- Partner with the Oro Valley Chamber of Commerce to convene an annual business summit focused on increasing the Town and community's understanding of the challenges and opportunities associated with operating a thriving business.
- Leverage the growing positive relationships with local businesses to develop enhanced strategies that make Oro Valley more business friendly.

GOAL 1D:

Identify strategies to entice area residents and visitors to choose Oro Valley as a premiere place to dine, shop, play and stay.

OBJECTIVES

- Produce and begin implementation of a robust Oro Valley-centric visitor attraction and marketing strategy, partnering with Visit Tucson and other stakeholders as appropriate.
- Partner with stakeholders to develop and implement actions and strategies that highlight the Town's flourishing arts and culture opportunities to both visitors and residents.

FOCUS AREA 2: CULTURE AND RECREATION



GOAL 2A:

Invest in and maintain a high-quality parks, recreation and trail system that is accessible, comprehensive, connected and serves the community's needs.

OBJECTIVES

- Explore a cost-effective plan and develop a corresponding intergovernmental agreement with Amphitheater Unified School District to utilize appropriate school facilities for community recreation programs.
- Invest in the top priorities of the final Council-adopted Parks and Recreation Master Plan.

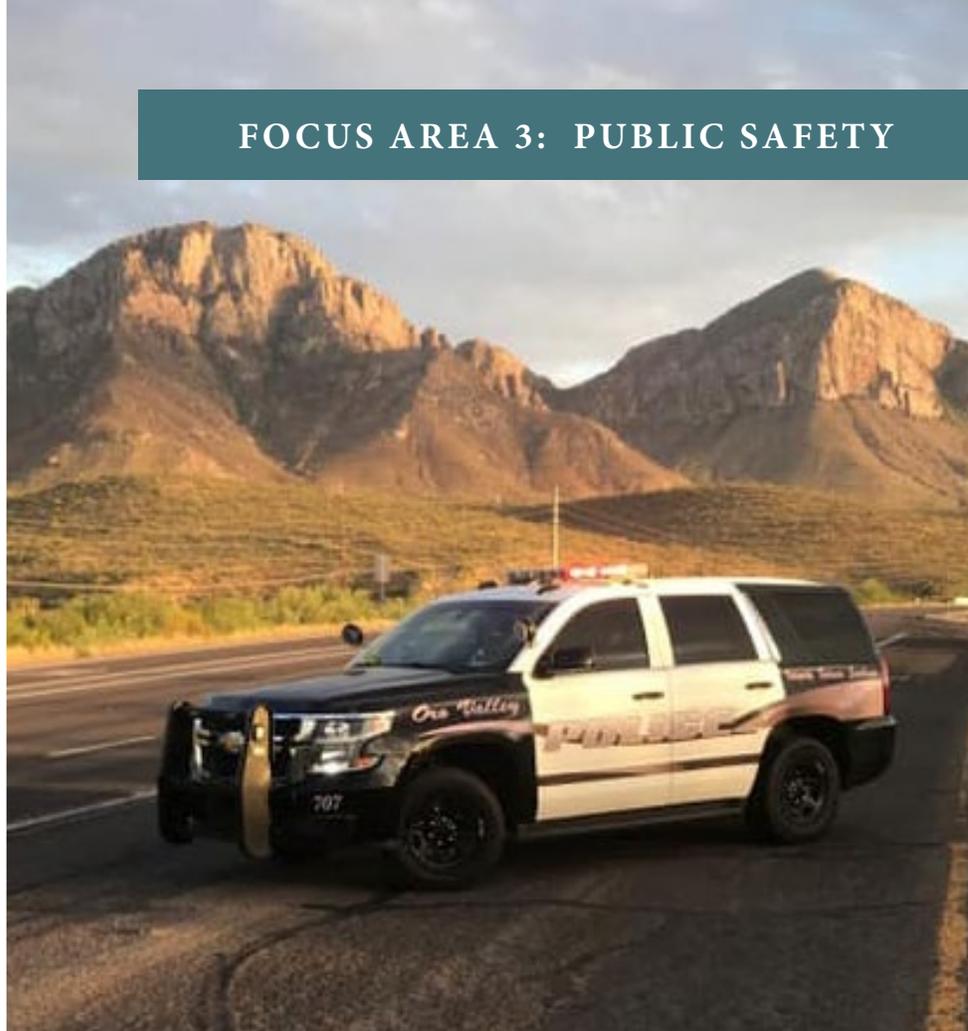
GOAL 2B:

Support recreational, cultural and arts programs that provide opportunities for residents to connect with their community.

OBJECTIVES

- Explore opportunities to create or expand multigenerational programs and facilities.
- Form a temporary task force to review current senior recreation programming and identify opportunities that will broaden and improve such program access.
- Expand or reimagine programs that address community wellness issues across all generations.
- Identify and implement expanded ways in which volunteers can help effectively support and grow community programs and events.

FOCUS AREA 3: PUBLIC SAFETY



GOAL 3A:

Support strategies that continue to ensure Oro Valley's standing as one of the safest communities in Arizona.

OBJECTIVES

- Utilize data to enhance deployment strategies for High Visibility Enforcement (HiVE) in high collision areas to address the increasing volume of traffic and associated issues in and around Oro Valley roadways.
- Allocate and deploy officers to efficiently and effectively manage and reduce crime utilizing current crime trends.
- Develop an outreach and marketing campaign to effectively recruit diverse and qualified officers, to include partnering with local educational institutions.
- Develop and implement ways to expand drug free awareness education and programming to area youth.

GOAL 3B:

Support actions that maintain and enhance the community's trust in the Oro Valley Police Department.

OBJECTIVES

- Work with local and regional partners to educate and address the impacts mental health issues are having on public safety and the entire community.
- Complete the Arizona Law Enforcement Accreditation Program (ALEAP).



FOCUS AREA 4: ROADS, WATER AND TOWN ASSETS



GOAL 4A:

Support investments and strategies that result in a quality transportation network throughout the community.

OBJECTIVES

- Continue to invest in a pavement management program that results in an Overall Condition Index (OCI) rating of 76 or better for all paved streets.
- Expand the Town’s community beautification program.
- Participate in and support the Regional Transportation Authority’s (RTA) effort to facilitate voter reauthorization of RTA Next by ensuring Oro Valley’s long-term transportation needs are fairly represented.
- Analyze the service and financial impacts of an RTA discontinuation scenario and provide alternative options in addressing transit service needs and future transportation infrastructure.

GOAL 4B:

Deliver a safe, reliable and sustainable water supply that meets the long-term needs of the community.

OBJECTIVES

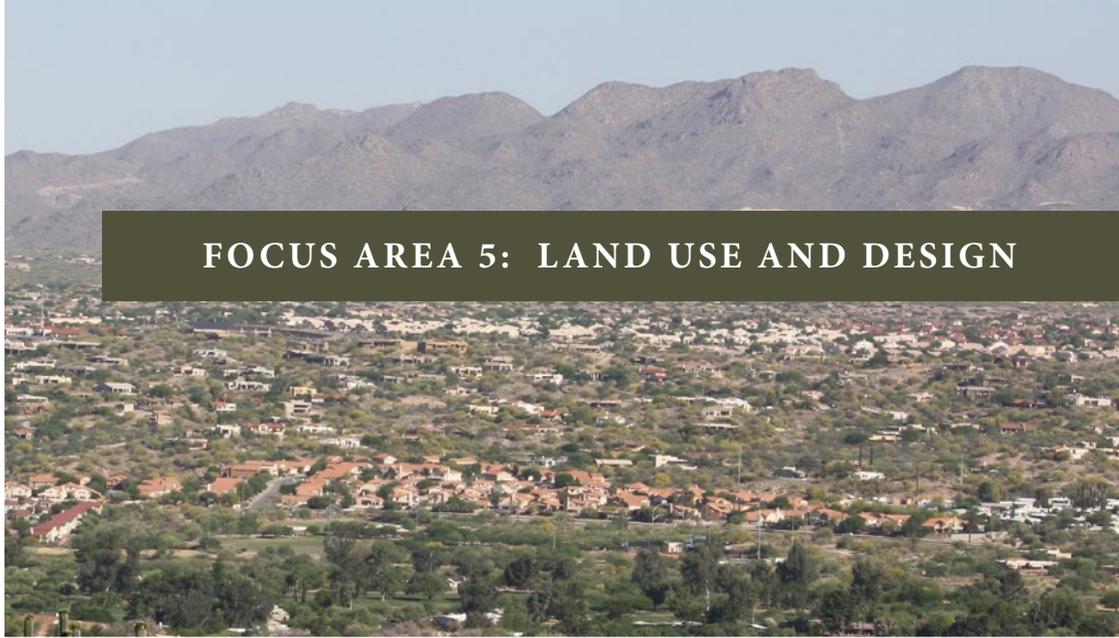
- Implement a plan to further improve water infrastructure reliability, maintenance and efficiency.
- Implement steps to ensure the Water Utility continues to supply water to its current and future customers in an environmentally and financially sustainable manner.
- Leverage technology to enhance customer support through improved communication and expanded conservation opportunities.

GOAL 4C:

Support investments and strategies that ensure the effective utilization of Town resources in maintaining properties and equipment.

OBJECTIVES

- Develop a comprehensive, organization-wide facility space plan that maximizes efficiencies and reflects the best use of Town properties for current and future needs.
- Determine the feasibility of expanding solar shade structures throughout Town facilities and evaluate grant funding opportunities.
- Cost effectively maintain, repair and improve aging Town facilities.
- Develop strategies to expand broadband services throughout the town.
- Identify and implement strategies to reduce downstream watershed pollution emanating from Town washes.



FOCUS AREA 5: LAND USE AND DESIGN

GOAL 5A:

Ensure quality development with integrated architecture and natural open space while maintaining and enhancing the character of the community.

OBJECTIVES

- Conduct an assessment to determine the types of residential opportunities necessary to successfully promote a thriving and diverse economic base.
- Conduct an analysis of Town codes and ordinances to ensure the design standards maintain the unique character of Oro Valley while also providing for a variety of architectural concepts that integrate with and enhance the community.
- Review Town codes related to recreation amenity requirements for residential subdivisions and recommend updates that will prioritize larger neighborhood area parks and amenities as outlined in the Parks and Recreation needs assessment.
- Develop a Master Plan for the Rooney property that takes into consideration opportunities for economic growth, retention of open space and potential future municipal uses.





FOCUS AREA 6: EFFECTIVE & EFFICIENT GOVERNMENT

GOAL 6A:

Continue strengthening community outreach, engagement and transparency.

OBJECTIVES

- Utilize creative methods to increase resident knowledge and understanding of Town services, programs and facilities.
- Broaden the use of web-based tools and technologies to increase community engagement and transparency.

GOAL 6B:

Maintain and strengthen our culture of continuous improvement to affect an efficient and high-performing organization.

OBJECTIVES

- Foster a culture of continuous improvement through actions that support, challenge and engage the employee at all levels.
- Continue to provide regular training to Town staff to enhance process improvement proficiencies.
- Identify and implement ways in which Peak Performance teams share their journey and successes within the organization.



GOAL 6C:

Attract and retain talented employees to effectively carry out the Town's mission.

OBJECTIVES

- Review and modify Town policies to incorporate innovative and effective workforce practices that remain viable post-pandemic.
- Ensure wellness and benefit programs are valuable, cost effective and desired by employees and families to support wellness and productivity.
- Conduct a comprehensive compensation evaluation to ensure the Town remains competitive in recruiting and retaining employees.



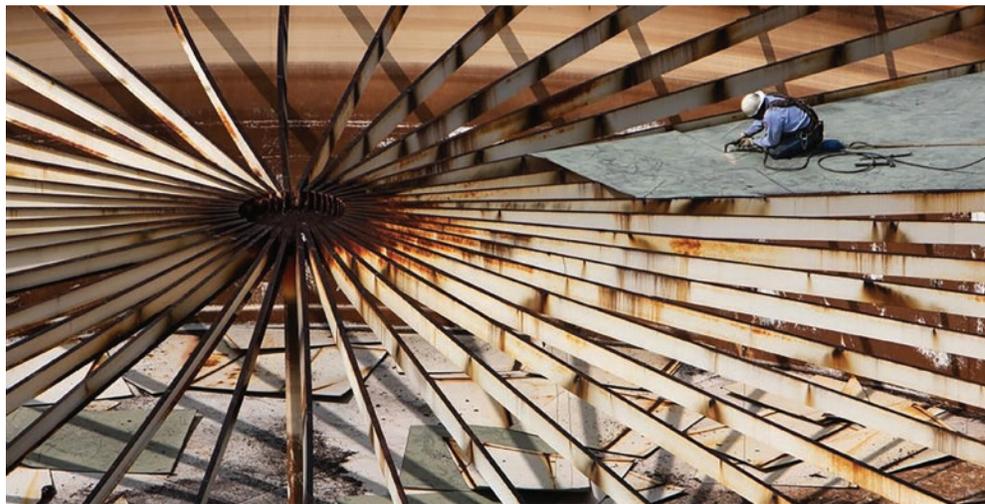
FOCUS AREA 7: FINANCIAL STABILITY AND SUSTAINABILITY

GOAL 7A:

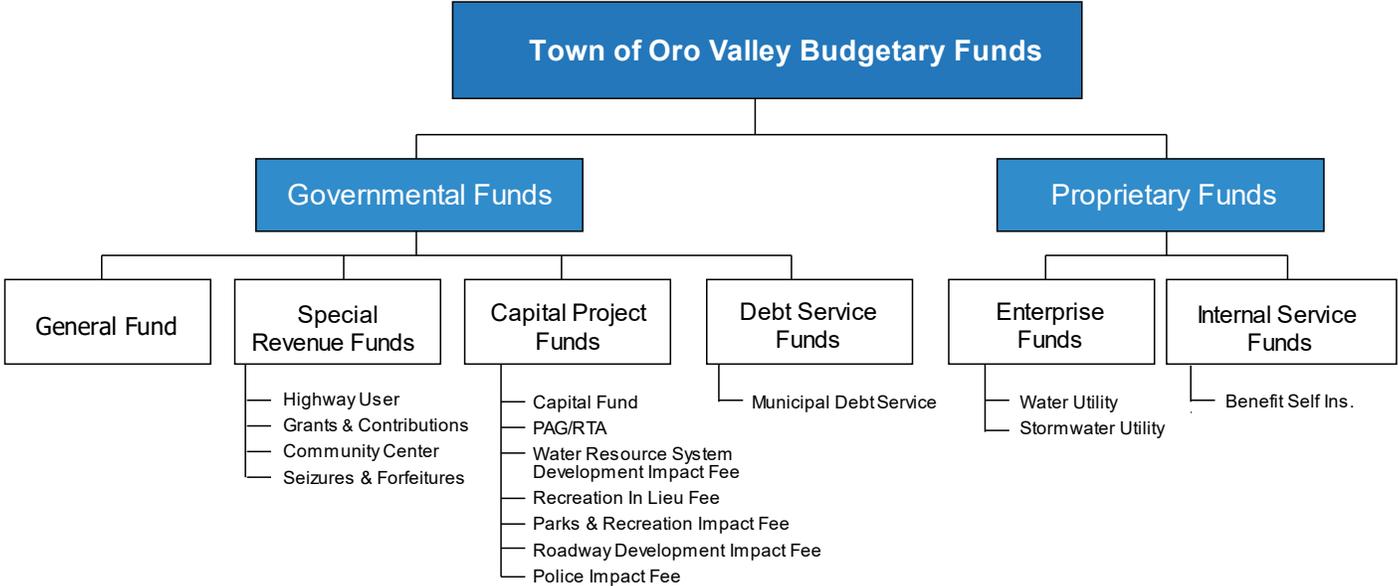
Ensure the Town can financially sustain expected levels of service for current and future residents.

OBJECTIVES

- Adopt a comprehensive plan for permanently addressing the Town's Public Safety Personnel Retirement System (PSPRS) unfunded actuarial accrued liability.
- Continue pursuing top priority annexations as identified in the Town Council's annexation policy, and working with the State of Arizona to pursue annexation of nearby state land for tech park, commercial and residential uses.
- Develop a buildout analysis that projects short and long-term impacts to Town service levels and provides potential mitigation options.



The Town’s accounting and budget structure is segregated into various funds. In governmental accounting, a fund is a separate, self-balancing set of accounts that are created and maintained for specific purposes. All of the Town’s funds are appropriated in the annual budget.



The **General Fund** is the primary operating fund of the Town and is set up to account for the resources devoted to finance services traditionally associated with local government. Police, parks and recreation, development services, human resources, finance, legal services, and court are some examples of services in the General Fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The Highway User Revenue Fund accounts for the Town’s share of motor fuel tax revenues, which are expended on street/roadway construction, maintenance and improvements. The Grants & Contributions fund assists in demonstrating spending compliance with grants and awards, while also assisting the Town in ensuring current and future budgets are structurally balanced. The Community Center Fund accounts for the operations of the Town’s Community Center and contract-managed golf. The Seizure & Forfeiture Funds account for state and federal police seizures and forfeitures received by the Town.

Capital Project Funds are used to account for revenue received and expenditures related to infrastructure improvements such as streets, water, buildings and park facilities. Examples of revenue sources include impact fees, the issuance of bonds, outside funding and special assessments. The Town has a dedicated Capital Project Fund to track various capital expenses. Additionally, most of the other capital project funds consist of impact fee funds. The PAG/RTA Fund, which is used to manage the collection and expenditure of roadway grant funds from the Pima Association of Governments (PAG) and the Regional Transportation Authority (RTA) is also a capital project fund.

Debt Service Funds are used to account for the payment of principal and interest on general long term debt obligations that are not serviced by the General, Special Revenue and Enterprise Funds. It does not include contractual obligations accounted for in the individual funds.

Enterprise Funds are funds in which the services provided are financed and operated similarly to those of a private business. User fees are established to ensure that revenues are adequate to meet all expenses. The Town's major enterprise fund is the Water Utility Fund, which is used to account for the costs to operate, construct and finance the town's water system. The Town's non-major enterprise fund is the Stormwater Utility Fund, which accounts for costs of maintaining the town's stormwater drainage system.

Internal Service Funds are funds that account for services provided to other divisions and departments within the Town government. The Benefit Self Insurance Fund is used to manage costs related to the Town's self-funding of health insurance.

BUDGET BASIS VERSUS ACCOUNTING BASIS

Budget Basis

The Town's governmental and proprietary fund budgets are prepared using the modified accrual basis of accounting. *Modified Accrual Basis* is the method under which revenues are recognized when they become susceptible to accrual; that is when they become both "measurable" and "available to finance expenditures of the current period." Revenue and expenditure recognition is determined by near-term inflows and outflows of financial resources.

Accounting Basis

The basis of accounting refers to when revenues and expenditures or expenses are to be recognized and reported in the Town's financial statements. *Full Accrual Basis* is the method under which revenues are recorded when they are earned (whether or not cash is received at the time) and expenses are recorded when goods and services are received (whether cash disbursements are made at the time or not).

In accordance with generally accepted accounting principles (GAAP), the Town's proprietary fund financial statements are prepared using the full accrual basis of accounting, while the Town's governmental fund financial statements are prepared using the modified accrual basis of accounting.

Because the accounting basis differs from the budgeting basis for the Town's proprietary funds, the following differences are noted:

- Compensated absences liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees (GAAP) as opposed to being expended when paid (budget basis)
- Principal payments on long-term debt within the enterprise funds are applied to the outstanding liability on a GAAP basis, as opposed to being expended on a budget basis
- Capital outlays within the proprietary funds are recorded as assets on a GAAP basis and expended on a budget basis
- Pension contributions are expended on a budget basis; pension expense on a GAAP basis is equal to the increase in net pension liability after adjusting for deferred items.

Financial and Budgetary Policies

The Town of Oro Valley has an important responsibility to its residents to carefully account for public funds, manage its finances prudently and plan for the adequate funding of services desired by the public. Sound financial policies help to ensure the Town's capability to adequately fund and provide the government services desired by the community. The policies contained herein are designed to foster and support the continued financial strength and stability of the Town of Oro Valley. Following these policies enhances the Town's financial health as well as its image and reputation with residents, the general public, bond and credit rating agencies and investors. The policies serve as guidelines for the Town's overall fiscal planning and management. In addition, both the Government Finance Officers Association (GFOA) and the National Advisory Council on State and Local Budgeting (NACSLB) recommend formal adoption of financial policies by the jurisdiction's governing board. The most recent Town Council amendment and readoption of the policies occurred on July 7, 2021 per Resolution (R)21-37. The Town is in compliance with all adopted financial and budgetary policies.

1-1 Annual Budget Process

- 1.0 Operating Budget and Capital Budget – The operating budget and capital budget shall serve as the annual financial plan of the Town. The budget shall provide staff with the resources necessary to accomplish the Town Council's determined service levels, and will serve as the policy documents of the Town Council for implementing its Strategic Leadership Plan and other plans as periodically adopted by the elected body or voted on by the community.
- 2.0 Budget Timelines – The Town Manager shall annually prepare and present a Town Manager's Recommended Budget to Town Council at least two months prior to the beginning of a new fiscal year. Based upon feedback from Town Council, a Tentative Budget shall be developed and approved by Town Council prior to the beginning of a new fiscal year establishing the maximum level of spending for the new fiscal year. The final budget shall be adopted by Town Council no later than July 31. The Town Manager shall meet all budget requirements specified in State Law.
- 3.0 Balanced Budget – The proposed budget will be balanced for the ensuing fiscal year. Deferrals, short-term loans, or one-time revenue sources will be avoided as budget balancing techniques.
- 4.0 Contingency – The budget shall include contingency appropriation to provide for unanticipated increases in service delivery costs, emergencies, and needs that may arise through the fiscal year. The contingency appropriation may only be expended upon Town Council approval.
- 5.0 Current Funding Basis – The Town shall budget and operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed expected current revenues. The Town shall strive to achieve a structurally balanced budget whereby recurring expenditures are funded exclusively with recurring revenues.
- 6.0 Budget Development – The Town will use strategic, multi-year fiscal planning, conservative revenue forecasts and a program/performance-based budgeting method. This method requires each department to establish fiscal year goals and objectives that will be evaluated to determine the effectiveness and efficiency of both department and Town resources, such process and procedure to be up to the Town Manager. Utilization of the program/performance budget format will provide a basis for evaluation of service and other impacts of potential increases or decreases in funding. The budget will incorporate the best available estimates of revenues and expenditures.
- 7.0 Budget Management – The Town Council shall delegate authority to the Town Manager in managing the budget after it is formally adopted, including transfer of funds within programs, categories, and departments. The Town Manager may further delegate levels of authority for the daily operation of the budget.
- 8.0 Level of Budget Adoption – The annual budget shall be adopted at the fund level, except in the General Fund where it shall be adopted at the department level. To provide sufficient control and accountability, budgets shall be prepared and monitored by major expenditure categories (personnel, operations and maintenance, capital outlay, debt service).

9.0 Appropriations – All appropriations shall lapse at the end of the fiscal year. There is no carryover of appropriations from year to year.

1-2 Strategic Long-Range Financial Planning

1.0 Five-year Forecast of Revenues and Expenditures – A five-year forecast of revenues and expenditures, to include a discussion of major trends affecting the Town's financial position, shall be prepared in anticipation of the annual budget process. The forecast shall also examine critical issues facing the Town, economic conditions, and the outlook for the upcoming budget year.

1-3 Fiscal Monitoring & Reporting

- 1.0 Financial Status and Performance Reports – Monthly reports comparing expenditures and revenues to current budget, projecting expenditures and revenues through the end of the fiscal year, noting the status of fund balances to include dollar amounts and percentages, and outlining any remedial actions necessary to maintain the Town's financial position shall be prepared for review by the Town Manager and Town Council.
- 2.0 Status Report on Capital Projects – A summary report on the contracts awarded, capital projects completed, and the status of the Town's various capital programs will be prepared at least quarterly and presented to the Town Manager and Town Council.
- 3.0 Compliance with Financial Policy Statements – Financial policies will be reviewed annually by the Town Council and updated, revised or refined as deemed necessary. Policy statements adopted by the Council are guidelines and occasionally exceptions may be appropriate and required. However, exceptions to stated policies will be specifically identified and the need for the exception will be documented and fully explained.

1-4 Banking and Investment

- 1.0 Objective – While conforming to federal, state, and other legal requirements the primary objectives of the Town of Oro Valley investment activities shall be: Safety, Liquidity and Yield. These objectives shall be achieved through mitigating credit risk and interest rate risk.
- 1.1 Safety – The principal goal of the investment program is the preservation and safety of the capital of all Town Funds. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from security defaults or erosion of market value.
- 1.2 Liquidity – The Town's investment portfolio shall remain sufficiently liquid in order to meet the operating requirements that may be reasonably foreseen. The investment portfolio should be composed in such a way that securities mature concurrent with cash needs to meet required demands. Furthermore, since all possible cash demand cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.
- 1.3 Yield – The Town's investment portfolio shall attain the highest rate of yield through budgetary and economic cycles taking into account the constraints imposed by its safety objectives, cash flow considerations and state laws that restrict the placement of certain public funds. Yield on investment is of secondary importance compared to the safety and liquidity objectives above. The investments are limited to relatively low risk securities in anticipation of earning a fair yield relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:
- 1.3.1 A security with declining credit may be sold early to minimize loss of principal.
- 1.3.2 A security swap that would improve the quality, expected return, or target duration in the portfolio.
- 1.3.3 Liquidity needs of the portfolio require that the security be sold.
- 1.4 Credit risk – The Town will minimize credit risk by:
- 1.4.1 Limiting investments to the types of securities listed in this investment policy.

- 1.4.2 Pre-qualifying financial institutions, brokers/dealers, intermediaries, and advisors with which the Town will do business in accordance to this policy.
- 1.4.3 Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- 1.5 Interest rate risk – The Town will minimize interest rate risk by:
- 1.5.1 Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- 1.5.2 Investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools limiting the average maturity in the portfolio in accordance with this policy.
- 2.0 Delegation of Authority – Authority to manage the investment program is granted to the Town Finance Director/CFO, under the supervision of the Town Manager. Responsibility of the operation of the daily investment program is delegated to the Finance Director/CFO, who shall carry out the operation of the investment program consistent with this investment policy. No employee may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director/CFO.
- 3.0 Prudence – The standard of prudence to be used by the Finance Director/CFO shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. The Finance Director/CFO, shall exercise due diligence and not be liable for losses. The "prudent person" standard with respect to Town Investments shall be the exercise of judgment and care, with prudence, discretion and intelligence that a person would exercise in their own affairs, not for speculation, but for investment, considering the primary objectives set forth in Section 1-1 of this policy.
- 4.0 Ethics and Conflicts of Interest – Employees involved in the investment process will refrain from conducting personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees will disclose any material interests in financial institutions with which they conduct business. They will disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees shall refrain from undertaking personal investment transactions with the same individual that conducts business with the Town.
- 5.0 Safekeeping and Custody – To protect against potential fraud or embezzlement, the investments of the Town shall be secured through third-party custody and safekeeping procedures. Ownership shall be protected through third-party custodial safekeeping. The Town's external auditor shall review safekeeping procedures annually.
- 5.1 Internal Controls – The Finance Director/CFO is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, third party misrepresentation, unanticipated changes in financial markets or imprudent actions by employees and officers of the Town.
- 5.2 Independent Financial Institution - The Town shall contract with a single, independent financial institution for custodial and safekeeping services for the Town's investment portfolio.
- 5.3 Delivery vs. Payment – All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution simultaneously to the release of funds.
- 5.4 Authorized Financial Dealers and Institutions – The Finance Director/CFO will review the financial condition and registration of qualified bidders. Financial institutions and broker/dealers who would like to become qualified bidders for investment transactions with the Town must supply the following:
- Audited financial statements
 - Proof of National Association of Securities Dealers (NASD) certification
 - Proof of stated registration
 - Certification of having read and understood and agreeing to comply with the Town's investment policy
 - Evidence of adequate insurance coverage

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Finance Director/CFO. If the Town utilizes an external investment advisor, the advisor may be authorized to transact with its own Approved Broker/Dealer List on behalf of the Town. If the investment advisor utilizes its own Broker/Dealer List, the advisor will perform due diligence for the brokers/dealers on its Approved List.

6.0 Investment Types – Suitable and authorized investments include the following:

- 6.1 Authorized investments for the debt service reserve funds shall be consistent with those set forth in the trust indentures or the long-term debt issuances.
- 6.2 Fully insured or collateralized certificates of deposit (CD) that are FDIC-insured in eligible depositories if the interest rate bid is 103% or more of the equivalent bond yield of the offer side of treasury bills.
- 6.3 Interest bearing savings accounts in qualified banks and savings and loan institutions which are FDIC insured.
- 6.4 Repurchase agreements with maximum maturity of 180 days.
- 6.5 The pooled investment funds established by the State Treasurer pursuant to A.R.S. 35-326.
- 6.6 Bond or other evidence of indebtedness of the United States or any of its agencies or instrumentalities when the obligations are guaranteed as to principal and interest by the United States or by any agency or instrumentality of the United States.
- 6.7 Bonds or other evidences of indebtedness of this State, any county, city, town, or school district. Ratings of these investments must be AAA or equivalent.
- 6.8 Bonds, notes or evidences of indebtedness of any county or municipal district within this State which are payable from revenues or earnings specifically pledged for the payment of the principal and interest on the obligations, if they meet certain criteria as specified in A.R.S.35-323. Ratings of these investments must be AAA or equivalent.
- 6.9 Bonds, notes or other evidences of indebtedness issued by any municipal improvement district in this State to finance local improvements authorized by law, if the principal and the interest of the obligations are payable from assessments on real property within the local improvement district. Ratings of these investments must be AAA or equivalent.
- 6.10 Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist of dollar-denominated securities. Money market mutual funds must always be priced at \$1/share.
- 6.11 Commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency.
- 6.12 Bonds, debentures, notes or other evidences of indebtedness that are denominated in United States dollars and that carry at a minimum an “A” or better rating at the time of purchase, from at least two nationally recognized rating agencies.
- 6.13 Bonds, debentures, notes or other evidences of indebtedness that are denominated in United States dollars and that carry at a minimum an “A” or better rating at the time of purchase, from at least two nationally recognized rating agencies.
- 6.14 Negotiable or brokered certificates of deposit issued by a nationally or state-chartered bank or savings and loan association. Callable securities are not permitted.
- 6.15 Collateralization of 102% will be required on two types of Town investments: certificates of deposit and repurchase agreements.

7.0 Investment Parameters – Investment parameters include the following:

- 7.1 Diversification - The investments shall be diversified by:

- 7.1.1 Limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities)
- 7.1.2 Limiting investment in securities that have higher credit risks
- 7.1.3 Investing in securities with varying maturities
- 7.1.4 Investing a portion of the portfolio in readily available funds such as local government investment pools (LGIP's), overnight repurchase agreements, or other overnight accounts to ensure that appropriate liquidity is maintained in order to meet ongoing obligations
- 7.2 Maturities - Reserve funds are subject to different requirements on maximum maturities than those for other Town funds according to the terms and provisions as outlined in the trust indenture of the long-term debt issuances. To ensure liquidity the Town shall attempt to match its investments with anticipated cash flow requirements. As all possible cash demands cannot be anticipated, a portion should consist of securities with active secondary and resale markets. The Town will not invest in securities with maximum maturities greater than those allowed under A.R.S. 35-323, Investment of Public Monies. Currently, maximum maturities are:
 - 7.2.1 Securities and deposits: 5 years
 - 7.2.2 Repurchase agreements: 30/180 days in accordance with A.R.S 35-323.
- 7.3 Competitive Procurement Process/Use of Cooperative Contract - Before the Town invests any public funds, a competitive procurement process should be conducted for the necessary services or investment instruments. If a specific maturity date is required, either for cash flow purposes or in order to conform to maturity guidelines, bids will be requested for instruments which meet the maturity requirement. If no specific maturity is required, a market trend (yield curve) analysis will be conducted to determine which maturities would be most advantageous. The competitive process will follow the policies and procedures outlined in the Town's Procurement Code and comply with A.R.S. 35-323. The Town may also choose to use an existing cooperative contract provided the contract meets all requirements of the Town's Procurement Standards.
- 8.0 Shock Test – The purpose of the shock test is to analyze the impact of changes in market interest rates on the potential value of the portfolio. The investment portfolio shall be shock tested quarterly by the safekeeping agent as part of their contract responsibility. At a minimum, the stress test will value the portfolio assuming interest rates rise or fall by up to 300 basis points across the entire yield curve. Information obtained from the stress test combined with current economic and interest rate forecasts will assist in determining appropriate maturities for new investments considering risks.
- 9.0 Benchmarks – The investment portfolio held by authorized financial institutions will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return of stable interest rates which are equal to or exceed that obtained through investing in the State of Arizona Local Government Investment Pool (LGIP), which is managed by the State Treasurer. Performance will be monitored quarterly.
- 10.0 Banking Services – The Town will execute a contract with its financial depository which shall designate the requirements of serving as a depository for the Town, including collateralization of Town funds invested at such depository and the related safekeeping requirements of the pledged securities. The Town will evaluate and request bids on banking services every five years.

1-5 Banking and Investment

- 1.0 Capital Improvements – The Town shall annually review the needs for capital improvements, including the current status of the Town infrastructure, replacement and renovation needs, and potential new projects. All projects, both ongoing and proposed, shall be prioritized based on an analysis of current needs and resource availability at the direction of the Town Manager. For every proposed capital project, all operation, maintenance, and replacement costs shall be fully costed. Proposed capital projects will not be authorized or awarded until a funding source is identified.
- 2.0 Capital Assets – Capital assets shall be depreciated over their estimated useful lives utilizing the straight-line method and shall be included in the operating budget.

- 3.0 Capital Projects – Capital projects shall be depreciated over their estimated useful lives utilizing the straight-line method and shall be included in both the capital improvement program (CIP) and capital budget.
- 4.0 Capital Improvement Program (CIP) – A minimum ten-year capital improvement program will be developed and updated annually, encompassing both anticipated funding sources and any estimated operating expenditures. Estimated operating expenditures associated with capital projects will be included in the operating budget. Estimated first-year capital expenditures in the CIP shall be included in the Capital Fund budget. A quarterly status report will be prepared for Council to facilitate monitoring of each project’s progress and identify any significant issues.
- 5.0 Prioritization – Prioritization shall occur first at the department level, and then at the Town-wide level by a cross-departmental capital project team. Financing sources will then be identified for the projects ranking the highest based on evaluation criteria and available resources.
- 6.0 Minimum Funding Level – In order for the Town to provide sustainable funding for capital improvements and asset repair/maintenance needs each year, the annual budget shall include the allocation of a minimum of 5% of the Town’s General Fund estimated sales tax revenues (not including state-shared revenues) to fund these needs, subject to Council approval and funding availability. These funds will be accounted for in a separate Capital Fund.
- 7.0 Capital Expenditure Financing – The Town recognizes that there are three basic methods of paying for capital requirements. It can budget the funds from current resources (pay as you go), it can take the funds from fund balance as allowed by the Fund Balance Policy (another pay as you go method), or it can borrow money through debt. Debt financing includes general obligation bonds, revenue bonds, lease/purchase agreements, certificates of participation, and other debt instruments permitted under Arizona law. Guidelines for incurring debt are set forth in the Debt Policy Statements.
- 8.0 Audits – The Finance Department shall be responsible for verifying the actual physical existence of capital and minor assets and the accuracy of the Town’s asset database. The process will be monitored through asset audits of Town departments and divisions. Any significant irregularities will be reported to the Town Manager. The Town shall strive to perform a complete inventory of capital items at least every two years.

1-6 PSPRS Pension Funding

1.0 Public Safety Personnel Retirement System (PSPRS)

- 1.1 PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to comingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under its administration and 2) serve as the statewide uniform administrator for the distribution of benefits.
- 1.2 Under an agent multiple-employer plan, each agency participating in the plan has an individual trust fund reflecting that agencies’ assets and liabilities. Under this plan all contributions are deposited to and distributions are made from that fund’s assets, each fund has its own funded ratio and contribution rate, and each fund has a unique annual actuarial valuation. The Town of Oro Valley has one trust fund for police employees. The Town also contributes to the Correction Officer Retirement Plan (CORP), administered by the Public Safety Personnel Retirement System, on behalf of selected individuals who serve as dispatchers in the Oro Valley Police Department. CORP maintains one trust fund for dispatchers.
- 1.3 Council formally accepts the assets, liabilities, and current funding ratio of the Town’s PSPRS and CORP trust funds from the June 30, 2021 actuarial valuations specified below.

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Oro Valley Police (PSPRS)	\$46,773,089	\$70,792,554	\$24,019,465	66.1%
Oro Valley Dispatchers(CORP)	\$ 1,649,829	\$ 3,551,295	\$ 1,901,466	46.5%

Note: The Town of Oro Valley funded the PSPRS Pension Plan with \$27.6M in July 2021, after the June 30, 2021 actuarial report was prepared. At this time, it is expected the plan is 100% funded.

- 1.4 PSPRS and CORP Funding Goal – Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity.
- 1.5 The Council's PSPRS and CORP funding ratio goal is 100% (fully funded) by June 30, 2036 and beyond. Council establishes this goal for the following reasons:
 - 1.5.1 The PSPRS and CORP trust funds represent only the Town of Oro Valley's liability
 - 1.5.2 The fluctuating cost of an UAAL causes strain on the Town's budget, affecting the Town's ability to provide services.
 - 1.5.3 A fully funded pension is the best way to achieve taxpayer and member intergenerational equity.
- 1.6 Council has determined that in order to achieve the 100% funding ratio goal, the following actions will be taken:
 - 1.6.1 Maintain ARC payment from operating revenues – Council is committed to maintaining the full ARC payment (normal cost and UAAL amortization) from operating funds. The estimated combined ARC for FY21/22 is estimated at \$2.9 million for PSPRS and at \$183,000 for CORP and shall be paid from operating funds.
 - 1.6.2 At such time the ARC is projected to be reduced, the Town should endeavor to continue paying the ARC at the higher rate (currently 43.47% for Police), to maintain the funding ratio goal of 100%. This is due to historically poor investment performance in the Plan and should assist in mitigating that risk should it continue.
 - 1.6.3 Retain 20-year amortization of unfunded liability
 - 1.6.4 Review Local board practices annually
 - 1.6.5 Periodically engage consultants to review actual results and recommend possible adjustments or corrections as necessary
- 1.7 Payments to PSPRS will be as follows:
 - 1.7.1 In FY22, the Town will make approximately \$2.9M in payments based upon a 43.57% contribution rate.
 - 1.7.2 In FY23, the Town will make approximately \$2.9M in payments based upon a 43.47% contribution rate.
 - 1.7.3 In FY24 and subsequent years, the Town will continue maintaining a 100% funding ratio. If the funding ratio grows to over 110%, the Town Manager through the budget process, may recommend applying funding to other Town priorities. If the funding ratio falls below 100%, future additional payments will be made to restore the funding ratio back to 100%.
- 1.8 It is hereby the Town Council's intent to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS and CORP June 30, 2021 Actuarial Valuation.
- 1.9 The following shows the historical performance of the unfunded actuarial accrued liability.

Year	Trust Fund	Assets	Accrued Liability	Unfunded	
				Actuarial Liability	Funded Ratio
2014	Oro Valley Police	23,567,852	36,122,643	(12,554,791)	65%
2014	Oro Valley Dispatchers	1,216,956	2,269,744	(1,052,788)	54%
2015	Oro Valley Police	26,200,389	40,452,911	(14,252,522)	65%
2015	Oro Valley Dispatchers	1,205,067	2,362,604	(1,157,537)	51%
2016	Oro Valley Police	29,296,195	48,414,270	(19,118,075)	61%
2016	Oro Valley Dispatchers	1,163,258	2,524,360	(1,361,102)	46%
2017	Oro Valley Police	31,882,797	53,037,566	(21,154,769)	60%
2017	Oro Valley Dispatchers	1,260,798	3,077,649	(1,816,851)	41%
2018	Oro Valley Police	34,172,618	57,022,056	(22,849,438)	60%
2018	Oro Valley Dispatchers	1,337,558	2,945,307	(1,607,749)	45%
2019	Oro Valley Police	37,842,906	62,278,853	(24,435,947)	61%
2019	Oro Valley Dispatchers	1,424,947	3,240,399	(1,815,452)	44%
2020	Oro Valley Police	41,498,361	67,240,526	(25,742,165)	62%
2020	Oro Valley Dispatchers	1,504,732	3,374,933	(1,870,201)	45%
2021	Oro Valley Police	46,773,089	70,792,554	(24,019,465)	66%
2021	Oro Valley Dispatchers	1,649,829	3,551,295	(1,901,466)	46%

Source: Town Comprehensive Annual Financial Report for June 30, 2021 – Note 15.

1-7 Revenues

- 1.0 Balance and Diversification in Revenue Sources – The Town shall strive to maintain a balanced and diversified revenue system to protect it from fluctuations in any one source due to changes in local economic conditions which adversely impact that source.
- 2.0 User Fees and Charges – For services that benefit specific users, the Town shall establish and collect fees to recover the costs of those services. The Town Council shall determine the appropriate cost recovery level and establish the fees. Where feasible and desirable, the Town shall seek to recover full direct and indirect costs. Material user fees shall be reviewed on an annual basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary.
- 3.0 Development Impact Fees – Development impact fees for capital expenses attributable to new development will be reviewed periodically to ensure the fees recover all direct and indirect development-related expenses and be approved by Town Council.
- 4.0 Enterprise Revenues – The Town will establish rates and fees at levels to fully cover the total direct and indirect costs, including operations, capital outlay, debt service, debt coverage requirements and unrestricted cash reserve balances. Enterprise funds will not be used to subsidize operations of other funds. Interfund charges will be assessed for the administrative support of enterprise fund activities.
- 5.0 Revenue Estimates for Budgeting – To maintain a stable level of services, the Town shall use a conservative, objective and analytical approach when preparing revenue estimates. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends in revenues. This approach should reduce the likelihood of actual revenues falling short of budget estimates during the year and should avoid mid-year service reductions.
- 6.0 Revenue Collection and Administration – The Town shall maintain high collection rates for all revenues by keeping the revenue system as simple as possible to facilitate payment. In addition, because revenue should exceed the

cost of producing it, the Town shall strive to control and reduce administrative costs. The Town shall pursue to the full extent allowed by state law all delinquent taxpayers and others overdue in payments to the Town.

- 7.0 Write-off of Uncollectible Accounts – The Town shall monitor payments due the Town (accounts receivable) and the Town Manager or designee shall periodically write-off accounts where collection efforts have been exhausted and/or collections efforts are not feasible or cost-effective.
- 8.0 Use of One-time Revenues – The Town shall discourage the use of one-time revenues for ongoing expenditures.
- 9.0 Use of Unpredictable Revenues – The Town shall exercise caution with the use of unpredictable revenues for ongoing expenditures.

1-8 Expenditures

- 1.0 Current Funding Basis – The Town shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as to not exceed current revenues plus the planned use of fund balance accumulated through prior year savings. (The use of fund balance shall be guided by the Fund Balance Policy Statements).
- 2.0 Avoidance of Operating Deficits (Governmental Funds) – The Town Manager shall take immediate corrective actions if, at any time during the fiscal year, expenditure and revenue re-estimates are such that an operating deficit (projected expenditures in excess of projected revenues) is projected at year-end. Corrective actions may include a hiring freeze, employee reductions, expenditure reductions, fee increases, use of fund balance within the Fund Balance Policy or other actions that may be deemed necessary and appropriate. Expenditure deferrals into the following fiscal year, short-term loans or use of one-time revenue sources shall be avoided in attempt to achieve fiscal structural balance. Corrective actions referenced above shall be presented to Town Council at the earliest possible time for approval.
- 3.0 Maintenance of Capital Assets – Within the resources available each fiscal year, the Town shall maintain capital assets and infrastructure at a sufficient level to protect the Town’s investment, to minimize future replacement and maintenance costs, and to continue service levels.
- 4.0 Periodic Program Reviews – The Town Manager shall undertake periodic staff and third-party reviews of Town programs for both efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternative approaches to service delivery. Programs which are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.
- 5.0 Purchasing – The Town shall conduct its purchasing and procurement functions efficiently and effectively, fully complying with applicable Federal and State laws, and the Town Procurement Code. Staff shall make every effort to maximize any discounts offered by creditors/vendors. Staff shall also utilize competitive bidding or cooperative purchasing agreements to attain the best possible price on goods and services. Procurement policy and procedures are found in Town AD 2-2.
- 6.0 Uniform Expenditure Reporting System – The Arizona Constitution imposes a limit on the expenditures of local jurisdictions. The Town will comply with these expenditure limitations and submit an audited expenditure limitation report, audited financial statements, and audited reconciliation report as defined by the Uniform Expenditure Reporting System to the State Auditor General within prescribed timelines in accordance with A.R.S. 41-1279.07.
- 7.0 Budget Amendments and Transfers – To provide flexibility in the management of department budgets for major expenditures (personnel, operations & maintenance, capital outlay, and debt service) the following amendment and transfer provisions shall apply:
 - 7.1 Transfers of budget capacity between funds shall require the recommendation of the Town Manager and formal action by the Town Council.
 - 7.2 Transfers of budget capacity between line items within each major expenditure category shall be permitted upon recommendation of the Department Head and approval by the Town Manager.
 - 7.3 Transfers of budget capacity between line items or major expenditure categories to fund additional personnel or increased expenditures as a result of personnel reclassifications shall require the recommendation of the Town Manager and formal action by the Town Council.

- 7.4 Transfers of budget capacity that reduce or eliminate funding for items designated in the adopted Capital Improvement Program shall require the recommendation of the Town Manager and approval of the Town Council.
- 7.5 Transfers of budget capacity that reduce or eliminate funding for debt service shall require the recommendation of the Town Manager and approval of the Town Council.

1-9 Debt

- 1.0 Use of Debt Financing – Debt financing, to include general obligation bonds, certificates of participation, lease/purchase agreements, and other obligations permitted to be issued or incurred under Arizona law, shall only be used to purchase capital assets that cannot be prudently acquired from either current revenues or fund balance. The useful life of the asset or project shall exceed the repayment schedule of any debt the Town assumes. The Town shall not use long-term debt to finance current operations.
- 2.0 Future Bond Proposals – Future bond proposals will be accompanied by an analysis showing how the new issue, combined with current debt, impacts the Town’s debt capacity and conformance with Town debt policies.
- 3.0 Bond Rating – The Town will seek to maintain, and if possible, improve current bond ratings in order to minimize borrowing costs and preserve access to credit. The Town will encourage and maintain good relations with financial bond rating agencies and will follow a policy of full and open disclosure.
- 4.0 Utilization of Bond Proceeds – Proceeds from bonded debt will be used in accordance with the purpose of the issuance. Funds remaining after the project is completed will be used in accordance with the provisions stated in the bond ordinance that authorized the issuance of the debt.
- 5.0 Arbitrage Rebate – The Town shall comply with Internal Revenue Service arbitrage rebate requirements for bonded debt.
- 6.0 Interest Earnings on Bond Proceeds – Interest earnings on bond proceeds will be limited to 1) funding or acquiring the improvement(s), or 2) payment of debt service on the bonds.
- 7.0 Bond Project Eligibility – All projects funded with bonded debt must be included in the Town’s Capital Improvement Program.
- 8.0 Bond Refunding – When considering refunding any outstanding bonded debt, either the Town or its financial advisor will perform a cost benefit analysis to determine if the cost savings of refunding will be greater than the cost to refund. Considerations will be made with regard to existing bond covenants when refunding any bonded debt.
- 9.0 Pledging of Utility Revenues – When utility revenues are pledged as debt service payments, the Town will strive to maintain a 1.3 times debt service coverage ratio to ensure debt coverage in times of revenue fluctuation. This will be in addition to the required ratio of the bond indenture.
- 10.0 Debt Limit – Article IX, Section 8 of the Arizona Constitution limits the Town’s bonded debt capacity (outstanding principal) to a certain percentage of the Town’s secondary assessed valuation by the type of project to be constructed. The limit for general purpose municipal projects is 6%. For water, light, sewer, open space, public safety, park, law enforcement, fire and emergency services, and streets and transportation facilities projects, the limit is 20%.
- 11.0 Post-Issuance Compliance – The Town will comply with all post-issuance compliance requirements in conformance with federal tax laws.
- 12.0 Bonded Indebtedness Report – In accordance with A.R.S. 35-501 and 35-502, new bond and securities issuances will be reported to the State Treasurer within 60 days of issuance. Further, the Town will produce an annual bonded indebtedness report to the Arizona Department of Administration.

1-10 Fund Balance

- 1.0 Committed Fund Balance – The Town shall strive to maintain the General Fund balance at 25% of regular General Fund operating expenditures. After completion of the annual audit, if the fund balance exceeds 25%, the excess

must be specifically designated for capital project funding and/or reducing the Town’s Public Safety Personnel Retirement System (PSPRS) unfunded actuarial accrued liability (UAAL).

- 2.0 Use of Fund Balance – Fund Balance shall be used only for emergencies, non-recurring expenditures or major capital purchases that cannot be accommodated through current year savings. Should such use reduce the balance below the appropriate level set as the objective for that fund, restoration recommendations will accompany the decision to utilize said balance.
- 3.0 Governmental Accounting Standards Board (GASB) Statement No.54 – In accordance with GASB Statement No.54, fund balances will be classified in the following components:
 - 3.1 Nonspendable Fund Balance
 - 3.2 Restricted Fund Balance
 - 3.3 Committed Fund Balance
 - 3.4 Assigned Fund Balance
 - 3.5 Unassigned Fund Balance

The following matrix depicts to which classification fund balances of Town governmental funds will be applied:

Fund	Restricted	Committed	Assigned	Unassigned	Comments
State & Justice Seizure Funds	X				Restricted by State Statute
Municipal Debt Service Fund	X				Restricted by Debt Covenants
Oracle Road Improvement District Fund	X				Restricted by Debt Covenants
Townwide Roadway Impact Fee Fund	X				Restricted by State Statute
Parks & Recreation Impact Fee Fund	X				Restricted by State Statute
Police Impact Fee Fund	X				Restricted by State Statute
Highway Fund	X				Restricted by State Constitution & Statute
PAG/RTA Fund	X				Restricted by PAG/RTA
Community Center Fund		X			Committed by Town Council
Capital Fund			X		
<u>General Fund</u>					
Council 25% Reserve Policy on Contingency		X			Committed by Town Council
Planned Use of Fund Balance/Budget Deficit				X	
Bed Tax Collections				X	
Compensated Absences				X	
Unemployment Claims				X	

- 4.0 Town Council Authorization – Fund balance reserves may only be appropriated by authorization of the Town Council.
- 5.0 Utilization Priority – When multiple categories of fund balance reserves are available for expenditure (i.e. a construction project is being funded partly by a grant, funds set aside by Town Council and unassigned fund balance) the Town will start with the most restricted category – spending those funds first – before moving down to the next category with available funds.
- 6.0 Water Enterprise Fund – The Water Enterprise Fund shall maintain a cash reserve in the operating fund of not less than 20% of the combined total of the annual budgeted amounts for personnel, operations and maintenance, and debt service. This cash reserve amount specifically excludes budgeted amounts for capital projects, depreciation, amortization and contingency. No cash reserve is required for the Water Utility Impact Fee Funds.
- 7.0 Annual Review – All Town budgetary fund designations and reserves will be evaluated annually for long-term adequacy and use requirements in conjunction with development of the Town’s long-term financial forecast.

1-11 Internal Controls

- 1.0 Proper Authorizations – Procedures shall be designed, implemented, and maintained to ensure that financial transactions and activities are properly monitored, reviewed, and authorized.

- 2.0 Separation of Duties – Job duties will be adequately separated to reduce to an acceptable level the opportunities for any person to be able to both perpetrate and conceal errors or irregularities in the normal course of assigned duties.
- 3.0 Proper Recording – Procedures shall be developed and maintained that will ensure financial transactions and events are properly recorded and that all financial reports may be relied upon as accurate, complete and current.
- 4.0 Access to Assets and Records – Procedures shall be designed and maintained to ensure that adequate safeguards exist over access to and use of financial assets and records.
- 5.0 Independent Checks – Independent checks and audits will be made on staff performance to ensure compliance with established procedures and proper valuation of recorded amounts.
- 6.0 Costs and Benefits – Internal control systems and procedures must have an apparent benefit in terms of reducing and/or preventing losses. The cost of implementing and maintaining any control system will be evaluated against the expected benefits to be derived from that system.
- 7.0 Information Technology – The Town will follow policies and procedures outlined in AD4-1 Information Security and Computer Usage to minimize risk associated with electronic financial records being compromised.

1-12 Grants

- 1.0 Grant Guidelines – The Town shall apply for only those grants consistent with the objectives and high priority needs previously identified by the Town Council. The potential for incurring ongoing costs, to include the assumption of support for grant-funded positions from operating revenues, will be considered prior to applying for a grant.
- 2.0 Indirect Costs – The Town shall attempt to recover full indirect costs unless the funding agency does not allow it to do so. The Town may waive or reduce indirect costs if it is deemed to be advantageous to the Town.
- 3.0 Grant Review – All anticipated grant requests will be evaluated by the Town Budget Committee. Federal or State grant requests less than \$15,000 will not be considered. All grant submittals shall be reviewed for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet Town policy objectives. If there are cash match requirements, the source of funding shall be identified prior to application submittal.
- 4.0 Grant Program Termination – The Town shall terminate grant-funded programs and associated positions when grant funds are no longer available unless alternate ongoing funding is identified.

1-13 Accounting, Auditing, and Financial Reporting

- 1.0 Conformance to Accounting Principles and Recommended Practices – The Town accounting practices and financial reporting shall conform to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), and best practices recommended by the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA).
- 2.0 Selection of Auditors – The Town shall request proposals from qualified, independent certified public accounting firms every five years, including the current auditors if their past performance has been satisfactory. The audit firm selected shall perform an annual audit of the books of account, records and transactions, opining on the Basic Financial Statements and Single Audit Report (if necessary).
- 3.0 Audit Completion – The Town shall strive to have its Comprehensive Annual Financial Report (CAFR), Alternative Expenditure Limitation Report, and Single Audit Report (if necessary) completed and available within 180 days, 270 days, and 270 days, respectively, after the close of its previous fiscal year ending June 30.
- 4.0 Report Submission to GFOA – The Town shall annually submit its budget to the GFOA Distinguished Budget Presentation Program. Further, the Town shall also annually submit its CAFR to the GFOA Certificate of Achievement for Excellence in Financial Reporting program.

Town of Oro Valley's Budget Development Process

Initial Processes and Guidelines

The focus areas, goals and strategies outlined in the Council-adopted Strategic Leadership Plan provide an initial framework to guide management and staff on budget priorities for the upcoming fiscal year. The seven focus areas are:

- Economic Vitality
- Culture and Recreation
- Public Safety
- Roads, Water and Town Assets
- Land Use and Design
- Effective and Efficient Government
- Financial Stability and Sustainability

The budget process begins in November, when departments submit their initial capital improvement program (CIP) project requests. In January, a cross-departmental team meets to compile a preliminary CIP program for Town Council discussion. In February, a two-day planning retreat is held with Councilmembers to update the Town's Strategic Leadership Plan, discuss preliminary revenue projections and the CIP program for the upcoming fiscal year. The Strategic Leadership Plan, as well as one-on-one meetings with Councilmembers, help guide and identify budget priorities and goals, and facilitate alignment with long-range planning.

At the conclusion of the two-day planning retreat, each department develops their budget based on the identified priorities and goals. Departments build their budget and formulate next year's requests at the line-item level, as well as project current year-end estimates. This information is compiled on a program level and an overall department level for review and analysis.

Budget Review and Adoption

Once departments have submitted their budget requests for personnel, O&M, and capital, Finance staff reviews the requests and compiles a financial package for the Town Manager. Budget review meetings are held between each department and the Town Manager's budget steering committee to ensure that departmental initiatives are aligned with the budget priorities outlined by Town Council. The budget steering committee is composed of the Town Manager, Assistant Town Manager, Chief Financial Officer, Chief Information Officer, Finance and Budget Administrator, and the Senior Budget Analyst. Any gaps existing between revenues and expenditures are discussed among the budget steering committee and the Town Manager with a recommendation for closure.

The Town Manager ultimately recommends a budget for Council consideration. The Town Manager's recommended balanced budget and 10-year Capital Improvement Program are delivered to the Council. Simultaneously, a financial sustainability plan is updated and presented to Council that includes various assumption factors, projected revenue, and departmental costs to complete a five-year financial picture. During budget work sessions, Councilmembers have the option of adding new items for consideration, as well as amending or removing existing staff recommended budget items. Upon Council's revisions to the Town Manager's recommended budget, Finance compiles and finalizes the proposed tentative budget.

The Manager's recommended budget is delivered to Council in April with two consecutive dedicated study sessions for discussion held in May.

With input received during the two budget study sessions, the tentative budget is then presented and adopted on the first Town Council meeting in June. The adoption of the tentative budget sets the expenditure limitation for the fiscal year. In addition to the Town's website, the budget is also published via newspaper and two public hearings are held.

After completion of the public hearings, the final budget is adopted on the second Town Council meeting in June.

Expenditure Limitation

The State of Arizona imposes an expenditure limitation on local jurisdictions. State statute sets the limit unless otherwise approved by the voters. If the limit imposed by the State is not sufficient to meet the Town's needs, the budget law provides four options to potentially solve the problem. All of these options require voter approval.

- A local home rule (alternative expenditure limitation)
- A permanent base adjustment

- A capital projects accumulation fund
- A one-time override

The voters of the Town of Oro Valley adopted the Home Rule Option in 2018. The expenditure limit approved by the voters must be used in determining the Town's expenditure limit until a new base is adopted. The Home Rule option is voted on every four years. The FY 2022-2023 expenditure limit for Oro Valley is \$147,704,287.

In 2020, voters approved a proposition that would move the Town from home rule to a permanent base adjustment. Beginning in FY 23/24, the Town of Oro Valley will be on a permanent base adjustment and will not require voter approval every four years unless a new base adjustment or home rule is needed.

Budget Amendments

Because detailed budgets are considered by the Town to be a planning tool for department management, departments should have some degree of flexibility in establishing and adjusting such detail including major expenditure categories. To provide such flexibility, the following budget amendment and transfer provisions shall apply:

- a. Transfers between funds shall require the recommendation of the Town Manager and formal action by the Town Council.
- b. Transfers between line items within each major expenditure category shall be permitted upon recommendation of the department director and approval by the Town Manager.
- c. Transfers between the line items or major expenditure categories to fund additional personnel or increased expenditures as a result of personnel reclassifications shall require the recommendation of the Town Manager and formal action by the Town Council.
- d. Transfers between the operations and maintenance and capital outlay major expenditure categories shall be permitted upon recommendation of the department director and approval by the Town Manager.
- e. Transfers that would reduce or eliminate funding for items designated in the adopted Capital Improvement Program shall require the recommendation of the Town Manager and formal Council action.
- f. Transfers that would reduce or eliminate funding for debt service shall require the recommendation of the Town Manager and formal Council action.

BUDGET DEVELOPMENT CALENDAR

FISCAL YEAR 2022-2023 (July 1, 2022 - June 30, 2023)

Strategic Planning	November - January
CIP request process open for departments to submit initial project requests	Nov 19, 2021
New budget year planning meeting with Budget Steering Committee	Dec 1, 2021
Senior Management Team meeting - discuss budget timeline and department requests	Dec 9, 2021
Budget Development Process	January - April
Budget Kick Off. Preliminary outlook, operating budget formation & entry.	Jan 22, 2022
Department budget request submission	Jan 22 – Feb 22, 2022
Final revenue estimates prepared	Jan 24 – Feb 25, 2022
Town Council Retreat: discussion of strategic plan, revenue projections, CIP, and budget	Feb 18 – Feb 19, 2022
Budget Steering Committee initial meeting	Mar 1, 2022
Final CIP requests due	Mar 2, 2022
Water Rates Analysis - Council adoption of notice of intent	Mar 3, 2022
Budget Steering Committee reviews department budget requests	Mar 3 – Mar 12, 2022
Finance prepares Town Manager Recommended Budget	Mar 15 – Apr 15, 2022
Council Budget Review	April – May
Town Manager's Recommended Budget distributed to Council and Budget & Finance Commission	Apr 19, 2022
Budget & Finance Commission review of Town Manager's Recommended Budget	Apr 19, 2022
Town Council Review - Staff meetings with Councilmembers	Apr 20 – Apr 30, 2022
Town Council Study Session, Budget work session, CIP presented	May 11 – May 12, 2022
Budget Adoption	June
Adoption of Proposed Water Rates, Public Hearing	Jun 1, 2022
Tentative Budget Adoption, Public Hearing	Jun 1, 2022
Final Budget Adoption, Public Hearing; presentation of five-year forecast	Jun 15, 2022

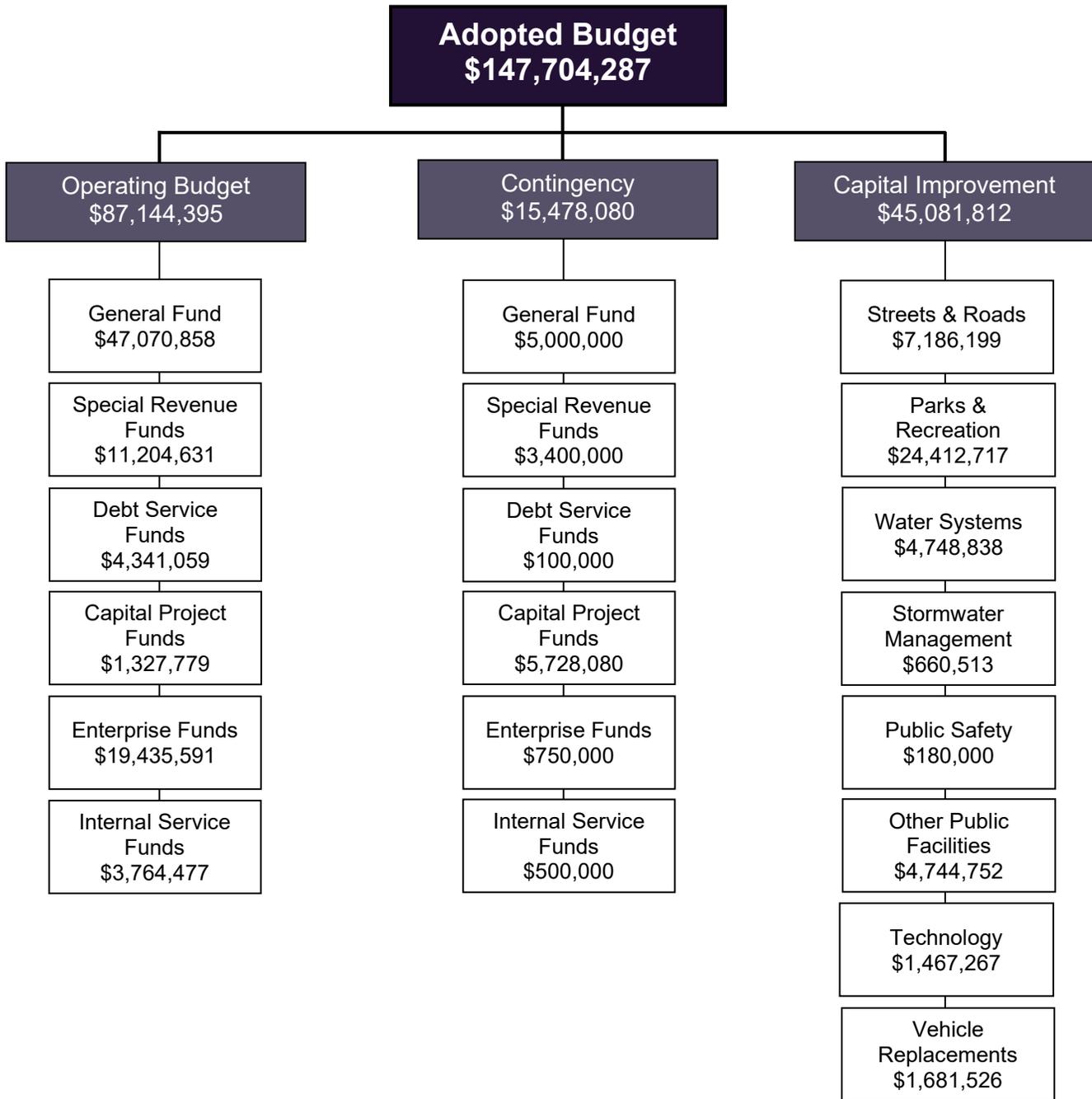
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FINANCIAL OVERVIEW

- Budget Overview
 - Fund Balances
 - Historical Fund Balances
 - Budget Summary
 - Revenue Summary
 - Revenue Schedule by Fund
 - Revenue Sources
 - Expenditure Summary
 - Expenditure Schedule by Fund
 - Expenditures by Program
 - Personnel Summary
 - Personnel Summary by Fund
 - Personnel Schedule
 - Debt Service
 - Debt Service Schedules
 - Long Term Forecast





Budget Overview

The budget for FY 2022/23 totals \$147.7 million, which includes a \$85.8 million operating budget and \$46.5 million for capital projects, and represents a \$14.3 million, or 8.8% decrease from the previous fiscal year budget of \$162.0 million.

This decrease is primarily attributable to a one-time, \$27 million contribution to the Town’s Public Safety Personnel Retirement System (PSPRS) unfunded pension liability from last year’s budget, a policy decision made by the Town Council in April 2021 that resulted in the Town achieving 100 percent funding for its police pension program. Substantially higher sales taxes and state shared revenues budgeted for FY 22/23 partially offset this decrease

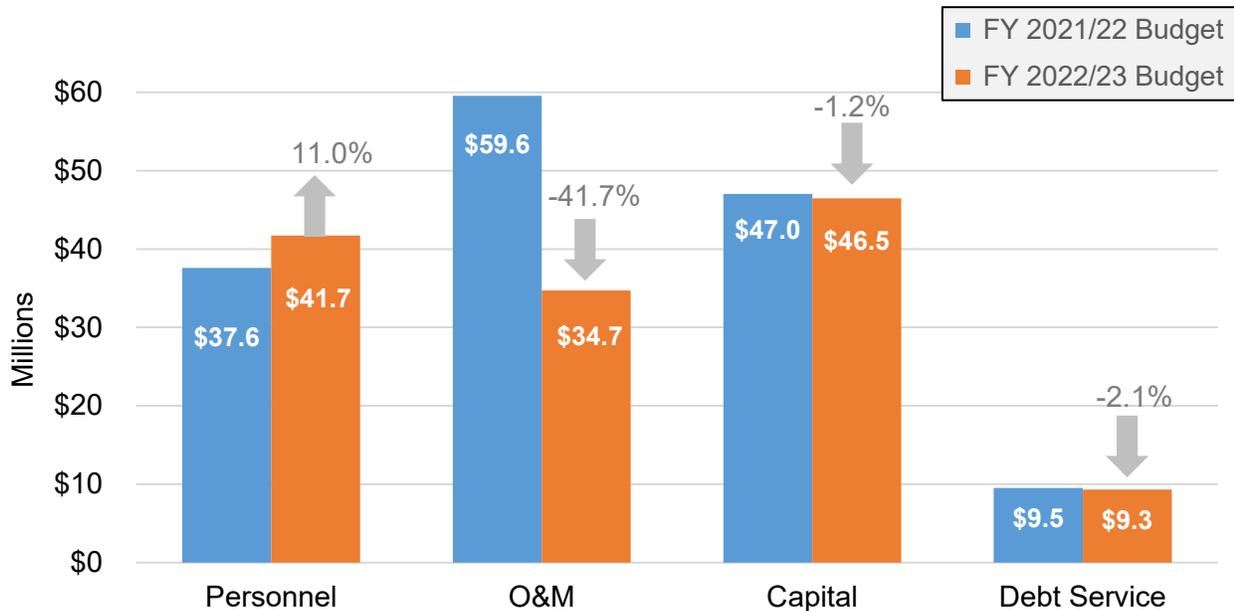
Budgeted capital for FY 22/23 is a significant portion of the budget at \$46.5 million and includes capacity for roadway improvements, water system improvements, parks and recreation amenities and improvements, public safety facilities and equipment, and fleet and technology replacements. Please refer to the Capital Improvement Program (CIP) for additional detail on budgeted projects.

The FY 22/23 personnel budget provides funding nine new full-time and four part-time positions, several position reclassifications, and includes capacity for pay adjustments resulting from a classification and compensation study. Refer to the personnel summary section of the budget for further discussion and details regarding personnel changes.

The O&M budget is decreasing by approximately \$24.9 million, or 41.7%, due to a one-time PSPRS payment of \$27.0 million in the prior year. Excluding this one-time payment, the O&M budget is increasing \$2.2 million or 6.6% compared to FY 21/22.

A more detailed discussion on the changes to each category of the Town’s budget can also be found in the expenditure summary section of this document.

Comprehensive Budget Overview

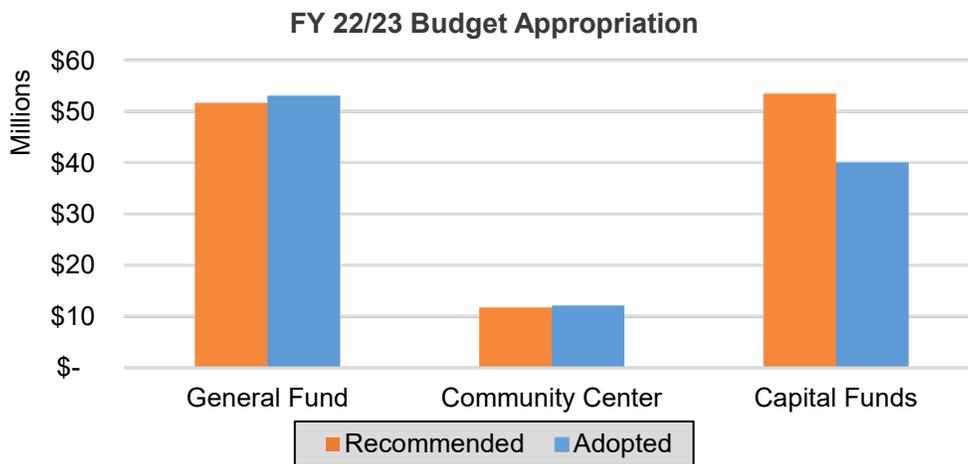


Changes Between Recommended to Adopted

The Town Manager’s recommended balanced budget for FY 22/23 was prepared and delivered to the Town Council and made public on May 11, 2022. The budget process is typically underway for several months leading up to this point, and Town Council, as well as the public encouraged to ask questions and offer input on the proposed budget for the upcoming fiscal year. During the next few weeks, there is the option to add new items, as well as amend or removing existing items from the recommended budget. After necessary revisions, a tentative and subsequent final budget are formally adopted by Town Council.

For FY 22/23, several significant changes were made from the recommended budget presented in May, to the final adopted budget in June. The largest of these changes was the removal of capital projects related to NWRDSS (Northwest Recharge, Recovery, and Delivery System), an ongoing collaborative water infrastructure effort by Oro Valley, Marana, and Metro Water District which has been postponed to future years. In total, the overall budget decreased \$11.5 million or 7.2% from the recommended amount of \$159.2 million to the adopted amount of \$147.7 million. A summary of the major changes is listed below.

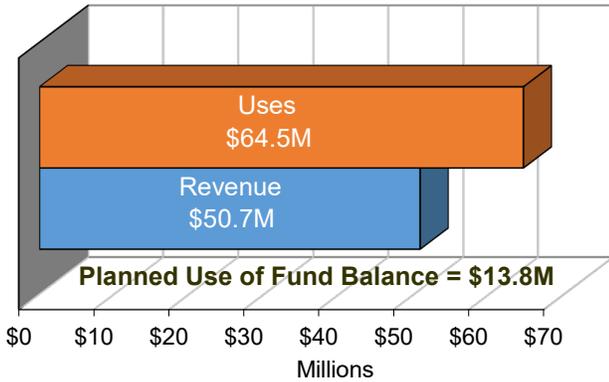
<i>General Fund</i>	
Additional capacity for class and compensation study implementation	+1,300,000
Additional capacity for gasoline	+300,000
<i>Community Center Fund</i>	
Moved Pusch Ridge Facility ADA/Code Compliance project from Capital Fund add roof repair	+252,000
Refinement of CIP projects	+130,000
<i>Capital Funds</i>	
Adjustment to NWRDSS Projects	-10,300,000
Refinement of project carry-forward	-1,514,599
Moved part of golf irrigation project phase II costs out to FY 23/24	-2,000,000



Balanced Budget

In accordance with the Town’s adopted Financial and Budgetary Policies, A.1 – Balanced Budgeting and Fiscal Planning Policies, “The Town shall develop an annual budget whereby recurring Town revenues shall be sufficient to support recurring operating expenditures with no use of General Fund contingency to support ongoing operational expenses.”

FY 2023 General Fund Expenditures and Revenue



Revenues	\$ 50,738,991
Expenditures	<u>64,520,460</u>
Surplus/(Deficit)	(\$13,781,469)

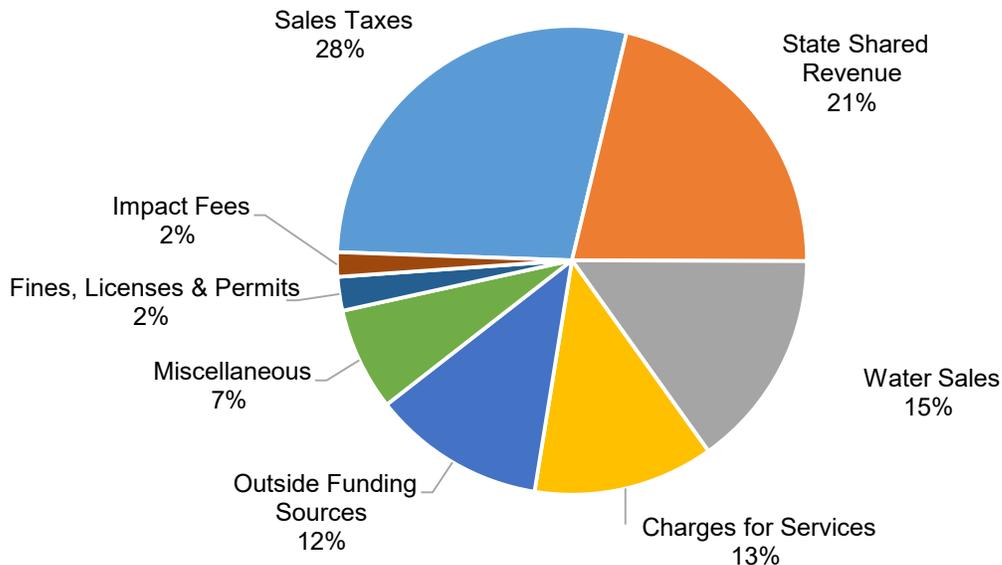
The budget is structurally balanced, that is all recurring expenditures are expected to be covered with recurring revenues. The planned use of fund balance will go towards funding of one-time expenditures in the budget.

Revenues

Budgeted revenue for FY 21/22 totals \$102 million and represents a \$28.1 million, or 21.6% decrease from FY 21/22. While the FY22/23 revenue outlook is generally improved from the prior year, the overall decrease is due to one-time bond proceeds received in the prior year. Town receives a variety of funding sources to finance operations, which are discussed in further detail in the Financial Overview section of the budget document.

In FY 22/23, the Town has budgeted revenues from sales taxes, which is a major funding source (28% of the total), state shared revenues (21% of total) and water sales (15% of total). Revenue from outside funding sources (12% of total) includes \$5.4 million in deferred American Rescue Plan Act (ARPA) funding.

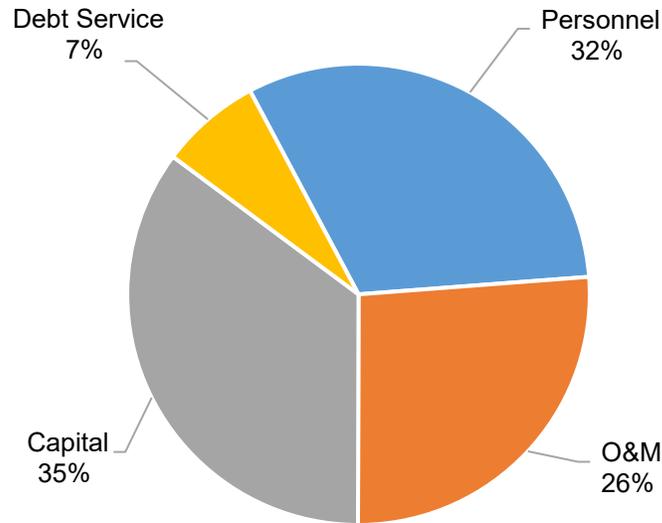
FY 22/23 Budgeted Revenue Sources



Expenditures

Budgeted expenditures (excluding contingency) for FY 22/23 total \$132.2 million and represent a 14.0% decrease from FY 21/22. The budget includes approximately \$85.8 million to support daily operations and services and \$46.5 million in capital projects to fund roadway expansions and improvements, water and stormwater infrastructure improvements, parks and recreation amenities and improvements, and public safety improvements. Further detail on uses of expenditures and types can be found in the Financial Overview section of the budget document.

FY 2022/23 Budgeted Uses



Financial Overview | Budget Overview

	SOURCES		USES					
	Revenue	Transfers In	Personnel	O&M	Capital	Debt Service	Contingency*	Transfers Out
General Fund	50,738,991	-	34,876,210	11,809,548	1,387,725	-	5,000,000	16,446,977
Special Revenue Funds								
Highway Fund	4,163,100	-	1,202,574	823,615	2,626,000	-	200,000	-
Grants & Contributions	10,221,097	898,012	-	2,179,750	3,561,309	-	100,000	5,378,000
Seizures & Forfeitures	102,000	-	-	100,000	-	-	100,000	-
Community Center Fund	8,507,335	-	920,274	5,498,918	2,666,700	-	3,000,000	4,085,380
Debt Service Funds								
Municipal Debt Svc Fund	130,588	4,200,971	-	10,000	-	4,331,059	100,000	-
Capital Project Funds								
WRSDIF Fund	1,251,346	660,000	-	214,000	2,735,688	337,317	250,000	-
TWDIF Fund	392,300	-	-	15,000	750,000	-	250,000	-
PAG/RTA Fund	824,699	-	-	200,000	1,108,574	-	-	-
Parks & Rec Impact Fee Fund	168,520	-	-	7,000	-	-	161,520	-
Police Impact Fee Fund	58,200	-	-	2,000	-	-	50,000	121,500
Capital Fund	1,465,010	15,557,314	261,962	-	28,673,613	-	5,000,000	-
Internal Service Funds								
Rec In Lieu Fee Fund	-	-	-	-	-	-	16,560	-
Benefit Self Insurance Fund	3,764,477	-	-	3,764,477	-	-	500,000	-
Enterprise Funds								
Water Utility Fund	18,707,000	5,378,000	3,653,064	9,685,261	2,074,290	4,643,255	500,000	662,440
Stormwater Utility Fund	1,494,000	-	826,266	396,245	884,513	-	250,000	-
	101,988,663	26,694,297	41,740,350	34,705,814	46,468,412	9,311,631	15,478,080	26,694,297

Total Budget Appropriation 147,704,287**

* Per Town budgetary and financial policy 1-1-4.0, the budget shall include contingency appropriation to provide for unanticipated increases in service delivery costs, emergencies, and needs that may arise through the fiscal year. The contingency appropriation may only be expended upon Town Council approval

** Excludes transfers out and assumes the use of all contingency reserves. Does not include non-cash outlays for depreciation or amortization

Financial Overview | Fund Balances

	General Fund (1)	Special Revenue Funds (2)	Enterprise Funds (3) Water Utility Fund	Non-Major Enterprise Fund	Capital Project Funds (4)	Internal Service Funds (5)	Debt Service Funds (6)	2022-2023 Total
Revenues and Other Sources								
Taxes	\$ 25,270,959	\$ 3,477,236	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,748,195
Licenses and Permits	2,223,824	25,000	-	-	-	-	-	2,248,824
Fines	125,000	-	-	-	-	-	-	125,000
Water Sales	-	-	15,383,000	-	-	-	-	15,383,000
Charges for Services	3,046,515	4,868,049	3,224,000	1,492,500	28,125	-	-	12,659,189
State Shared Revenue	17,605,693	4,127,100	-	-	-	-	-	21,732,793
Intergovernmental	1,613,000	-	-	-	-	-	-	1,613,000
Grants	455,000	8,721,047	-	-	1,216,574	-	30,088	10,422,709
Seizures & Forfeitures	-	100,000	-	-	-	-	-	100,000
Impact Fees	-	-	-	-	1,712,866	-	-	1,712,866
Interest Income	150,000	10,050	100,000	1,500	157,500	-	500	419,550
Miscellaneous	249,000	1,665,050	-	-	1,045,010	3,764,477	100,000	6,823,537
Other Financing Sources	-	898,012	5,378,000	-	16,217,314	-	4,200,971	26,694,297
Total	\$ 50,738,991	\$ 23,891,544	\$ 24,085,000	\$ 1,494,000	\$ 20,377,389	\$ 3,764,477	\$ 4,331,559	\$ 128,682,960
Expenditures and Other Uses								
General Government								
<i>Town Council</i>	\$ 199,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,145
<i>Town Manager's Office</i>	1,160,173	-	-	-	-	-	-	1,160,173
<i>Clerk</i>	422,705	-	-	-	-	-	-	422,705
<i>Human Resources</i>	569,905	-	-	-	-	-	-	569,905
<i>Finance</i>	1,111,460	-	-	-	-	-	-	1,111,460
<i>Innovation & Technology</i>	4,797,809	-	-	-	-	-	-	4,797,809
<i>Legal</i>	1,015,753	-	-	-	-	-	-	1,015,753
<i>Town Court</i>	1,059,674	-	-	-	-	-	-	1,059,674
<i>General Administration</i>	4,077,234	5,210,000	-	-	24,000	3,764,477	10,000	13,085,711
<i>Debt Service</i>								
Principal	-	-	-	-	-	-	2,895,660	2,895,660
Interest	-	-	-	-	-	-	1,435,399	1,435,399
<i>Capital Projects</i>	-	-	-	-	28,673,613	-	-	28,673,613
Comm. & Economic Dev.	3,280,764	-	-	-	-	-	-	3,280,764
Parks and Recreation	3,775,162	9,125,892	-	-	-	-	-	12,901,054
Police	20,403,472	453,750	-	-	-	-	-	20,857,222
Public Works	6,200,227	4,789,498	-	2,107,024	261,962	-	-	13,358,711
Water Utility								
<i>Personnel</i>	-	-	3,653,064	-	-	-	-	3,653,064
<i>Operations & Maintenance</i>	-	-	9,685,261	-	-	-	-	9,685,261
<i>Capital Outlay</i>	-	-	2,074,290	-	2,949,688	-	-	5,023,978
<i>Debt Service</i>								
Principal	-	-	4,229,099	-	333,327	-	-	4,562,426
Interest	-	-	414,156	-	3,990	-	-	418,146
Roadway Improvements	-	-	-	-	2,058,574	-	-	2,058,574
Other Financing Uses	16,446,977	9,463,380	662,440	-	121,500	-	-	26,694,297
Total	\$ 64,520,460	\$ 29,042,520	\$ 20,718,310	\$ 2,107,024	\$ 34,426,654	\$ 3,764,477	\$ 4,341,059	\$ 158,920,504
Increase/(Decrease)	(13,781,469)	(5,150,976)	3,366,690	(613,024)	(14,049,265)	-	(9,500)	(30,237,544)
Beginning Fund Balance	\$ 26,406,564	\$ 6,912,989	\$ 10,320,708	\$ 1,178,438	\$ 51,464,268	\$ 2,404,515	\$ 163,661	\$ 98,851,142
Ending Fund Balance	\$ 12,625,095	\$ 1,762,013	\$ 13,687,398	\$ 565,414	\$ 37,415,003	\$ 2,404,515	\$ 154,161	\$ 68,613,599

The fund balance describes the net position of governmental funds calculated on a budgetary basis and is intended to serve as a measure of the financial resources available in a governmental fund. Fund Balance shall be used only for emergencies, non-recurring expenditures or major capital purchases that cannot be accommodated through current year savings. Should such use reduce the balance below the appropriate level set as the objective for that fund, restoration recommendations will accompany the decision to utilize said balance. For more information on policies related to fund balances, see financial and budgetary policies section 1-10.

The fund balances table depicts the estimated beginning fund balance at July 1, 2022, the budgeted revenues and expenditures for FY 22/23 and the projected ending fund balance at June 30, 2023.

- 1) The General Fund is planned to decrease by \$13,781,469 due to a \$13.5 million transfer of fund balance to the Capital Fund.
- 2) Fund balances in the Special Revenue Funds are decreasing \$5,150,976 for planned capital projects.
- 3) The fund balance in the Water Utility Enterprise Fund is increasing \$3,366,690. This is a planned accumulation of funds for one-time capital projects. The fund balance in the Stormwater Utility Fund is decreasing \$613,024 due to one-time capital projects.
- 4) Fund balances in Capital Funds are decreasing \$14,049,265 due to planned one-time capital projects and equipment.
- 5) Fund balance is expected to remain unchanged at \$2,404,515 for the Benefit Self Insurance Fund.
- 6) Fund balances in the Debt Service Funds are decreasing \$9,500, which will be used to fund debt service payments and associated administrative costs. This is a planned use in the Debt Service Funds that must be spent for this purpose.

Financial Overview | Historical Fund Balances

	General Fund			Non-Major Governmental Funds (A)		
	2021 Actual	2022 Estimate	2023 Budget	2021 Actual	2022 Estimate	2023 Budget
Revenues and Other Sources						
Taxes	\$ 21,691,111	\$ 26,070,335	\$ 25,270,959	\$ 2,947,420	\$ 3,430,364	\$ 3,477,236
Licenses and Permits	3,325,826	2,197,500	2,223,824	37,108	30,000	25,000
Fines	135,547	125,000	125,000	-	-	-
Water Sales	-	-	-	-	-	-
Charges for Services	1,991,888	2,514,733	3,046,515	4,528,564	5,424,624	4,896,174
State Shared Revenue	14,482,584	14,271,621	17,605,693	3,714,572	3,870,000	4,127,100
Intergovernmental	1,328,323	1,364,700	1,613,000	-	-	-
Grants	10,309,972	6,143,448	455,000	2,128,206	576,306	9,967,709
Seizures & Forfeitures	-	-	-	97,784	21,801	100,000
Impact Fees	-	-	-	5,356,982	1,781,508	1,712,866
Interest Income	123,041	150,000	150,000	195,442	160,754	196,050
Miscellaneous	282,190	248,825	249,000	1,380,545	1,263,843	2,782,060
Other Financing Sources	-	-	-	21,557,880	51,805,075	21,316,297
Total	\$ 53,670,482	\$ 53,086,162	\$ 50,738,991	\$ 41,944,503	\$ 68,364,275	\$ 48,600,492
Expenditures and Other Uses						
General Government						
<i>Town Council</i>	\$ 161,901	\$ 188,109	\$ 199,145	\$ -	\$ -	\$ -
<i>Town Manager's Office</i>	946,617	1,107,750	1,160,173	-	-	-
<i>Clerk</i>	400,344	380,230	422,705	-	-	-
<i>Human Resources</i>	437,350	472,390	569,905	-	-	-
<i>Finance</i>	836,613	944,743	1,111,460	-	-	-
<i>Innovation & Technology</i>	3,578,668	4,273,811	4,797,809	-	-	-
<i>Legal</i>	863,785	883,661	1,015,753	-	-	-
<i>Town Court</i>	802,123	792,786	1,059,674	-	-	-
<i>General Administration</i>	5,008,789	14,079,934	4,077,234	554,425	18,071,724	5,244,000
<i>Debt Service</i>						
Principal	-	-	-	1,146,027	971,586	2,895,660
Interest	-	-	-	282,013	545,566	1,435,399
<i>Capital Projects</i>	-	-	-	2,725,682	5,491,473	28,673,613
Community & Econ. Dev.	2,696,251	2,974,807	3,280,764	-	-	-
Parks and Recreation	3,130,364	3,423,479	3,775,162	5,576,629	5,705,510	9,125,892
Police	16,602,123	17,806,223	20,403,472	77,778	123,460	453,750
Public Works	4,067,848	5,539,578	6,200,227	3,352,817	4,069,678	5,051,460
Water Utility						
<i>Personnel</i>	-	-	-	-	-	-
<i>Operations & Maintenance</i>	-	-	-	198,000	150,000	214,000
<i>Capital Outlay</i>	-	-	-	2,881,326	2,264,312	2,735,688
<i>Debt Service</i>						
Principal	-	-	-	276,580	319,207	333,327
Interest	-	-	-	58,623	40,162	3,990
Roadway Improvements	-	-	-	2,985,982	401,330	2,058,574
Other Financing Uses	2,586,519	6,262,832	16,446,977	17,838,345	433,408	9,584,880
Total	\$ 42,119,295	\$ 59,130,333	\$ 64,520,460	\$ 37,954,227	\$ 38,587,416	\$ 67,810,233
Increase/(Decrease)	11,551,187	(6,044,171)	(13,781,469)	3,990,276	29,776,859	(19,209,741)
Beginning Fund Balance	\$ 20,899,548	\$ 32,450,735	\$ 26,406,564	\$ 24,773,783	\$ 28,764,059	\$ 58,540,918
Ending Fund Balance	\$ 32,450,735	\$ 26,406,564	\$ 12,625,095	\$ 28,764,059	\$ 58,540,918	\$ 39,331,177

(A) Includes Special Revenue, Capital Projects and Debt Service Funds

Financial Overview | Historical Fund Balances

	Enterprise Funds					
	Water Utility Fund			Non-Major Enterprise Fund		
	2021 Actual	2022 Estimate	2023 Budget	2021 Actual	2022 Estimate	2023 Budget
Revenues and Other Sources						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Water Sales	14,679,073	13,913,500	15,383,000	-	-	-
Charges for Services	3,489,921	3,112,299	3,224,000	1,473,812	1,476,130	1,492,500
State Shared Revenue	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Grants	-	-	-	152,152	16,906	-
Seizures & Forfeitures	-	-	-	-	-	-
Impact Fees	-	-	-	-	-	-
Interest Income	(14,911)	40,000	100,000	1,270	2,000	1,500
Miscellaneous	44,328	663,389	-	8,734	-	-
Other Financing Sources	-	-	5,378,000	-	-	-
Total	\$ 18,198,411	\$ 17,729,188	\$ 24,085,000	\$ 1,635,968	\$ 1,495,036	\$ 1,494,000
Expenditures and Other Uses						
General Government						
<i>Town Council</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Town Manager's Office</i>	-	-	-	-	-	-
<i>Clerk</i>	-	-	-	-	-	-
<i>Human Resources</i>	-	-	-	-	-	-
<i>Finance</i>	-	-	-	-	-	-
<i>Innovation & Technology</i>	-	-	-	-	-	-
<i>Legal</i>	-	-	-	-	-	-
<i>Town Court</i>	-	-	-	-	-	-
<i>General Administration</i>	-	-	-	-	-	-
<i>Debt Service</i>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<i>Capital Projects</i>	-	-	-	-	-	-
Community & Econ. Dev.	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-
Police	-	-	-	-	-	-
Public Works	-	-	-	1,411,409	1,318,337	2,107,024
Water Utility						
<i>Personnel</i>	3,410,629	3,662,217	3,653,064	-	-	-
<i>Operations & Maintenance</i>	7,751,126	8,647,862	9,685,261	-	-	-
<i>Capital Outlay</i>	3,149,900	1,643,500	2,074,290	-	-	-
<i>Debt Service</i>						
Principal	3,918,061	4,215,022	4,229,099	-	-	-
Interest	896,275	717,887	414,156	-	-	-
Roadway Improvements	-	-	-	-	-	-
Other Financing Uses	1,133,016	1,762,402	662,440	-	-	-
Total	\$ 20,259,007	\$ 20,648,890	\$ 20,718,310	\$ 1,411,409	\$ 1,318,337	\$ 2,107,024
Increase/(Decrease)	(2,060,596)	(2,919,702)	3,366,690	224,559	176,699	(613,024)
Beginning Fund Balance	\$ 15,301,006	\$ 13,240,410	\$ 10,320,708	\$ 777,180	\$ 1,001,739	\$ 1,178,438
Ending Fund Balance	\$ 13,240,410	\$ 10,320,708	\$ 13,687,398	\$ 1,001,739	\$ 1,178,438	\$ 565,414

Note: Does not include depreciation or amortization

Financial Overview | Historical Fund Balances

	Internal Service Funds			Total All Funds		
	2021 Actual	2022 Estimate	2023 Budget	2021 Actual	2022 Estimate	2023 Budget
Revenues and Other Sources						
Taxes	\$ -	\$ -	\$ -	\$ 24,638,531	\$ 29,500,699	\$ 28,748,195
Licenses and Permits	-	-	-	3,362,934	2,227,500	2,248,824
Fines	-	-	-	135,547	125,000	125,000
Water Sales	-	-	-	14,679,073	13,913,500	15,383,000
Charges for Services	-	-	-	11,484,185	12,527,786	12,659,189
State Shared Revenue	-	-	-	18,197,156	18,141,621	21,732,793
Intergovernmental	-	-	-	1,328,323	1,364,700	1,613,000
Grants	-	-	-	12,590,330	6,736,660	10,422,709
Seizures & Forfeitures	-	-	-	97,784	21,801	100,000
Impact Fees	-	-	-	5,356,982	1,781,508	1,712,866
Interest Income	4,416	5,000	5,000	309,258	357,754	452,550
Miscellaneous	3,717,052	3,813,492	3,759,477	5,432,849	5,989,549	6,790,537
Other Financing Sources	-	-	-	21,557,880	51,805,075	26,694,297
Total	\$ 3,721,468	\$ 3,818,492	\$ 3,764,477	\$ 119,170,832	\$ 144,493,153	\$ 128,682,960
Expenditures and Other Uses						
General Government						
<i>Town Council</i>	\$ -	\$ -	\$ -	\$ 161,901	\$ 188,109	\$ 199,145
<i>Town Manager's Office</i>	-	-	-	946,617	1,107,750	1,160,173
<i>Clerk</i>	-	-	-	400,344	380,230	422,705
<i>Human Resources</i>	-	-	-	437,350	472,390	569,905
<i>Finance</i>	-	-	-	836,613	944,743	1,111,460
<i>Innovation & Technology</i>	-	-	-	3,578,668	4,273,811	4,797,809
<i>Legal</i>	-	-	-	863,785	883,661	1,015,753
<i>Town Court</i>	-	-	-	802,123	792,786	1,059,674
<i>General Administration</i>	3,561,013	3,792,996	3,764,477	9,124,227	35,944,654	13,085,711
<i>Debt Service</i>						
Principal	-	-	-	1,146,027	971,586	2,895,660
Interest	-	-	-	282,013	545,566	1,435,399
<i>Capital Projects</i>	-	-	-	2,725,682	5,491,473	28,673,613
Community & Econ. Dev.	-	-	-	2,696,251	2,974,807	3,280,764
Parks and Recreation	-	-	-	8,706,993	9,128,989	12,901,054
Police	-	-	-	16,679,901	17,929,683	20,857,222
Public Works	-	-	-	8,832,074	10,927,593	13,358,711
Water Utility						
<i>Personnel</i>	-	-	-	3,410,629	3,662,217	3,653,064
<i>Operations & Maintenance</i>	-	-	-	7,949,126	8,797,862	9,899,261
<i>Capital Outlay</i>	-	-	-	6,031,226	3,907,812	4,809,978
<i>Debt Service</i>						
Principal	-	-	-	4,194,641	4,534,229	4,562,426
Interest	-	-	-	954,898	758,049	418,146
Roadway Improvements	-	-	-	2,985,982	401,330	2,058,574
Other Financing Uses	-	-	-	21,557,880	8,458,642	26,694,297
Total	\$ 3,561,013	\$ 3,792,996	\$ 3,764,477	\$ 105,304,951	\$ 123,477,972	\$ 158,920,504
Increase/(Decrease)	160,455	25,496	-	13,865,881	21,015,181	(30,237,544)
Beginning Fund Balance	\$ 2,218,564	\$ 2,379,019	\$ 2,404,515	\$ 63,970,081	\$ 77,835,962	\$ 98,851,142
Ending Fund Balance	\$ 2,379,019	\$ 2,404,515	\$ 2,404,515	\$ 77,835,962	\$ 98,851,142	\$ 68,613,599

Note: Does not include depreciation or amortization

Financial Overview | Budget Summary

	FY 2020	FY 2021	FY 2022		FY 2023
	Actual		Budget	Projected	Budget
Personnel					
General Fund	309.69	310.69	313.31	313.99	328.89
Special Revenue Funds	37.55	37.55	33.55	33.55	34.77
Capital Project Funds	-	-	2.00	2.00	2.00
Enterprise Funds	49.73	50.73	51.21	51.21	50.21
Internal Service Funds	-	-	-	-	-
TOTAL PERSONNEL	396.97	398.97	400.07	400.75	415.87
Expenditures by Fund ⁽¹⁾					
General Fund	37,962,660	39,532,747	53,852,580	52,867,501	48,073,483
Special Revenue Funds	10,095,841	9,045,776	12,063,384	9,989,273	19,579,140
Debt Service Funds	1,377,345	1,397,720	21,225,445	19,498,251	4,341,059
Capital Project Funds	18,825,631	9,886,602	41,413,971	8,666,484	34,305,154
Enterprise Funds	20,110,073	20,323,213	21,155,045	20,204,825	22,162,894
Internal Service Funds	2,802,644	3,561,013	3,994,317	3,792,996	3,764,477
TOTAL EXPENDITURES	91,174,194	83,747,071	153,704,742	115,019,330	132,226,207
Expenditures by Category ⁽¹⁾					
Personnel	34,388,668	33,970,613	37,599,254	36,860,417	41,740,350
Operations & Maintenance	25,576,732	27,386,557	59,564,610	58,538,348	34,705,814
Capital Outlay	24,159,899	15,812,322	47,033,155	12,811,135	46,468,412
Debt Service	7,048,895	6,577,579	9,507,723	6,809,430	9,311,631
TOTAL EXPENDITURES	91,174,194	83,747,071	153,704,742	115,019,330	132,226,207
Operating Results					
Total Revenues ⁽²⁾	93,921,032	97,612,952	130,084,925	136,030,302	101,988,663
Total Expenditures ⁽¹⁾	91,174,194	83,747,071	153,704,742	115,019,330	132,226,207
NET OPERATING RESULTS⁽³⁾	2,746,838	13,865,881	(23,619,817)	21,010,972	(30,237,544)

1) Excludes depreciation, amortization, contingency amounts and interfund transfers

2) Excludes carry-forward balances and interfund transfers

3) Negative net operating results are attributable to planned one-time projects/initiatives and any associated debt service

Revenue Summary

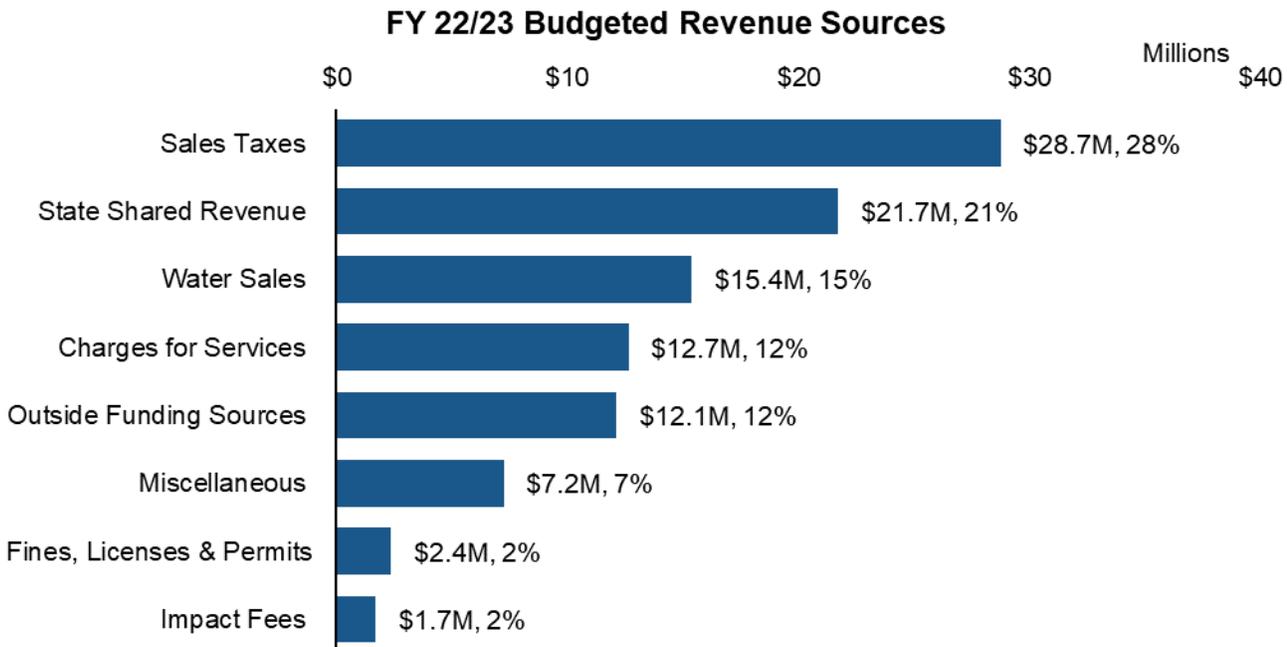
Revenue for FY 22/23 is estimated to total \$101,988,663. In comparison to the FY 21/22 budget, revenue is projected to decrease by approximately \$28.1 million, or 21.6%. This decrease is mainly attributable to one-time bond proceeds in the prior year.

Revenues remain difficult to forecast due to the many uncertainties that still exist from the COVID-19 pandemic and high inflation. With that in mind, projections remain conservative while still attempting to be as accurate as possible. Revenues related to consumer spending are expected to see continued modest recovery and increases for FY 22/23. Local sales tax revenues are expected to increase \$4.7 million, or 19.3% when compared to FY 21/22. The bulk of these increases are anticipated in retail, contracting, restaurant & bar, as well as hotel/bed tax categories. These revenue categories are projected to show a continued growth.

Revenues associated with commercial development are also projected to see increases in the upcoming fiscal year. Whereas residential permitting is expected to decrease from the prior year. The Town has budgeted 171 single family residential (SFR) permits, approximately a 38% decrease from the prior year budget, and higher than normal commercial activity for FY 22/23 based on expected timing of known projects.

Overall, state shared revenues are anticipated to increase approximately \$4.4 million or 25.3% compared to the prior fiscal year. State shared income tax revenues are expected to increase 51.2%, state sales tax revenues and highway user fund revenues are forecasted to increase slightly, while vehicle license tax is expected to be flat with the prior year. The increase in state shared income tax revenues is due to a two year “lag” between the state’s collection and distribution to cities and towns. Therefore, shared income tax revenues for FY 22/23 are based on collections from FY 20/21. With the onset of the COVID-19 pandemic towards the end of FY 19/20, income tax filing deadlines were delayed which resulted in a portion of FY 19/20 revenue being formally received in FY 20/21.

Depending on the revenue source, estimates are based on susceptibility to economic factors, current performance, economic drivers and indicators, information received from State reports and other sources. Refer to the Revenue Schedule by Fund on page 71 for detailed changes in revenue from year to year.



Revenue Sources

	FY 2021	FY 2021/22		FY 2022/23	Variance	
	Actual	Budget	Projected	Budget	to Budget	%
Sales Taxes	24,638,531	24,090,505	29,500,699	28,748,195	4,657,690	19.3%
Charges for Services	11,484,185	11,450,468	12,527,786	12,659,189	1,208,721	10.6%
State Shared Revenue	18,197,156	17,344,845	18,141,621	21,732,793	4,387,948	25.3%
Fines, Licenses & Permits	3,498,481	1,999,000	2,352,500	2,373,824	374,824	18.8%
Miscellaneous	5,742,107	7,277,327	6,347,303	7,243,087	(34,240)	-0.5%
Impact Fees	5,356,982	2,749,953	1,781,508	1,712,866	(1,037,087)	-37.7%
Water Sales	14,679,073	13,974,000	13,913,500	15,383,000	1,409,000	10.1%
Outside Funding Sources	14,016,437	51,198,827	51,465,385	12,135,709	(39,063,118)	-76.3%
Total Revenue	\$ 97,612,952	\$ 130,084,925	\$ 136,030,302	\$ 101,988,663	\$ (28,096,262)	-21.6%

Does not include interfund transfers or carry-forward fund balances

A brief description of the major changes in revenue sources from budget year to budget year is as follows:

<p>Sales Taxes +\$4.7M</p>	<ul style="list-style-type: none"> 14.9% increase in retail collections 17.7% increase in restaurant & bar collections 17.5% increase in hotel related collections 32.5% increase in construction related collections 9.2% increase in utility sales tax collections 41% increase in remote seller tax collections
<p>Charges for Services +\$1.2M</p>	<ul style="list-style-type: none"> 27.6% increase in the General Fund due mainly to administrative charges to the enterprise funds and increased user fees from parks & recreation amenities 12.2% increase in Community Center Fund from member dues, recreation programs, and golf 3.6% increase in Stormwater Utility Fund for stormwater utility fee
<p>State Shared Revenues +\$4.4M</p>	<ul style="list-style-type: none"> 6.9% increase in state shared sales taxes 14.2% increase in HURF revenues 51.2% increase in state income taxes
<p>Fines, Licenses & Permits +\$0.4M</p>	<ul style="list-style-type: none"> \$574K increase in commercial building permit revenues, based on projected activity \$199K decrease in residential building permit revenues, based on projected activity
<p>Outside Funding -\$39.1M</p>	<ul style="list-style-type: none"> \$42M decrease in bond proceeds from the prior year \$2.9M increase in federal and state grants mainly related to Arizona Broadband Development Grant (ABDG) funding for installation of fiber optic infrastructure
<p>Impact Fees -\$1.0M</p>	<ul style="list-style-type: none"> 37.7% decrease based on anticipated commercial and residential building activity
<p>Water Sales +\$1.4M</p>	<ul style="list-style-type: none"> 10.1% increase based on demand and scheduled rate increases
<p>Miscellaneous -\$0.3K</p>	<ul style="list-style-type: none"> 0.5% decrease based on anticipated investment income earnings and revenues related to the Benefit Self Insurance Fund

Revenue Schedule by Fund

Major Revenue Accounts	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2022 Projected	FY 2023 Budget	% to Budget
General Fund						
Local Sales Tax:						
Local Sales Tax	19,862,393	20,968,411	20,542,707	25,320,335	24,505,959	19.3%
Cable Franchise Fees	662,048	722,700	615,000	750,000	765,000	24.4%
Total Local Sales Tax	20,524,441	21,691,111	21,157,707	26,070,335	25,270,959	19.4%
License & Permit Fees:						
Business Licenses & Permits	193,932	201,157	202,500	205,000	202,500	0.0%
Residential Building Permits	1,413,734	2,110,300	1,222,500	1,200,000	1,023,494	-16.3%
Commercial Building Permits	544,597	715,612	242,500	636,500	816,330	236.6%
Sign Permits	20,166	20,995	20,000	23,000	20,000	0.0%
Special Inspection Fees	7,670	5,460	8,000	10,000	8,000	0.0%
Grading Permit Fees	94,537	183,924	84,500	50,000	84,500	0.0%
Road Permits	30,802	50	-	-	-	0.0%
Floodplain Use Permits	4,190	3,700	4,000	3,000	4,000	0.0%
Fire Permits & Fees	91,219	84,628	65,000	70,000	65,000	0.0%
Total License & Permit Fees	2,400,847	3,325,826	1,849,000	2,197,500	2,223,824	20.3%
Federal Grants:						
DEA Overtime Reimbursement	27,230	32,875	60,000	60,000	40,000	-33.3%
Miscellaneous Federal Grants	164,457	9,619,409	5,493,395	5,571,553	-	-100.0%
HIDTA-DEA	104,356	116,830	82,825	82,825	80,000	-3.4%
GOHS	81,279	186,936	35,000	35,000	45,000	28.6%
Homeland Security	115,803	139,768	319,070	319,070	215,000	-32.6%
Joint Terrorism Task Force	14,897	-	-	-	-	0.0%
Total Federal Grants	508,022	10,095,818	5,990,290	6,068,448	380,000	-93.7%
State Grants:						
Misc State Grants	52,717	214,154	75,000	75,000	75,000	0.0%
Total State Grants	52,717	214,154	75,000	75,000	75,000	0.0%
State/County Shared:						
State Income	5,870,231	6,580,331	6,007,636	6,174,404	9,084,919	51.2%
State Sales	4,694,491	5,462,343	5,406,272	5,638,540	5,780,575	6.9%
Vehicle License Tax	2,073,426	2,392,664	2,316,015	2,200,000	2,315,524	0.0%
Smart & Safe	-	47,246	-	225,000	324,675	0.0%
Opioid Settlement	-	-	-	33,677	100,000	0.0%
Total State/County Shared	12,638,148	14,482,584	13,729,923	14,271,621	17,605,693	28.2%
Other Intergovernmental:						
School Resource Officers	81,139	65,000	65,000	65,000	65,000	0.0%
RTA Reimbursements	1,223,125	1,150,233	1,166,500	1,241,500	1,530,000	31.2%
PCLD Reimbursements	25,684	8,260	18,000	8,200	18,000	0.0%
Animal Control Revenues	103,191	104,830	95,000	50,000	-	-100.0%
Total Other Intergovernmental	1,433,139	1,328,323	1,344,500	1,364,700	1,613,000	20.0%
Charges for Services:						
Court Costs	117,381	140,218	135,000	135,000	135,000	0.0%
Public Defender Fees	3,035	2,416	2,400	350	2,400	0.0%
Zoning & Subdivision Fees	138,306	121,973	135,000	55,000	65,000	-51.9%
User Fees - Swimming Pool	346,172	405,834	395,000	529,000	496,000	25.6%
User Fees - Fields & Courts	105,370	109,137	66,125	135,000	122,032	84.5%
User Fees - Miscellaneous	99,823	71,443	92,400	170,000	159,000	72.1%
Copy Services	2,172	523	2,000	300	350	-82.5%
General Government Other	3,914	3,719	2,500	7,000	7,000	180.0%
Police Report Copying	7,059	5,652	6,500	6,000	6,500	0.0%
Police Other	4,190	15,071	8,000	4,000	5,000	-37.5%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2022 Projected	FY 2023 Budget	% to Budget
Engineer Plan Review Fees	54,047	24,800	51,000	25,000	51,000	0.0%
Fare Box	110,310	463	72,410	-	80,000	10.5%
Administrative Services	729,048	729,048	1,284,677	1,284,677	1,718,960	33.8%
Financial Services	197,076	197,952	-	-	-	0.0%
Real Property Rental Income	97,617	102,691	87,414	102,426	101,223	15.8%
Maps	40	80	250	30	250	0.0%
Impound Processing	12,000	22,950	15,000	19,000	19,000	26.7%
Pawn Slips	300	750	600	300	300	-50.0%
Police Fingerprinting	10,900	1,650	4,000	8,000	9,000	125.0%
Concession Sales	11,195	82	5,000	350	-	-100.0%
Public Record Request Fees	1,917	1,412	2,500	1,300	1,500	-40.0%
Parks Cancellation Fees	36	-	-	-	-	0.0%
Court Security Fee	18,333	20,000	20,000	20,000	57,000	185.0%
Facility Maintenance Services	-	14,024	-	12,000	10,000	0.0%
Total Charges for Services	2,070,241	1,991,888	2,387,776	2,514,733	3,046,515	27.6%
Fines:						
Fines	111,611	135,547	125,000	125,000	125,000	0.0%
Total Fines	111,611	135,547	125,000	125,000	125,000	0.0%
Interest Income:						
Interest - Investments	807,580	123,041	150,000	150,000	150,000	0.0%
Total Interest Income	807,580	123,041	150,000	150,000	150,000	0.0%
Miscellaneous:						
Donations	-	11,648	-	6,825	-	0.0%
Miscellaneous	18,315	28,161	5,000	11,000	15,000	200.0%
Special Events	1,200	370	4,000	1,000	4,000	0.0%
Insurance Recoveries	34,146	4,849	-	-	-	0.0%
In-Lieu Income	231,624	220,921	245,000	220,000	220,000	-10.2%
Sale of Assets	26,621	16,241	10,000	10,000	10,000	0.0%
Total Miscellaneous	311,906	282,190	264,000	248,825	249,000	-5.7%
TOTAL GENERAL FUND	40,858,653	53,670,482	47,073,196	53,086,162	50,738,991	7.8%
Highway Fund						
License & Permit Fees:						
Road Permits	50	37,108	25,000	30,000	25,000	0.0%
Total License & Permit Fees	50	37,108	25,000	30,000	25,000	0.0%
State Grants:						
RTA Reimbursements	259,121	16,588	-	-	-	0.0%
Total State Grants	259,121	16,588	-	-	-	0.0%
State/County Shared:						
Highway User	3,694,044	3,714,572	3,614,922	3,870,000	4,127,100	14.2%
Total State/County Shared	3,694,044	3,714,572	3,614,922	3,870,000	4,127,100	14.2%
Interest Income:						
Interest - Investments	23,560	1,022	6,000	8,000	8,000	33.3%
Total Interest Income	23,560	1,022	6,000	8,000	8,000	33.3%
Miscellaneous:						
Miscellaneous	12,028	2,658	2,000	1,000	2,000	0.0%
Insurance Recoveries	74,940	4,696	-	4,069	1,000	0.0%
Sale of Assets	-	188	-	-	-	0.0%
Total Miscellaneous	86,968	7,542	2,000	5,069	3,000	50.0%
TOTAL HIGHWAY FUND	4,063,743	3,776,832	3,647,922	3,913,069	4,163,100	14.1%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2022 Projected	FY 2023 Budget	% to Budget
Grants & Contributions Fund						
Federal Grants						
GOHS	-	-	27,500	40,000	130,000	372.7%
Miscellaneous Federal Grants	-	-	284,750	98,000	8,277,000	2806.8%
Homeland Security	-	-	-	245,519	135,000	0.0%
Total Federal Grants	-	-	312,250	383,519	8,542,000	2635.6%
State Grants:						
Miscellaneous State Grants	-	-	142,000	158,000	179,047	26.1%
Total State Grants	-	-	142,000	158,000	179,047	26.1%
Interest Income:						
Interest - Investments	-	-	-	45	50	0.0%
Total Interest Income	-	-	-	45	50	0.0%
Miscellaneous:						
Miscellaneous	-	-	1,500,000	-	1,500,000	0.0%
Total Miscellaneous	-	-	1,500,000	-	1,500,000	0.0%
TOTAL GRANTS & CONTRIBUTIONS FUND	-	-	1,954,250	541,564	10,221,097	423.0%
Seizures & Forfeitures Funds						
Interest Income:						
Interest - Investments	7,773	2,610	2,000	1,000	2,000	0.0%
Total Interest Income	7,773	2,610	2,000	1,000	2,000	0.0%
Miscellaneous:						
Forfeitures	71,771	97,784	325,000	21,801	100,000	-69.2%
Total Miscellaneous	71,771	97,784	325,000	21,801	100,000	-69.2%
TOTAL SEIZURES & FORFEITURES FUNDS	79,544	100,394	327,000	22,801	102,000	-68.8%
Community Center Fund						
Local Sales Tax:						
Local Sales Tax	2,584,916	2,947,420	2,932,798	3,430,364	3,477,236	18.6%
Total Local Sales Tax	2,584,916	2,947,420	2,932,798	3,430,364	3,477,236	18.6%
Charges for Services:						
User Fees - Daily Drop-In	27,691	27,691	30,000	49,000	30,000	0.0%
User Fees - Member Dues	511,339	343,629	526,480	620,500	620,500	17.9%
User Fees - Recreation Programs	77,456	86,696	82,500	240,000	170,000	106.1%
User Fees - Swimming Pools	3,713	-	8,000	-	-	-100.0%
Rental Income	73,659	70,717	70,002	94,502	67,300	-3.9%
Concession Sales	156	129	100	100	100	0.0%
Management Contract Revenues	3,246,050	3,970,865	3,622,385	4,392,397	3,980,149	9.9%
Total Charges for Services	3,940,064	4,499,727	4,339,467	5,396,499	4,868,049	12.2%
Interest Income:						
Interest - Investments	30,159	4,454	1,000	15,594	3,000	200.0%
Total Interest Income	30,159	4,454	1,000	15,594	3,000	200.0%
Miscellaneous:						
Donations	-	5,200	-	-	-	0.0%
Miscellaneous	-	125,000	125,000	160,532	159,050	27.2%
Sale of Assets	-	2,060	-	-	-	0.0%
Insurance Recoveries	-	-	-	1,855	-	0.0%
Total Miscellaneous	-	132,260	125,000	162,387	159,050	27.2%
TOTAL COMMUNITY CENTER FUND	6,555,139	7,583,861	7,398,265	9,004,844	8,507,335	15.0%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2022 Projected	FY 2023 Budget	% to Budget
Municipal Debt Service Fund						
Interest Income:						
Interest	20,651	89	5,000	100	500	-90.0%
Total Interest Income	20,651	89	5,000	100	500	-90.0%
Federal Grants:						
Miscellaneous Grants	38,043	43,773	34,787	34,787	30,088	-13.5%
Total Federal Grants	38,043	43,773	34,787	34,787	30,088	-13.5%
Miscellaneous:						
Bond Proceeds	-	-	17,000,000	17,975,000	-	-100.0%
Miscellaneous	80,505	97,536	100,000	100,000	100,000	0.0%
Total Miscellaneous	80,505	97,536	17,100,000	18,075,000	100,000	-99.4%
TOTAL MUNICIPAL DEBT SERVICE FUND	139,199	141,398	17,139,787	18,109,887	130,588	-99.2%
Oracle Road Debt Service Fund						
Interest Income:						
Special Assessments	11,851	4,340	-	15	-	0.0%
Penalties	530	387	-	-	-	0.0%
Total Interest Income	12,381	4,727	-	15	-	0.0%
Principal Repayments:						
Principal Repayments	163,499	168,464	-	-	-	0.0%
Total Principal Repayments	163,499	168,464	-	-	-	0.0%
TOTAL ORACLE RD DEBT SERVICE FUND	175,880	173,191	-	15	-	0.0%
Townwide Roadway Development Impact Fee Fund						
Impact Fees:						
Residential Impact Fees	540,980	505,460	305,440	324,370	338,300	10.8%
Commercial Impact Fees	103,206	161,651	21,750	54,215	50,000	129.9%
Total Impact Fees	644,186	667,111	327,190	378,585	388,300	18.7%
Interest Income:						
Interest - Investments	97,540	(7,068)	30,000	3,000	4,000	-86.7%
Total Interest Income	97,540	(7,068)	30,000	3,000	4,000	-86.7%
TOTAL ROADWAY IMPACT FEE FUND	741,726	660,043	357,190	381,585	392,300	9.8%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2022 Projected	FY 2023 Budget	%
						to Budget
PAG/RTA Fund						
State Grants:						
PAG Reimbursements	8,000	-	575,000	-	75,000	-87.0%
RTA Reimbursements	12,113,864	1,947,977	100,000	-	721,574	621.6%
Total State Grants	12,121,864	1,947,977	675,000	-	796,574	18.0%
Interest Income:						
Interest - Investments	-	12,556	-	1,000	-	0.0%
Total Interest Income	-	12,556	-	1,000	-	0.0%
Miscellaneous:						
Miscellaneous	885,799	216,069	-	-	-	0.0%
Total Miscellaneous	885,799	216,069	-	-	-	0.0%
Charges for Services:						
Real Property Rental Income	28,125	28,125	28,125	28,125	28,125	0.0%
Total Charges for Services	28,125	28,125	28,125	28,125	28,125	0.0%
TOTAL PAG/RTA FUND	13,035,788	2,204,727	703,125	29,125	824,699	17.3%
Parks & Recreation Development Impact Fee Fund						
Impact Fees:						
Residential Impact Fees	234,260	423,720	280,442	139,528	165,520	-41.0%
Total Impact Fees	234,260	423,720	280,442	139,528	165,520	-41.0%
Interest Income:						
Interest - Investments	23,110	(5,940)	5,000	1,500	3,000	-40.0%
Total Interest Income	23,110	(5,940)	5,000	1,500	3,000	-40.0%
TOTAL PARKS IMPACT FEE FUND	257,370	417,780	285,442	141,028	168,520	-41.0%
Police Development Impact Fee Fund						
Impact Fees:						
Residential Impact Fees	84,978	153,450	77,825	50,530	52,700	-32.3%
Commercial Impact Fees	16,877	12,145	5,100	5,000	5,000	-2.0%
Total Impact Fees	101,855	165,595	82,925	55,530	57,700	-30.4%
Interest Income:						
Interest - Investments	2,091	(229)	500	500	500	0.0%
Total Interest Income	2,091	(229)	500	500	500	0.0%
TOTAL POLICE IMPACT FEE FUND	103,946	165,366	83,425	56,030	58,200	-30.2%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2022 Projected	FY 2023 Budget	%
						to Budget
Capital Fund						
State Grants:						
Misc State Grants	88,116	119,868	-	-	420,000	0.0%
Total State Grants	88,116	119,868	-	-	420,000	0.0%
Federal Grants:						
Misc Federal Grants	111,694	-	-	-	-	0.0%
Total Federal Grants	111,694	-	-	-	-	0.0%
Other Financing Sources:						
Bond Proceeds	-	-	25,000,000	25,367,224	-	-100.0%
Total Other Financing Sources	-	-	25,000,000	25,367,224	-	-100.0%
Interest Income:						
Interest - Investments	85,269	1,444	10,000	15,000	25,000	150.0%
Total Interest Income	85,269	1,444	10,000	15,000	25,000	150.0%
Miscellaneous:						
Vehicle Reserves	536,904	633,012	741,010	741,010	820,010	10.7%
Insurance Recoveries	58,313	37,417	-	12,917	30,000	0.0%
Miscellaneous	427,364	256,090	40,000	242,310	170,000	325.0%
Total Miscellaneous	1,022,581	926,519	781,010	996,237	1,020,010	30.6%
TOTAL CAPITAL FUND	1,307,660	1,047,831	25,791,010	26,378,461	1,465,010	-94.3%
Benefit Self Insurance Fund						
Interest Income:						
Interest - Investments	65,514	4,416	-	5,000	5,000	0.0%
Total Interest Income	65,514	4,416	-	5,000	5,000	0.0%
Miscellaneous:						
Self Insurance Premiums - Employer	2,772,668	2,831,442	2,995,907	2,800,000	2,820,956	-5.8%
Self Insurance Premiums - Employee	667,860	586,627	633,018	635,000	636,173	0.5%
COBRA Premiums	20,052	31,611	50,000	23,000	25,000	-50.0%
Retiree Premiums	40,375	53,469	50,000	46,000	46,000	-8.0%
UHC Wellness Program	20,000	20,000	20,000	20,000	20,000	0.0%
Miscellaneous	66,102	193,903	245,392	289,492	211,348	-13.9%
Total Miscellaneous	3,587,057	3,717,052	3,994,317	3,813,492	3,759,477	-5.9%
TOTAL BENEFIT SELF INSURANCE FUND	3,652,571	3,721,468	3,994,317	3,818,492	3,764,477	-5.8%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2022 Projected	FY 2023 Budget	%
						to Budget
Water Utility Fund						
Water Sales:						
Residential Water Sales	9,798,411	10,394,919	10,193,000	10,000,000	11,300,000	10.9%
Commercial Water Sales	925,233	902,536	949,000	930,000	1,000,000	5.4%
Irrigation Water Sales	1,258,430	1,579,055	1,264,000	1,365,000	1,465,000	15.9%
Turf Related Water Sales	1,428,692	1,565,038	1,384,000	1,280,000	1,384,000	0.0%
Construction Water Sales	353,936	237,525	184,000	338,500	234,000	27.2%
Total Water Sales	13,764,702	14,679,073	13,974,000	13,913,500	15,383,000	10.1%
Charges for Services:						
Engineer Plan Review Fees	5,594	1,186	5,000	593	5,000	0.0%
Construction Inspection Fees	46,890	6,056	20,000	44,798	20,000	0.0%
Misc Service Revenue	28,239	26,358	25,000	25,000	25,000	0.0%
Backflow-Install Permit Fee	6,132	2,847	4,000	1,885	3,000	-25.0%
Sewer Fees	373,608	381,534	380,000	360,000	390,000	2.6%
Late Fees	64,428	43,765	90,000	90,000	90,000	0.0%
NSF Fees	2,426	2,146	2,000	2,000	2,000	0.0%
Rain Sensors	8	23	-	23	-	0.0%
Meter Income	92,390	164,917	99,000	48,000	55,000	-44.4%
New Service Establish Fees	92,134	112,055	100,000	100,000	100,000	0.0%
Reconnect Fees	25,225	12,328	32,000	18,000	16,000	-50.0%
Groundwater Preservation Fee	2,389,953	2,617,452	2,380,000	2,302,000	2,400,000	0.8%
Other	117,037	119,254	118,000	120,000	118,000	0.0%
Total Charges for Services	3,244,064	3,489,921	3,255,000	3,112,299	3,224,000	-1.0%
Interest Income:						
Interest - Investments	378,089	(14,911)	100,000	40,000	100,000	0.0%
Total Interest Income	378,089	(14,911)	100,000	40,000	100,000	0.0%
Miscellaneous:						
Miscellaneous	5,018	19,029	-	660,269	-	0.0%
Insurance Recoveries	11,805	20,744	-	3,120	-	0.0%
Sale of Assets	50	4,555	-	-	-	0.0%
Total Miscellaneous	16,873	44,328	-	663,389	-	0.0%
Other Financing Sources:						
Bond Proceeds	-	-	-	-	-	0.0%
NWRRDS Funding	754,995	-	-	-	-	0.0%
Total Other Financing Sources	754,995	-	-	-	-	0.0%
TOTAL WATER UTILITY FUND	18,158,723	18,198,411	17,329,000	17,729,188	18,707,000	8.0%
Alternative Water Resources Development Impact Fee Fund						
Impact Fees:						
Residential Impact Fees	1,202,278	-	-	-	-	0.0%
Commercial Impact Fees	425,157	-	-	-	-	0.0%
Total Impact Fees	1,627,435	-	-	-	-	0.0%
Interest Income:						
Interest - Investments	337,732	-	-	-	-	0.0%
Total Interest Income	337,732	-	-	-	-	0.0%
TOTAL AWRDIF FUND	1,965,167	-	-	-	-	0.0%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2022 Projected	FY 2023 Budget	%
						to Budget
Potable Water System Development Impact Fee Fund						
Impact Fees:						
Single Family Connections	553,493	-	-	-	-	0.0%
Multi-Family Connections	39,971	-	-	-	-	0.0%
Commercial Connections	104,706	-	-	-	-	0.0%
Irrigation Connections	112,519	-	-	-	-	0.0%
Total Impact Fees	810,689	-	-	-	-	0.0%
Interest Income:						
Interest - Investments	171,951	-	-	-	-	0.0%
Total Interest Income	171,951	-	-	-	-	0.0%
TOTAL PWSDF FUND	982,640	-	-	-	-	0.0%
Water Resources Development Impact Fee Fund						
Impact Fees:						
Residential Impact Fees	-	3,746,803	1,916,100	1,150,000	958,050	-50.0%
Non-Residential Impact Fees	-	353,753	143,296	57,865	143,296	0.0%
Total Impact Fees	-	4,100,556	2,059,396	1,207,865	1,101,346	-46.5%
Interest Income:						
Interest - Investments	-	13,700	200,000	115,000	150,000	-25.0%
Total Interest Income	-	13,700	200,000	115,000	150,000	-25.0%
TOTAL WRSDIF FUND	-	4,114,256	2,259,396	1,322,865	1,251,346	-44.6%
Stormwater Utility Fund						
State Grants:						
Miscellaneous State Grants	-	152,152	300,000	16,906	-	-100.0%
Total State Grants	-	152,152	300,000	16,906	-	-100.0%
Charges for Services:						
Late Fees	910	635	-	1,130	-	0.0%
Stormwater Utility Fee	1,442,666	1,473,177	1,440,100	1,475,000	1,492,500	3.6%
Total Charges for Services	1,443,576	1,473,812	1,440,100	1,476,130	1,492,500	3.6%
Interest Income:						
Interest - Investments	23,148	1,270	1,500	2,000	1,500	0.0%
Total Interest Income	23,148	1,270	1,500	2,000	1,500	0.0%
Miscellaneous:						
Miscellaneous	40	8,734	-	-	-	0.0%
Total Miscellaneous	40	8,734	-	-	-	0.0%
TOTAL STORMWATER UTILITY FUND	1,466,764	1,635,968	1,741,600	1,495,036	1,494,000	-14.2%
Recreation In Lieu Fee Fund						
Charges for Services:						
Recreation In Lieu Fees	-	712	-	-	-	0.0%
Total Charges for Services	-	712	-	-	-	0.0%
Miscellaneous:						
Miscellaneous	382	232	-	150	-	0.0%
Total Miscellaneous	382	232	-	150	-	0.0%
TOTAL REC IN LIEU FEE FUND	382	944	-	150	-	0.0%
TOTAL REVENUE - ALL FUNDS	\$ 93,544,895	\$ 97,612,952	\$ 130,084,925	\$ 136,030,302	\$ 101,988,663	-21.6%

Note: Does not include interfund transfers or carry-forward balances

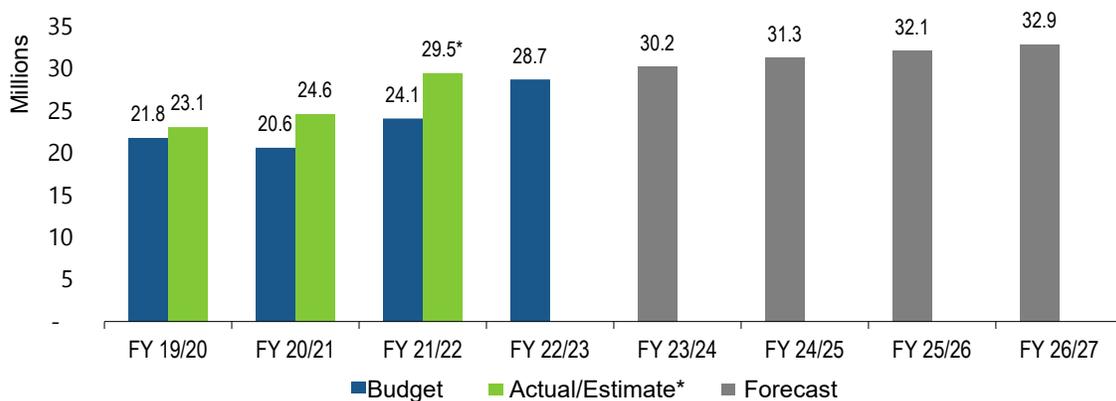
Revenue Sources

Local Sales Tax

Arizona cities and towns under state law have the authority to establish certain taxes for revenue purposes. The local sales tax, as a means of financing municipal services, is the most important source of local revenue for most Arizona cities and towns. The Town of Oro Valley levies a 2.5% tax on sales collected within the town boundaries, with the exception of sales on utilities and construction activity, which are a 4% tax. The Town also levies an additional 6% tax on lodging. The sales tax is collected by the state and remitted to the Town on a weekly basis.

Uses

Two percent of the 2.5% local sales tax, as well as the 4.0% utility sales tax, are used for any general governmental purpose. The additional 0.5% local sales tax was implemented in March of 2015 and is dedicated to funding the Town’s Community Center operations and the annual debt service on the parks & recreation related bonds. One quarter of the 6% tax on lodging is used to support economic development and tourism efforts. The Town’s adopted financial policies dictate that a minimum of 5% of the Town’s excise tax collections fund capital improvements, asset repair and maintenance needs.



Forecast

Projected commercial activity for the Town consists mostly of infill projects and several larger projects deemed one-time in nature. Single family residential activity is expected to be stable in the near term and then decline in FY 26/27 due to reduce land availability for development. The following assumptions were used in compiling the projections:

- Assumes modest economic growth with no major downturns in the 5-year forecast
- Near-term growth in construction related sales taxes then declines in outer years due to reduced available land area for new development
- 3-5% growth in most local sales tax categories
- Conservative levels of one-time, non-specific commercial development

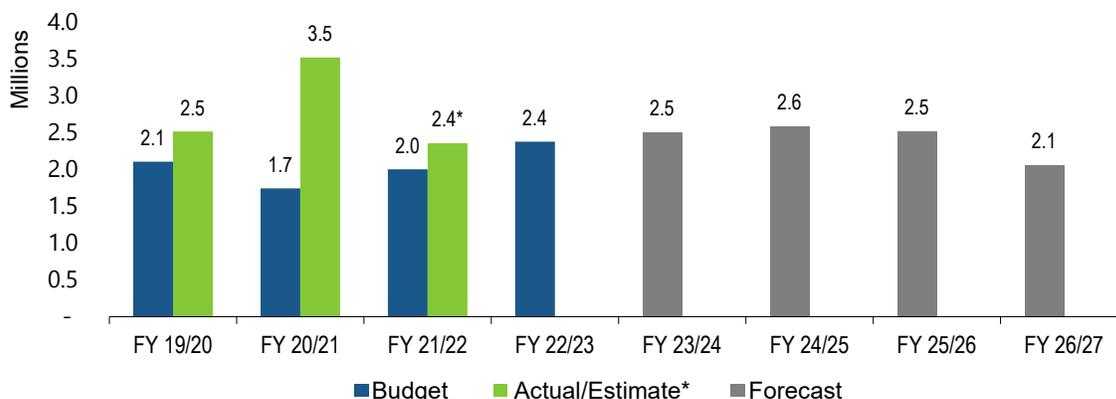
Category (in millions)	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Est. Actual	FY 22/23 Adopted	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
Construction	5.57	4.93	6.00	5.20	5.30	5.41	5.36	5.25
Utilities	2.97	3.26	3.65	3.50	3.68	3.77	3.85	3.93
Retail	9.08	9.97	11.13	11.28	11.95	12.45	12.91	13.39
Hotel/Motel	1.47	1.34	2.74	2.74	2.94	3.09	3.25	3.42
Restaurant & Bar	2.18	2.20	2.94	2.94	3.10	3.20	3.27	3.34
Other	1.16	2.22	2.29	2.33	2.48	2.59	2.69	2.80
Cable Franchise	0.66	0.72	0.75	0.77	0.79	0.80	0.80	0.79
Total	23.09	24.63	29.50	28.75	30.25	31.31	32.13	32.91

Fines, Licenses and Permits

Revenue from court fines comes from traffic violations and other fines paid for the violation of municipal ordinances. License revenue includes fees charged for obtaining a business license to operate a business within town boundaries. Permit fee revenue includes fees collected from building permits, both residential and commercial, zoning permits and a variety of other programs.

Uses

The revenue received from fines, licenses and permit fees is placed in the General Fund and used for various general governmental purposes.



Forecast

The FY 22/23 revenue budget of \$2.37 million is \$0.4 million higher than the FY 21/22 adopted budget due to higher anticipated revenues from large development projects. Residential permitting revenues and activity are expected to slow in outer years attributable to reduced available land area for new development. The following assumptions were used when compiling the projections:

- Single family residential permits are budgeted at 171 for FY 22/23, projected at 232 for FY 23/24, 238 for FY 24/25, 210 for FY 25/26, and begin declining in FY 26/27 to 84
- Forecast for commercial building activity includes one-time projects subject to fluctuation
- Conservative commercial permitting activity forecast, with no specific permitting for the Oro Valley Marketplace
- Development-related permit and fee revenues, such as grading, fire, etc. mirror residential and commercial growth and begin to decline in outer years

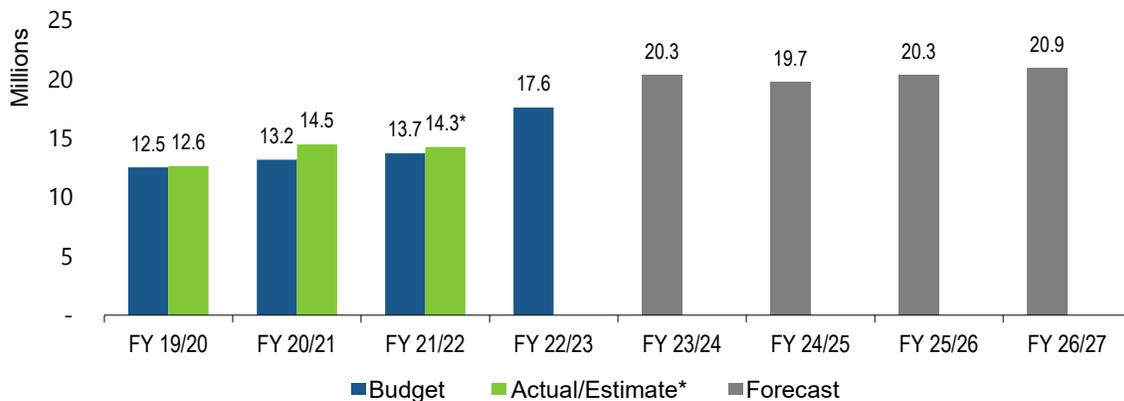
Category (in millions)	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Est. Actual	FY 22/23 Adopted	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
Residential Building Permits	1.41	2.11	1.20	1.02	1.39	1.46	1.37	0.89
Commercial Building Permits	0.54	0.72	0.64	0.82	0.57	0.58	0.59	0.61
Business Licenses, Fines, & Other	0.55	0.69	0.52	0.53	0.54	0.55	0.56	0.57
Total	2.51	3.52	2.35	2.37	2.51	2.59	2.52	2.06

State Shared Revenue

Cities and towns in the state receive a portion of the revenues collected by the state of Arizona. These sources consist of the state sales tax, state income tax, and vehicle license tax. Oro Valley receives its share of the state sales and income tax based on the relation of its population to the total population of all incorporated cities and towns in the state based on U.S. Census population figures. Auto Lieu Tax, also known as vehicle license tax, is a part of the vehicle license fees collected by Pima County and is distributed to Oro Valley based on the relation of its population to the total population of all incorporated cities and towns in Pima County. New in FY 22/23 are Smart & Safe revenues, taxes collected on the sale of marijuana, and settlement payments from various organizations involved with the distribution, manufacturing, and marketing of opioids within the state. Shared income tax revenues reflect state collections from two years prior. State shared revenue is a significant source of funding and represents 35% of General Fund budgeted revenue for FY 22/23.

Uses

State Shared Revenue is collected in the General Fund and used for various general governmental purposes.



Forecast

State shared revenues are projected to increase 28.2% for FY 22/23 which is primarily attributable to a filing extension in 2020. While we consequently would expect a decrease in State shared income tax in FY 23/24, we are expecting an increase due to a statutory change in the state allocation rate from 15% to 18%. State shared income tax revenue growth is expected to slow in FY 24/25 due to a statutory state income tax rate cap of 2.5%. Further budget and legislative tax law changes made at the state level have the potential to impact this revenue source.

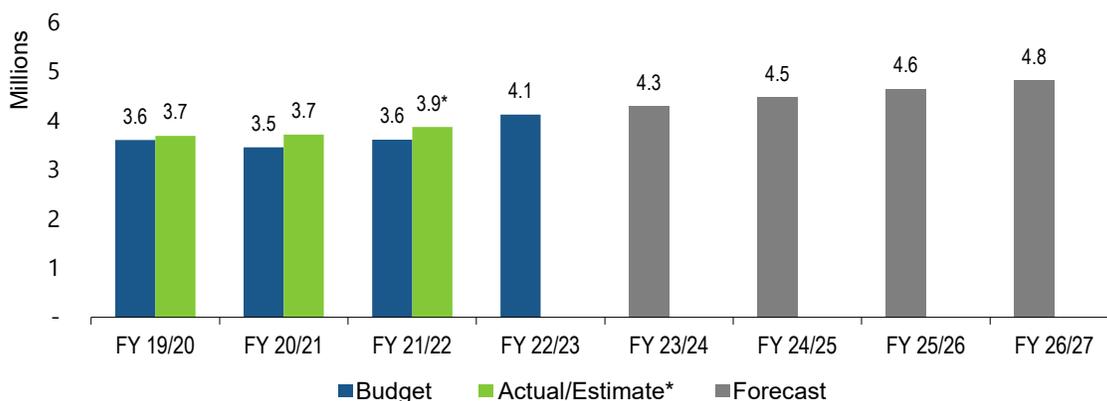
Category (in millions)	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Est. Actual	FY 22/23 Adopted	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
State Income Tax	5.87	6.58	6.17	9.08	10.69	9.68	9.87	10.07
State Sales Tax	4.69	5.46	5.64	5.78	6.55	6.85	7.16	7.45
Vehicle License Tax	2.07	2.39	2.20	2.32	2.53	2.58	2.63	2.69
Other	-	0.05	0.26	0.42	0.54	0.62	0.68	0.74
Total	12.64	14.48	14.27	17.61	20.32	19.73	20.35	20.94

Highway User Revenue (HURF)

HURF revenues are primarily generated from the state collected gasoline tax. Cities and towns receive 27.5% of highway user revenues. One-half of the monies that Oro Valley receives is based on its population in relation to the population of all cities and towns in the state. The remaining half is allocated on the basis of “county of origin” of gasoline sales and the relation of Oro Valley’s population to the population of all cities and towns in Pima County. The intent of this distribution formula is to spread a portion of the money across the state solely on the basis of population while the remaining money flows to those areas with the highest gasoline sales.

Uses

There is a state constitutional restriction on the use of the highway user revenues which requires that these funds be used solely for street and highway purposes. The Town has a separate fund – Highway Fund – where this revenue is collected and distributed for such purposes.



Forecast

HURF revenue collections are a major source of funding for roadway improvements and account for nearly all of Highway Fund budgeted revenue for FY 22/23. This revenue source is impacted by economic conditions, as well as any actions taken by the state legislature. The following assumptions were used in compiling the projections:

- HURF revenues will grow about 4% over the next three years and reduce to about 3.8% thereafter in accordance with Arizona Department of Transportation (ADOT) projections
- Growth slows in outer years as demand is projected to decline with electric vehicle usage increases
- Forecast assumes no changes in allocation or tax levy

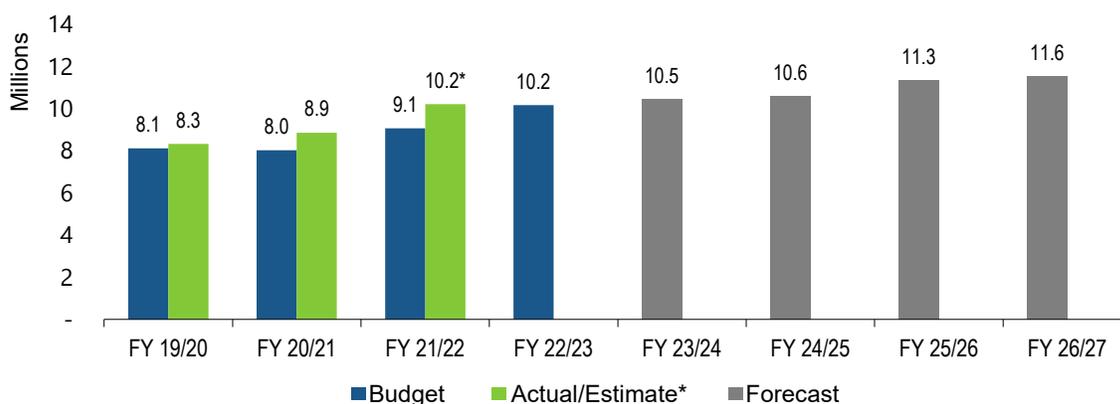
Category (in millions)	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Est. Actual	FY 22/23 Adopted	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
HURF Revenue	3.69	3.71	3.87	4.13	4.30	4.47	4.65	4.82
Total	3.69	3.71	3.87	4.13	4.30	4.47	4.65	4.82

Charges for Services

Charges for Services are fees charged for specific services provided by the Town. They include recreation user fees, development services fees, stormwater fees, various water fees and fares received from transit services. Except for development services fees and certain general services and water fees, the anticipated revenue generated from charges for services is generally correlated to population change and can be expected to increase with population growth. New or added recreation facilities and amenities would also cause these revenues to increase. Certain water fees and fees for development services are tied to development activity and will increase/decrease accordingly based on development activity within the town.

Uses

Revenues in this category cover many types of charges for services and therefore, the usage varies depending on fee type. Fee amounts are based upon either a partial or full cost-recovery methodology and are only increased where absolutely necessary to cover costs.



Forecast

FY 21/22 saw greater than expected demand for recreation services likely due to pent up demand from COVID-19 closures and precautions in prior years. For FY 22/23 and beyond, it is assumed these revenues continue to grow. The following assumptions were used in the projections:

- Revenue generated from development activity is tied to anticipated single family residential and commercial building permits
- Operations assumed on 18 holes for six months of the year in FY 22/23 and FY 23/24; FY 24/25 and beyond reflect play levels and revenues similar to FY 20/21 and FY 21/22
- 1-2% annual growth in recreation fees
- Transit farebox revenues begin collection again in FY 22/23 with no growth over the next five years

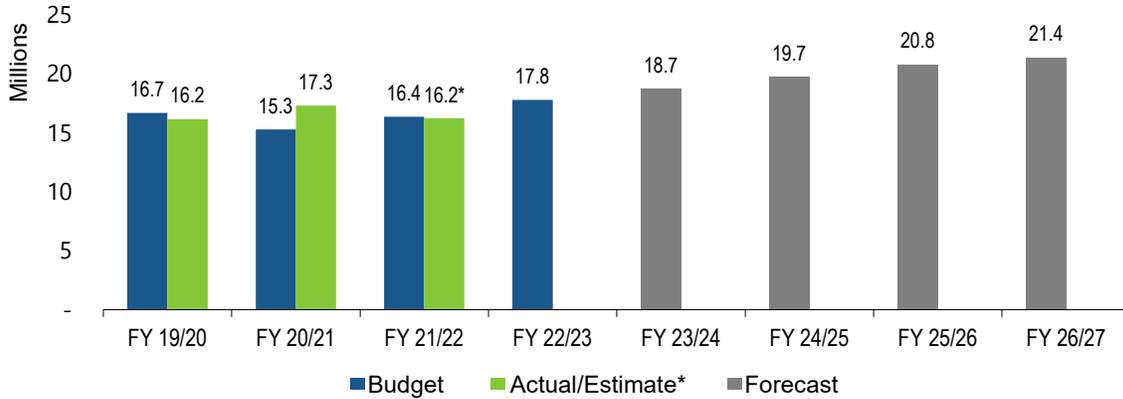
Category (in millions)	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Est. Actual	FY 22/23 Adopted	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
General Services	1.23	1.29	1.63	2.02	2.05	2.11	2.17	2.23
Development Services	0.19	0.15	0.12	0.12	0.12	0.12	0.13	0.13
Recreation Fees	4.50	5.09	6.23	5.65	5.87	5.93	6.62	6.75
Transit	0.11	0.00	-	0.08	0.08	0.08	0.08	0.08
Water	0.85	0.87	0.81	0.82	0.83	0.84	0.85	0.86
Stormwater	1.44	1.47	1.48	1.49	1.50	1.50	1.51	1.50
Total	8.34	8.87	10.26	10.18	10.46	10.59	11.35	11.55

Water Revenue

The Town’s Water Utility Fund is a self-sustaining fund with revenue generated from water sales, service fees and miscellaneous charges. Annually, the Oro Valley Water Utility Commission reviews and develops recommendations for water revenue requirements, water rates and fee structures.

Uses

The revenue collected from water sales is used for personnel, operations and maintenance, capital improvements to existing systems, and debt service. Revenue collected from the groundwater preservation fee (GPF) is used for renewable water capital infrastructure costs and related debt service.



Forecast

Revenue projections relating to water sales and preservation fees are based on growth of the population as well as proposed rate increases. The following assumptions were used in compiling the projections:

- 5% potable water rate increase effective in FY 22/23
- 1% annual growth in fees, 6% annual growth in water sales
- Growth is estimated at 150 new connections annually through FY 26/27
- No groundwater preservation fee increases over the next five years

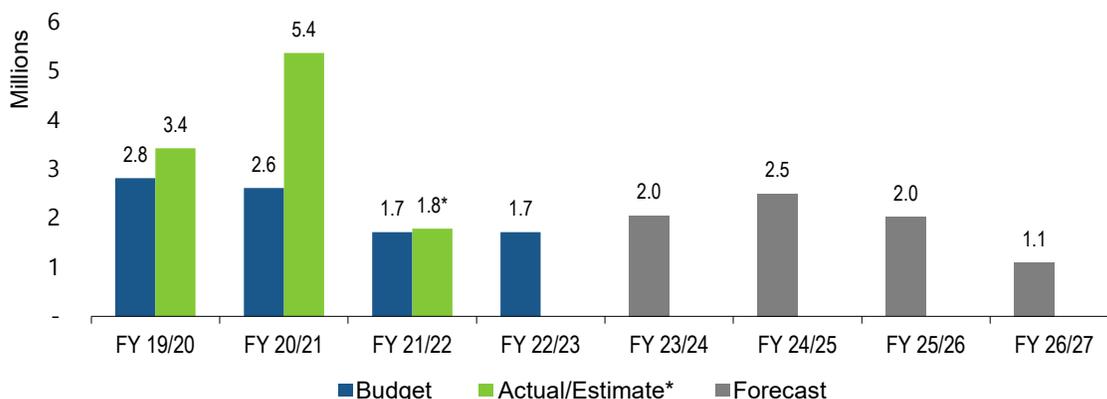
Category (in millions)	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Est. Actual	FY 22/23 Adopted	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
Water Sales	13.76	14.68	13.91	15.38	16.31	17.28	18.32	18.87
Groundwater Preservation Fee	2.39	2.62	2.30	2.40	2.42	2.45	2.47	2.50
Total	16.15	17.30	16.22	17.78	18.73	19.73	20.79	21.37

Development Impact Fees

Development Impact Fees are fees assessed by the Town on new development for the purpose of financing infrastructure ultimately needed to support a growing community. State legislation has restricted the types of impact fees collected with increased limitations placed on their use. Commercial impact fees are assessed to support roadways, water facilities and police; residential impact fees are assessed to support roadways, water facilities, police, and parks & recreation facilities.

Uses

As mandated by state law, development impact fee revenue can only be used to support new projects and expansion-related capital infrastructure.



Forecast

Residential permitting revenues and activity are expected to slow in outer years attributable to reduced available land area for new development. The following assumptions were used in compiling the projections:

- Single family residential permits are budgeted at 171 for FY 22/23, projected at 232 for FY 23/24, 238 for FY 24/25, 210 for FY 25/26, and begin declining in FY 26/27 to 84
- Conservative commercial building activity

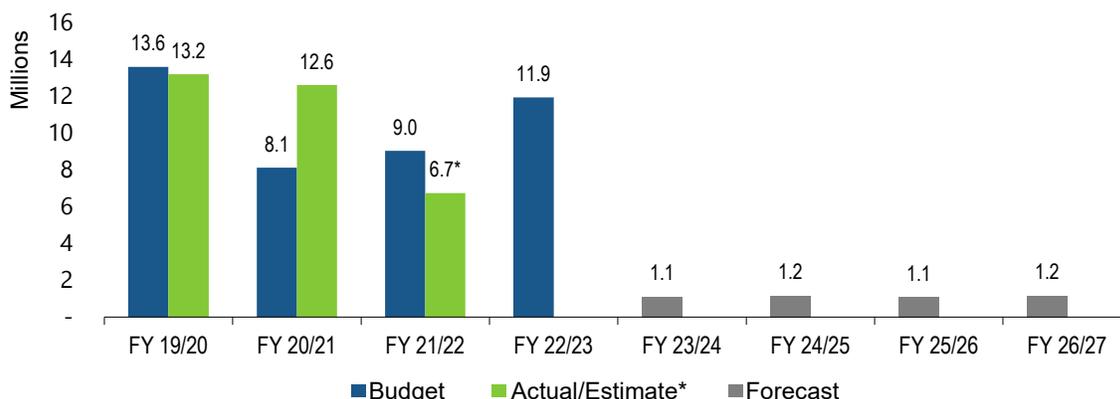
Category (in millions)	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Est. Actual	FY 22/23 Adopted	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
Residential Fees	2.66	4.83	1.66	1.51	1.91	2.36	1.87	0.95
Commercial Fees	0.76	0.53	0.12	0.20	0.14	0.14	0.14	0.15
Total	3.42	5.36	1.78	1.71	2.05	2.50	2.02	1.10

Grants

The Town receives federal and state grant funding from various agencies and sources, mainly for roadway projects or to support public safety. Specific restrictions exist on all grants in regards to how the funds may be used or what they may be spent on. Grants provide the Town with critical funding for public infrastructure projects and Police Department task force operations and equipment.

Uses

As mentioned above, historically the bulk of the Town’s grant funding is for roadway projects and public safety. Funding from the Pima Association of Governments (PAG) and the Regional Transportation Authority (RTA) provides for roadway expansion and improvement projects. The large amount of federal revenue is related to one-time funding from the federal CARES Act and American Rescue Plan Act. This funding is designed to aid and support governments and businesses impacted by the COVID-19 pandemic.



Forecast

Grant funding will fluctuate from year to year and grants are typically on-time in nature and awarded without advance notice. Therefore, the Town will forecast very conservatively for grants. Funding for roadway projects fluctuates widely, depending on current or planned projects and available funding. Funding beyond FY 2023 is not foreseen at this time. The following assumptions were used in compiling the projections:

- Funding for roadway projects remains uncertain and is dependent on future regional voter approved plans
- No future federal funding is assumed
- Modest growth in police overtime and equipment grants

Category (in millions)	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Est. Actual	FY 22/23 Adopted	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
Roadway Projects	12.38	1.96	-	0.86	-	0.08	-	0.08
Public Safety	0.40	0.69	1.11	0.34	0.46	0.46	0.47	0.47
Stormwater	-	0.15	0.02	-	-	-	-	-
Federal	0.16	9.62	5.57	5.76	-	-	-	-
Other	0.24	0.16	0.03	4.97	0.66	0.65	0.63	0.63
Total	13.18	12.59	6.74	11.92	1.11	1.19	1.09	1.17

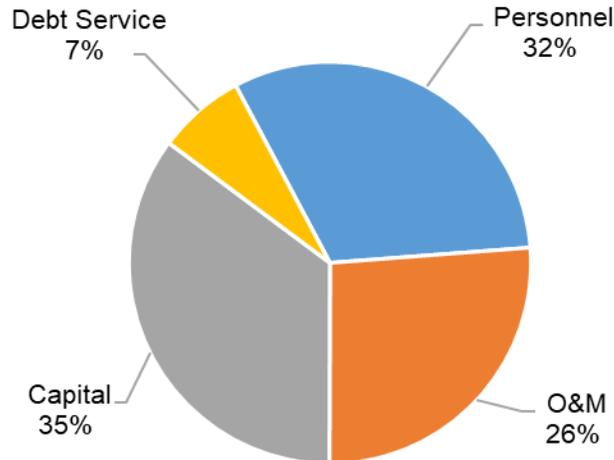
Expenditure Summary

The expenditure budget for FY 22/23 totals \$132,226,207 and represents a \$21.5 million, or 14% decrease over the prior fiscal year budgeted expenditures. The budget includes \$85.8 million to support daily operations and services and \$46.5 million in capital projects. The chart below reflects all budgeted uses and their portion of the overall expenditure budget.

A description of the changes in expenditure categories from budget year to budget year can be found on the following page. Please reference the personnel section of the budget document for further explanations on personnel changes.

The capital budget for FY 22/23 is significant and addresses several areas of critical need, including roadway and street improvements, water and stormwater system improvements, public safety facilities and equipment, parks and recreation amenities and improvements, as well as fleet and technology replacements. Please reference the Capital Improvement Program (CIP) section of the budget document for further details on capital improvement projects.

FY 2022/23 Budgeted Uses



Budgeted Uses

	FY 2021	FY 2021/22		FY 2022/23	Variance	
	Actual	Budget	Projected	Budget	to Budget	%
Personnel	33,970,613	37,599,254	36,860,417	41,740,350	4,141,096	11.0%
O&M	27,386,557	59,564,610	58,538,348	34,705,814	(24,858,796)	-41.7%
Capital	15,812,322	47,033,155	12,811,135	46,468,412	(564,743)	-1.2%
Debt Service	6,577,579	9,507,723	6,809,430	9,311,631	(196,092)	-2.1%
Total Expenditures	\$ 83,747,071	\$ 153,704,742	\$ 115,019,330	\$ 132,226,207	\$ (21,478,535)	-14.0%

Does not include depreciation, amortization, interfund transfers or contingency amounts

A brief description of the major changes in expenditure categories from budget year to budget year is as follows:

Personnel +\$4.1M	<ul style="list-style-type: none"> \$2.3M for employee step increases, 4.25% pay adjustments, classification and compensation adjustments \$890K increase for nine new positions and various position reclassifications \$600K increase due to increased pension costs \$155K increase in group insurance costs \$227K increase in other fringe benefits costs
O&M -\$24.9M	<ul style="list-style-type: none"> \$27M decrease due to one-time payment to PSPRS which includes \$10.0M from the General Fund and \$17.0M from bond proceeds in the prior year. Increases to department O&M budgets
Capital -\$0.6M	<ul style="list-style-type: none"> \$3.5M decrease in capital outlay on the NWRDDS project which was deferred to future years \$2.8M increase in road related capital improvements
Debt Service -\$0.2M	<ul style="list-style-type: none"> Decrease in payments due to the payoff of Series 2012 senior lien water bonds

Capital Improvement Program

The Capital Improvement Program (CIP) is a comprehensive, ten-year plan of capital projects that identifies priorities, methods of financing, costs, and associated revenues. It includes a one-year recommendation for the Town’s capital budget. The CIP is one of the mechanisms that implements the Town’s General Plan and Strategic Leadership Plan. It allocates funds to meet goals and strategies specified in both plans and implements these plans as part of the project evaluation criteria.

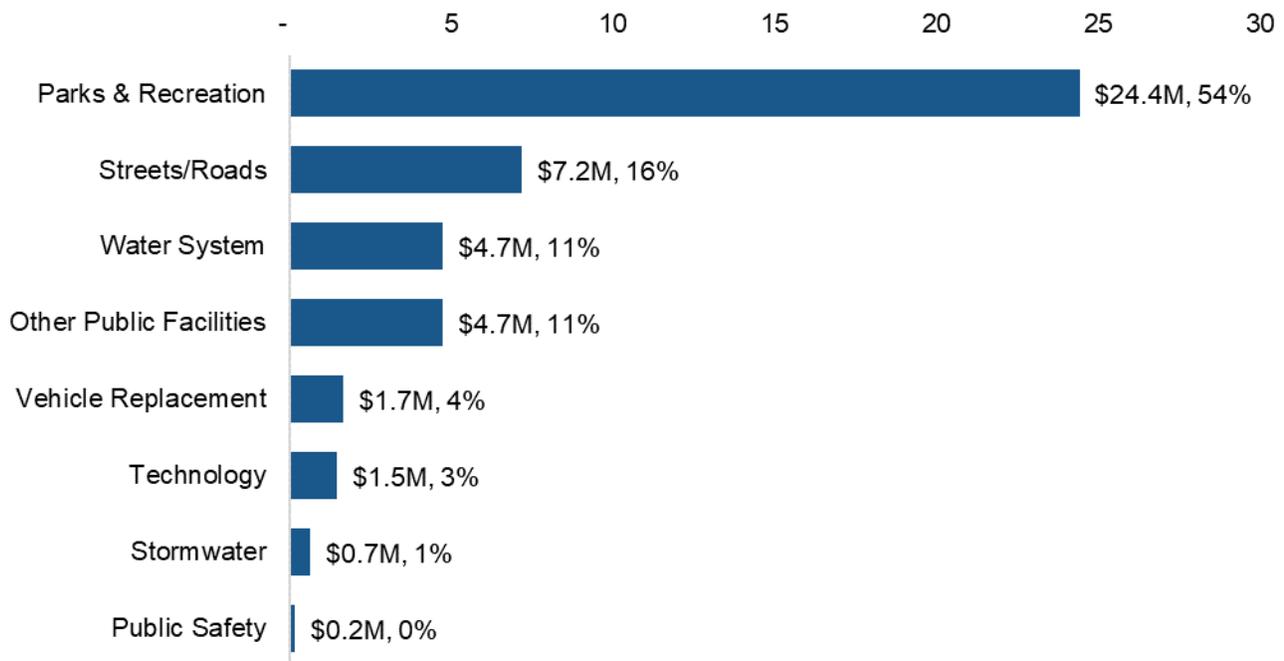
The FY 22/23 adopted budget includes \$45.1 million in capital improvement projects, funded with a variety of sources. Budgeted projects include street and roadway improvements, water and stormwater utility system improvements, parks and recreation improvements and public safety facilities.

Further information on CIP projects and project descriptions can be found in the Capital Improvement section of the budget document.

FY 22/23 Capital Improvement Projects

\$45.1 Million

Millions



Expenditure Schedule by Fund

Major Expenditure Accounts	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2022 Projected	FY 2023 Budget	% to Budget
General Fund						
Administrative Services	4,487,282	-	-	-	-	0.0%
Clerk	364,676	400,344	383,833	380,230	422,705	10.1%
Community & Economic Development	2,724,032	2,696,251	3,044,614	2,974,807	3,280,764	7.8%
Council	186,159	161,901	188,720	188,109	199,145	5.5%
Finance	-	836,613	979,655	944,743	1,111,460	13.5%
General Administration	2,704,081	5,008,788	14,459,559	14,079,934	4,077,234	-71.8%
Human Resources	-	437,350	535,390	472,390	569,905	6.4%
Innovation & Technology	-	3,578,668	4,346,583	4,273,811	4,797,809	10.4%
Legal	888,946	863,783	902,754	883,661	1,015,753	12.5%
Parks and Recreation	3,233,813	3,130,364	3,446,361	3,423,479	3,775,162	9.5%
Police	16,815,002	16,602,097	18,171,000	17,806,223	20,403,472	12.3%
Public Works	4,399,336	4,067,848	5,364,091	5,539,578	6,200,227	15.6%
Town Court	865,359	802,123	914,796	792,786	1,059,674	15.8%
Town Manager's Office	1,293,974	946,617	1,115,224	1,107,750	1,160,173	4.0%
Subtotal	37,962,660	39,532,747	53,852,580	52,867,501	48,073,483	-10.7%
Special Revenue Funds						
Highway User Revenue Fund	4,111,686	3,352,817	4,090,525	4,069,678	4,652,189	13.7%
Grants & Contributions Fund	-	-	1,954,250	90,625	5,741,059	0.0%
Community Center Fund	5,919,442	5,615,181	5,920,609	5,705,510	9,085,892	53.5%
Seizures & Forfeitures Funds	64,713	77,778	98,000	123,460	100,000	2.0%
Subtotal	10,095,841	9,045,776	12,063,384	9,989,273	19,579,140	62.3%
Debt Service Funds						
Municipal Debt Service Fund	1,198,384	1,221,882	21,225,445	19,498,236	4,341,059	-79.5%
Oracle Road Improvement District Fund	178,961	175,838	-	15	-	0.0%
Subtotal	1,377,345	1,397,720	21,225,445	19,498,251	4,341,059	-79.5%
Capital Project Funds						
Parks and Recreation Impact Fee Fund	9,121	880,708	-	-	7,000	100.0%
Police Impact Fee Fund	9,121	-	-	-	2,000	100.0%
Capital Fund	3,607,970	2,725,682	33,079,602	5,491,473	28,935,575	-12.5%
Alternative Water Resource Dev. Impact Fee	782,169	-	-	-	-	0.0%
Potable Water System Dev. Impact Fee	164,363	-	-	-	-	0.0%
Water Resources Dev. Impact Fee	-	3,294,230	6,659,369	2,773,681	3,287,005	-50.6%
PAG/RTA Fund	13,219,405	1,338,628	1,475,000	354,425	1,308,574	-11.3%
Roadway Impact Fee Fund	1,033,482	1,647,354	200,000	46,905	765,000	282.5%
Subtotal	18,825,631	9,886,602	41,413,971	8,666,484	34,305,154	-17.2%
Enterprise Funds						
Water Utility	18,465,426	19,125,991	18,994,638	18,886,488	20,055,870	5.6%
Stormwater Utility	1,644,647	1,197,222	2,160,407	1,318,337	2,107,024	-2.5%
Subtotal	20,110,073	20,323,213	21,155,045	20,204,825	22,162,894	4.8%
Internal Service Funds						
Benefit Self Insurance	2,802,644	3,561,013	3,994,317	3,792,996	3,764,477	-5.8%
Subtotal	2,802,644	3,561,013	3,994,317	3,792,996	3,764,477	-5.8%
Total Expenditures - All Funds	\$ 91,174,194	\$ 83,747,071	\$ 153,704,742	\$ 115,019,330	\$ 132,226,207	-14.0%

Note: Does not include depreciation, amortization, interfund transfers or contingency amounts

Expenditures by Program

This table represents a summary of the adopted FY 2022/23 budget and is structured around major program areas within departments which represent services and operations viable to the Town and to which resources are allocated on a fiscal year basis. Footnotes are provided to delineate the specific fund(s) that support(s) each program. The table also includes funding sources and full-time equivalent employees (FTEs) for each program. Further information on a specific program can be found in the Department Budgets Section of the budget document.

Department/Program	FTE	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Total
Finance	9.20	1,111,460						1,111,460
	9.20	1,111,460	-	-	-	-	-	1,111,460
Human Resources	4.00	569,905						569,905
	4.00	569,905	-	-	-	-	-	569,905
Innovation & Technology	16.80	4,797,809						4,797,809
	16.80	4,797,809	-	-	-	-	-	4,797,809
Clerk	3.73	422,705						422,705
	3.73	422,705	-	-	-	-	-	422,705
Community & Economic Dev.								
Administration	2.00	226,290						226,290
Permitting	9.48	1,094,080						1,094,080
Planning	7.30	746,557						746,557
Inspection and Compliance	8.00	817,619						817,619
Economic Development	2.00	396,218						396,218
	28.78	3,280,764	-	-	-	-	-	3,280,764
Council	7.00	199,145						199,145
	7.00	199,145	-	-	-	-	-	199,145
General Administration	-	4,077,234	5,271,000 ^(A)	10,000 ^(B)	-	-	3,764,477 ^(C)	13,122,711
	-	4,077,234	5,271,000	10,000	-	-	3,764,477	13,122,711
Legal	7.00	1,015,753						1,015,753
	7.00	1,015,753	-	-	-	-	-	1,015,753
Town Court	8.98	1,059,674						1,059,674
	8.98	1,059,674	-	-	-	-	-	1,059,674
Town Manager's Office	8.38	1,160,173						1,160,173
	8.38	1,160,173	-	-	-	-	-	1,160,173
Parks and Recreation								
Administration	3.00	475,921						475,921
Parks Maintenance	12.44	1,497,043						1,497,043
Recreation & Culture	6.70	576,241	40,000 ^(A)					616,241
Aquatics	22.17	1,225,957			7,000 ^(L)			1,232,957
Community Center	22.77		9,085,892 ^(D)					9,085,892
	67.08	3,775,162	9,125,892	-	7,000	-	-	12,908,054

Financial Overview | Expenditures by Program

Department/Program	FTE	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Total
Police								
Administration	6.00	1,802,862	100,000 ^(E)		2,000 ^(L)			1,904,862
Support Services	63.25	8,366,785	353,750 ^(A)					8,720,535
Field Services	66.00	9,545,496						9,545,496
Professional Development & Training	2.00	454,986						454,986
Professional Standards	1.48	233,343						233,343
	138.73	20,403,472	453,750	-	2,000	-	-	20,859,222
Public Works								
Administration	15.75	1,528,136			261,962 ^(G)			1,790,098
Transportation Engineering	12.00		4,192,089 ^(F)					4,192,089
Street Maintenance	-		460,100 ^(F)					460,100
Facilities Maintenance	4.00	1,071,390						1,071,390
Fleet	5.00	2,116,673						2,116,673
Stormwater Utility	9.73					2,107,024 ^(H)		2,107,024
Transit Services	29.23	1,484,028	76,309 ^(A)					1,560,337
	75.71	6,200,227	4,728,498	-	261,962	2,107,024	-	13,297,711
Water Utility								
Administration	9.48					3,087,732 ^(I)		3,087,732
Engineering & Planning	6.00					6,508,288 ^(I)		6,508,288
Operations	25.00				(J)	5,816,595 ^(I)		5,816,595
Water Resource Development	-				2,949,688			2,949,688
	40.48	-	-	-	2,949,688	15,412,615	-	18,362,303
Debt Service								
	-	-	-	4,331,059 ^(B)	337,317 ^(J)	4,643,255 ^(I)		9,311,631
	-	-	-	4,331,059	337,317	4,643,255	-	9,311,631
Capital Improvements								
	-	-	-	-	30,747,187 ^(K)			30,747,187
	-	-	-	-	30,747,187	-	-	30,747,187
FY 2022/23 Adopted Budget	415.87	48,073,483	19,579,140	4,341,059	34,305,154	22,162,894	3,764,477	132,226,207

Note: Does not include depreciation, amortization, interfund transfers or contingency amounts

- (A) Grants & Contributions Fund
- (B) Municipal Debt Service Fund
- (C) Benefit Self Insurance Fund
- (D) Community Center Fund
- (E) Seizures & Forfeitures Funds
- (F) Highway Fund

- (G) Capital Fund
- (H) Stormwater Utility Fund
- (I) Water Utility Fund
- (J) Water Resource Development Impact Fee Fund
- (K) Capital Fund, Roadway Dev. Impact Fee Fund, PAG/RTA Fund
- (L) Parks & Rec Impact Fee Fund, Police Impact Fee Fund

Personnel Summary

Personnel and Employee Compensation

Personnel service represents 45% of the total operating budget, which is common in a service-based organization. Even so, since it is a significant portion of the budget, employee compensation, staffing levels and benefit costs are scrutinized and closely managed.

The FY 22/23 budget includes \$2.6 million for the implementation of the final pay plan resulting from a comprehensive classification and compensation study that will adjust employee pay grades to remain competitive. The budget also includes funds to continue normal step increases and merit adjustments for all eligible Town employees. Benefit costs rose slightly due to merit and step increases as well as new FTEs in the budget. Based on the financial scenario laid out for the next five years, the Town's recurring revenues will need to be re-analyzed each year to confirm and determine an affordable and feasible level of future increases in overall compensation and benefits.

Staffing Level Changes

The following table summarizes the changes in staffing levels for the new fiscal year.

	FY 21/22 Budget	FY 22/23 Budget	+/-
Clerk	4.73	3.73	-1.00
Town Court	8.50	8.98	+0.48
Community & Economic Dev.	27.78	28.78	+1.00
Finance	8.20	9.20	+1.00
Innovation & Technology	15.80	16.80	+1.00
Legal	6.00	7.00	+1.00
Parks & Recreation	41.55	44.31	+3.98
Police	134.73	138.73	+4.00
Public Works	59.37	63.71	+4.34
Total	400.07	415.87	+15.8

The FY 22/23 budget includes nine new full-time and four part-time positions, as well as various position reclassifications.

The Clerk's office reclassified an office assistant to the Community and Economic Development department.

The Town Court added a new part-time probation compliance officer position to assist in addressing ongoing compliance-related requirements.

In Community and Economic Development (CED), through reclassification processes, two positions that were previously within the Police department and the Clerk's office are now formally under Community and Economic Development. Another position was reclassified from CED to the Innovation & Technology department.

In the Finance department, a procurement specialist position was added to assist the procurement team with the considerable work required to support the large list of capital projects and more effectively search for vendors, shared contracts and other sources in a challenging and competitive market.

Within the Innovation & Technology department a new IT Technician position was added to help support the growing demands on software and other technology.

An additional prosecutor has been added to the Legal Services Department to ensure cases being referred by the Police to Town Court can be prosecuted in a timely fashion.

In Parks and Recreation, two new part-time positions (lifeguard supervisor and fitness instructor) will support increased hours and expanded fitness classes at the Aquatic Center. An additional parks maintenance worker has been added to provide the capacity to supervise another Department of Corrections inmate crew to cost effectively address

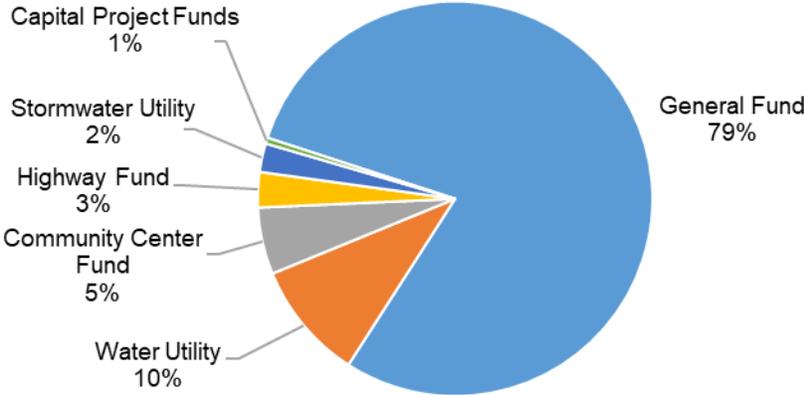
maintenance needs in outlying areas, the trail system and landscaped public rights-of-way. An additional park monitor will help cover after hours and special events at Town parks as they continue to grow.

The Town’s Police department is adding two police officers and a civilian public information officer (PIO), which then frees up a sergeant position that has been assigned to PIO duties to resume full-time policing work. An additional telecommunicator position has also been added. These four positions will allow the Police Chief to keep up with increases in calls for service in the community, help support the new Pima Regional Critical Incident Team and academy counselors, reduce overtime use in telecommunications to reach minimum staffing levels, and maintain overall response rates.

In Public Works, an additional fleet mechanic was added which will more effectively utilize the renovated third maintenance bay, improving service and preventative maintenance on the Town’s fleet while reducing external contract costs. Additionally, in the transit services, more hours were budgeted for transit dispatchers and transit drivers to accommodate growing demand.

Refer to the Personnel Schedule document for a detailed listing of positions by department and/or program.

FY 22/23 Personnel



Benefit Rates and Costs

For employee coverage of medical premiums, the Town pays 85% of the premium and the employee pays 15%. For employee coverage of dental premiums, the Town pays 100% of the premium. Premiums in FY 22/23 have no rate increases.

The contribution rate for the Arizona State Retirement System (ASRS) will decrease slightly from 12.22% to 12.03%. The rate for PSPRS is projected to decrease given the payment of the unfunded liability in FY 21/22. However, until a new actuarial report is released, the Town is choosing to keep the rate flat to maintain a high funding ratio. The Correction Officers Retirement Plan (CORP) rate will increase about 39.2%. The table below illustrates the changes to employee benefit rates over the last several years.

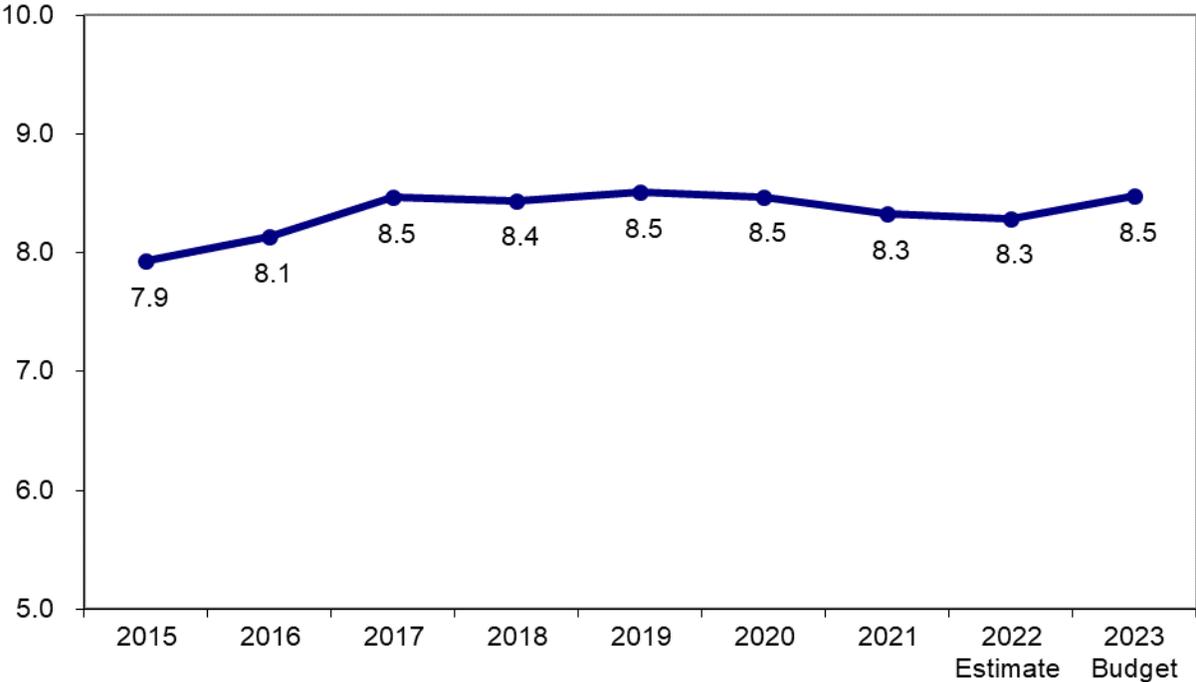
	Employer Matching Rates			
	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Arizona State Retirement System (ASRS)	12.11%	12.22%	12.22%	12.03%
Public Safety Personnel Retirement System (PSPRS)	38.59%	41.65%	41.65%	41.65%
Correction Officers Retirement Plan (CORP)	59.94%	75.53%	79.23%	118.45%
Medical Premiums (per year)*	\$4,132	\$4,132	\$4,492	\$4,492
Dental Premiums (per year)**	\$300	\$300	\$314	\$314

* single (employee-only) PPO coverage
 ** single (employee-only) base plan coverage

Employees per Capita

During the last economic recession, the Town reduced staff considerably. With recovery, continued population growth, as well as added facilities and amenities, the number of employees has grown gradually since that time. Looking at an employee per capita trend, full-time equivalent positions (FTEs) have remained relatively flat since 2016. FTEs per capita may increase gradually with the town’s continued population growth, subject to available funding sources.

FTEs per Thousand Town Population



Personnel Summary by Fund

	FY 2020	FY 2021	FY 2022		FY 2023	+/-
	Actual	Actual	Budget	Projected	Budget	to Budget
General Fund						
Administrative Services	21.00	-	-	-	-	-
Clerk	4.73	4.73	4.73	4.73	3.73	(1.00)
Community & Economic Dev.	27.78	27.78	27.78	28.78	28.78	1.00
Council	7.00	7.00	7.00	7.00	7.00	-
Finance	-	7.20	8.20	8.20	9.20	1.00
Human Resources	-	4.00	4.00	4.00	4.00	-
Innovation & Technology	-	14.80	15.80	16.80	16.80	1.00
Legal	6.00	6.00	6.00	6.00	7.00	1.00
Magistrate Court	8.48	8.48	8.50	8.50	8.98	0.48
Town Manager's Office	10.38	8.38	8.38	8.38	8.38	-
Parks and Recreation	41.55	41.55	41.55	42.23	44.31	2.76
Police	137.13	135.13	134.73	132.73	138.73	4.00
Public Works	45.64	45.64	46.64	46.64	51.98	5.34
General Fund Personnel	309.69	310.69	313.31	313.99	328.89	15.58
Special Revenue Funds						
Highway Fund	15.00	15.00	12.00	12.00	12.00	-
Community Center Fund	21.55	21.55	21.55	21.55	22.77	1.22
Seizure Funds	1.00	1.00	-	-	-	-
Special Revenue Funds Personnel	37.55	37.55	33.55	33.55	34.77	1.22
Capital Project Funds						
Capital Fund	-	-	2.00	2.00	2.00	-
Capital Projects Funds Personnel	-	-	2.00	2.00	2.00	-
Enterprise Funds						
Water Utility	39.48	40.48	40.48	40.48	40.48	-
Stormwater Utility	10.25	10.25	10.73	10.73	9.73	(1.00)
Enterprise Funds Personnel	49.73	50.73	51.21	51.21	50.21	(1.00)
Total Town Personnel	396.97	398.97	400.07	400.75	415.87	15.80

Personnel Schedule

	FY 2020	FY 2021	FY 2022		FY2023	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Administrative Services						
Admin. Svcs. Director/Chief Financial Officer	1.00	-	-	-	-	-
Chief Procurement Officer	1.00	-	-	-	-	-
Finance Manager	1.00	-	-	-	-	-
Senior Budget Analyst	1.00	-	-	-	-	-
Senior Accountant	1.00	-	-	-	-	-
Accounting Specialist	1.00	-	-	-	-	-
Human Resource Director	1.00	-	-	-	-	-
Human Resource Analyst	2.00	-	-	-	-	-
Chief Information Officer	1.00	-	-	-	-	-
Network Administrator	2.00	-	-	-	-	-
Systems Analyst	2.00	-	-	-	-	-
Data Base Analyst	1.00	-	-	-	-	-
Senior GIS Administrator	1.00	-	-	-	-	-
GIS Analyst	1.00	-	-	-	-	-
IT Analyst	1.00	-	-	-	-	-
Procurement Specialist	1.00	-	-	-	-	-
Senior Office Specialist	1.00	-	-	-	-	-
Human Resource Assistant	1.00	-	-	-	-	-
Total Administrative Services	21.00	-	-	-	-	-
				Full-time employees:	-	
				Part-time employees:	-	
Clerk						
Town Clerk	1.00	1.00	1.00	1.00	1.00	-
Deputy Town Clerk	1.00	1.00	1.00	1.00	1.00	-
Senior Office Specialist	1.00	1.00	1.00	1.00	1.00	-
Office Assistant	1.48	1.48	1.48	1.48	0.73	(0.75)
Communications Intern	0.25	0.25	0.25	0.25	-	(0.25)
Total Clerk	4.73	4.73	4.73	4.73	3.73	(1.00)
				Full-time employees:	3	
				Part-time employees:	2	

Financial Overview | Personnel Schedule

	FY 2020	FY 2021	FY 2022		FY2023	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Community and Economic Development (CED)						
CED Director	1.00	1.00	1.00	1.00	1.00	-
Division Manager, Permitting	1.00	1.00	1.00	1.00	1.00	-
Division Manager, Planning	1.00	1.00	1.00	1.00	1.00	-
Div Mgr, Inspect. & Comp./Bldg Official	1.00	1.00	1.00	1.00	1.00	-
Senior Civil Engineer	1.00	1.00	1.00	1.00	1.00	-
Principal Planner	2.00	2.00	2.00	2.00	2.00	-
Senior Planner	1.00	1.00	1.00	1.00	1.00	-
Planner	1.00	1.00	1.00	1.00	1.00	-
Economic Development Specialist	1.00	1.00	1.00	1.00	1.00	-
Senior Planning Technician	1.00	1.00	1.00	1.00	1.00	-
Engineering Design Reviewer	1.00	1.00	1.00	1.00	1.00	-
Plans Examiner II	2.00	2.00	2.00	2.00	2.00	-
Building Inspector II	4.00	4.00	4.00	4.00	4.00	-
Building Inspector I	1.00	1.00	1.00	1.00	1.00	-
Plans Examiner I	1.00	1.00	1.00	1.00	1.00	-
Management Analyst	-	-	-	1.00	1.00	1.00
Code Compliance Specialist	1.00	1.00	1.00	1.00	1.00	-
Zoning Technician	1.00	1.00	1.00	1.00	1.00	-
Building Permit Technician	2.00	2.00	2.00	2.00	2.00	-
Senior Office Specialist	1.00	1.00	2.00	1.00	1.00	(1.00)
Office Specialist	0.48	0.48	0.48	0.48	0.48	-
Senior Office Assistant	1.00	1.00	1.00	1.00	1.00	-
Office Assistant	1.00	1.00	-	1.00	1.00	1.00
Intern	0.30	0.30	0.30	0.30	0.30	-
Total CED	27.78	27.78	27.78	28.78	28.78	1.00
				Full-time employees:	28	
				Part-time employees:	2	
Council						
Mayor	1.00	1.00	1.00	1.00	1.00	-
Council Member	6.00	6.00	6.00	6.00	6.00	-
Total Council	7.00	7.00	7.00	7.00	7.00	-
				Full-time employees:	-	
				Part-time employees:	7	
Finance						
Chief Financial Officer	-	1.00	1.00	1.00	1.00	-
Finance and Budget Administrator	-	1.00	1.00	1.00	1.00	-
Senior Budget Analyst	-	1.00	1.00	1.00	1.00	-
Senior Accountant	-	1.00	2.00	2.00	2.00	-
Chief Procurement Officer	-	1.00	1.00	1.00	1.00	-
Contract Specialist	-	-	1.00	1.00	1.00	-
Procurement Specialist	-	1.00	-	-	1.00	1.00
Accounting Specialist	-	1.00	1.00	1.00	1.00	-
Senior Office Specialist	-	0.20	0.20	0.20	0.20	-
Total Finance	-	7.20	8.20	8.20	9.20	1.00
				Full-time employees:	9	
				Part-time employees:	-	

Financial Overview | Personnel Schedule

	FY 2020	FY 2021	FY 2022		FY2023	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Human Resources						
Human Resources Director	-	1.00	1.00	1.00	1.00	-
Human Resources Analyst	-	2.00	3.00	3.00	3.00	-
Human Resources Assistant	-	1.00	-	-	-	-
Total Human Resources	-	4.00	4.00	4.00	4.00	-

Full-time employees: 4
Part-time employees: -

Innovation & Technology						
Chief Information Officer	-	1.00	1.00	1.00	1.00	-
NetOps Supervisor	-	1.00	1.00	1.00	1.00	-
Applications Supervisor	-	1.00	1.00	1.00	1.00	-
Network Administrator	-	1.00	1.00	2.00	2.00	1.00
Systems Analyst	-	2.00	3.00	2.00	2.00	(1.00)
IT Analyst	-	1.00	1.00	1.00	1.00	-
Database Analyst	-	1.00	1.00	1.00	1.00	-
Senior GIS Administrator	-	1.00	1.00	1.00	1.00	-
GIS Analyst	-	1.00	1.00	1.00	1.00	-
IT Technician	-	1.00	1.00	2.00	2.00	1.00
Strategic Initiatives Manager	-	1.00	1.00	-	-	(1.00)
Management Analyst	-	-	-	1.00	1.00	1.00
Constituent Services Coordinator	-	1.00	1.00	1.00	1.00	-
Emergency Mgmt & Safety Coordinator	-	1.00	1.00	1.00	1.00	-
Senior Office Specialist	-	0.80	0.80	0.80	0.80	-
Total Innovation & Technology	-	14.80	15.80	16.80	16.80	1.00

Full-time employees: 17
Part-time employees: -

Legal						
Legal Services Director	1.00	1.00	1.00	1.00	1.00	-
Chief Civil Deputy Attorney	1.00	1.00	1.00	1.00	1.00	-
Assistant Town Prosecutor	1.00	1.00	1.00	1.00	2.00	1.00
Senior Paralegal	1.00	1.00	1.00	1.00	1.00	-
Paralegal I	1.00	1.00	1.00	1.00	1.00	-
Legal Secretary	1.00	1.00	1.00	1.00	1.00	-
Total Legal	6.00	6.00	6.00	6.00	7.00	1.00

Full-time employees: 7
Part-time employees: -

Town Court						
Magistrate Judge	1.00	1.00	1.00	1.00	1.00	-
Court Administrator	1.00	1.00	1.00	2.00	2.00	1.00
Deputy Court Administrator	-	-	1.00	-	-	(1.00)
Courtroom Clerk	1.00	1.00	1.00	1.00	1.00	-
Senior Court Clerk	3.00	3.00	3.00	1.00	1.00	(2.00)
Court Clerk	1.48	1.48	1.00	3.00	3.00	2.00
Probation Compliance Officer	-	-	-	-	0.48	0.48
Court Security Officer	-	1.00	-	-	-	-
Court Security Coordinator	-	-	0.50	0.50	0.50	-
Bailiff	1.00	-	-	-	-	-
Total Town Court	8.48	8.48	8.50	8.50	8.98	0.48

Full-time employees: 8
Part-time employees: 2

Financial Overview | Personnel Schedule

	FY 2020	FY 2021	FY 2022		FY2023	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Town Manager's Office						
Town Manager	1.00	1.00	1.00	1.00	1.00	-
Assistant Town Manager	1.00	1.00	1.00	1.00	1.00	-
Executive Assistant	1.00	1.00	1.00	1.00	1.00	-
Senior Office Specialist	1.00	-	-	-	-	-
Management Analyst	-	1.00	1.00	1.00	1.00	-
Management Intern	0.38	0.38	0.38	0.38	0.38	-
Strategic Initiatives Manager	1.00	-	-	-	-	-
Communications & Marketing Administrator	1.00	1.00	1.00	1.00	1.00	-
New Media Developer	1.00	-	-	-	-	-
Digital Content Specialist	-	1.00	1.00	1.00	1.00	-
Marketing & Communications Specialist	1.00	1.00	1.00	1.00	1.00	-
Constituent Services Coordinator	1.00	-	-	-	-	-
Public Information Officer	1.00	1.00	1.00	1.00	1.00	-
Total Town Manager's Office	10.38	8.38	8.38	8.38	8.38	-

Full-time employees: 8
Part-time employees: 1

Parks and Recreation						
Parks & Recreation Director	1.00	1.00	1.00	1.00	1.00	-
Deputy Parks & Recreation Director	1.00	1.00	1.00	1.00	1.00	-
Recreation & Culture Manager	1.00	1.00	1.00	1.00	1.00	-
Recreation Facility Manager	1.00	1.00	1.00	1.00	1.00	-
Multimodal Planner	1.00	-	-	-	-	-
Parks Maintenance Superintendent	1.00	1.00	1.00	1.00	1.00	-
Parks Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00	-
Parks Maintenance Crew Leader	1.00	-	-	-	-	-
Parks Maintenance Worker III	-	1.00	1.00	1.00	1.00	-
Parks Maintenance Worker II	1.00	2.00	2.00	2.00	2.00	-
Parks Maintenance Worker I	5.00	5.00	5.00	5.00	6.00	1.00
Park Monitor	0.96	0.96	0.96	0.96	1.44	0.48
Senior Office Specialist	2.00	2.00	2.00	2.00	2.00	-
Office Specialist	1.00	1.00	1.00	1.00	1.00	-
Office Assistant	1.00	-	-	-	-	-
Assistant Recreation Manager	2.00	3.00	3.00	3.00	3.00	-
Recreation Leader	2.91	2.91	2.91	2.91	2.91	-
Aquatics Manager	1.00	1.00	1.00	1.00	1.00	-
Assistant Aquatics Manager	1.00	1.00	1.00	1.00	1.00	-
Lifeguard Supervisor	-	2.25	2.25	2.25	3.00	0.75
Aquatics Facility Supervisor	2.25	-	-	-	-	-
Aquatics Shift Leader	2.54	2.54	2.54	2.54	2.54	-
Aquatics Facility Attendant	4.80	4.80	4.80	5.00	5.12	0.32
Custodian	0.48	0.48	0.48	0.48	0.48	-
Recreation Supervisor	-	0.75	0.75	0.75	0.75	-
Facility Attendant	5.00	4.25	4.25	4.25	4.72	0.47
Recreation Aide	6.63	6.63	6.63	6.63	6.63	-
Fitness Instructor	2.00	2.00	2.00	2.48	2.96	0.96
Lifeguard/Swim Instructor	13.53	13.53	13.53	13.53	13.53	-
Total Parks and Recreation	63.10	63.10	63.10	63.78	67.08	3.98

Full-time employees: 23
Part-time employees: 37

(not including seasonal employees)

Financial Overview | Personnel Schedule

	FY 2020	FY 2021	FY 2022		FY2023	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Police						
Chief of Police	1.00	1.00	1.00	1.00	1.00	-
Deputy Chief of Police	1.00	1.00	1.00	1.00	1.00	-
Commander	2.00	2.00	2.00	2.00	2.00	-
Lieutenant	5.00	5.00	5.00	5.00	5.00	-
Sergeant	13.00	13.00	13.00	13.00	13.00	-
Public Relations Sergeant	1.00	1.00	1.00	-	-	(1.00)
Public Information Officer	-	-	-	1.00	1.00	1.00
Detective	7.00	7.00	7.00	8.00	9.00	2.00
Patrol Officer	54.00	56.00	56.00	59.00	62.00	6.00
Traffic Investigator	-	1.00	1.00	1.00	1.00	-
Motorcycle Officer	6.00	4.00	4.00	1.00	1.00	(3.00)
School Resource Officer	9.00	8.00	7.00	7.00	7.00	-
K-9 Officer	3.00	3.00	3.00	2.00	2.00	(1.00)
DUI Officer	2.00	2.00	2.00	1.00	1.00	(1.00)
Training Officer	1.00	1.00	1.00	1.00	1.00	-
Reserve Officer	2.88	2.88	-	-	-	-
Systems Analyst	1.00	-	-	-	-	-
Police Telecommunications Manager	1.00	1.00	1.00	1.00	1.00	-
Telecommunications Supervisor	2.00	2.00	2.00	2.00	2.00	-
Public Safety Telecommunicator	10.00	10.00	11.00	10.00	12.00	1.00
Police Workforce Specialist	-	-	0.48	0.48	0.48	-
Records Supervisor	1.00	1.00	1.00	1.00	1.00	-
Records Specialist	5.00	5.00	5.00	5.00	5.00	-
Crime Scene Technician Supervisor	1.00	1.00	1.00	1.00	1.00	-
Crime Scene Technician	2.00	2.00	3.00	3.00	3.00	-
Administrative Services Manager	1.00	1.00	1.00	1.00	1.00	-
Crime Analyst	1.00	1.00	1.00	1.00	1.00	-
Emergency Mgmt & Safety Coordinator	1.00	-	-	-	-	-
Senior Office Specialist	2.00	3.00	3.00	3.00	3.00	-
Office Specialist	1.00	-	-	-	-	-
Office Assistant	1.25	1.25	1.25	1.25	1.25	-
Total Police	138.13	136.13	134.73	132.73	138.73	4.00

Full-time employees: 136
Part-time employees: 3

Financial Overview | Personnel Schedule

	FY 2020	FY 2021	FY 2022		FY2023	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Public Works						
Public Works Director & Town Engineer	1.00	1.00	1.00	1.00	1.00	-
Assistant Public Works Director	1.00	1.00	1.00	1.00	1.00	-
Engineering Division Manager	1.00	1.00	1.00	1.00	1.00	-
Operations Division Manager	1.00	1.00	1.00	1.00	1.00	-
Senior Civil Engineer	1.00	1.00	1.00	1.00	1.00	-
Senior Stormwater Civil Engineer	1.00	1.00	1.00	1.00	1.00	-
Civil Engineer	1.00	1.00	1.00	1.00	1.00	-
CIP Project Manager	-	-	2.00	2.00	2.00	-
Stormwater Utility Division Manager	1.00	1.00	1.00	1.00	1.00	-
Stormwater Utility Project Manager	1.00	1.00	1.00	1.00	-	(1.00)
Streets and Drainage Operations Supervisor	-	1.00	1.00	1.00	1.00	-
Stormwater Field Superintendent	1.00	-	-	-	-	-
GIS Stormwater Intern	-	-	0.48	0.48	0.48	-
Senior Transit Crew Leader	1.00	1.00	1.00	1.00	1.00	-
Transit Crew Leader	1.00	1.00	1.00	1.00	1.00	-
Civil Engineering Designer	1.00	1.00	1.00	1.00	1.00	-
Senior Civil Engineering Tech	3.00	3.00	3.00	3.00	3.00	-
Streets & Drainage Op. Superintendent	-	1.00	1.00	1.00	1.00	-
Streets Maintenance Superintendent	1.00	-	-	-	-	-
Senior Traffic Technician	1.00	1.00	1.00	1.00	1.00	-
Construction Inspector	3.00	3.00	-	-	-	-
Administrative Coordinator	1.00	1.00	1.00	1.00	1.00	-
Stormwater Utility Analyst	1.00	1.00	1.00	1.00	1.00	-
Stormwater Inspector Designer	1.00	1.00	1.00	1.00	1.00	-
Fleet and Facility Manager	-	1.00	1.00	1.00	1.00	-
Facilities Maintenance Crew Leader	1.00	-	-	-	-	-
Fleet Maintenance Supervisor	-	1.00	1.00	1.00	1.00	-
Fleet Maintenance Mechanic III	1.00	1.00	1.00	2.00	3.00	2.00
Fleet Control Specialist	1.00	1.00	1.00	-	-	(1.00)
Fleet Attendant	-	-	1.00	1.00	1.00	-
Traffic Signs/Markings Crew Leader	1.00	1.00	1.00	1.00	1.00	-
Traffic Signs/Markings Worker	1.00	1.00	1.00	1.00	1.00	-
Streets & Drainage Crew Leader	2.00	2.00	2.00	2.00	2.00	-
Traffic Technician	1.00	1.00	1.00	1.00	1.00	-
Facilities Maintenance Technician	3.00	3.00	3.00	3.00	3.00	-
Heavy Equipment Operator III	1.00	-	-	-	-	-
Heavy Equipment Operator II	7.00	8.00	8.00	8.00	8.00	-
Heavy Equipment Operator I	1.00	-	-	-	-	-
Senior Office Specialist	1.00	2.00	2.00	2.00	2.00	-
Office Specialist	1.00	1.00	1.00	1.00	1.00	-
Project Manager	-	-	-	-	1.00	1.00
Transit Specialist	1.11	1.11	1.11	1.11	1.10	(0.01)
Transit Dispatcher	2.11	2.11	2.11	2.11	2.58	0.47
Office Assistant	1.96	0.96	0.96	0.96	0.95	(0.01)
Transit Driver	19.71	19.71	19.71	19.71	22.60	2.89
Total Public Works	70.89	70.89	71.37	71.37	75.71	4.34

Full-time employees: 50
Part-time employees: 61

Financial Overview | Personnel Schedule

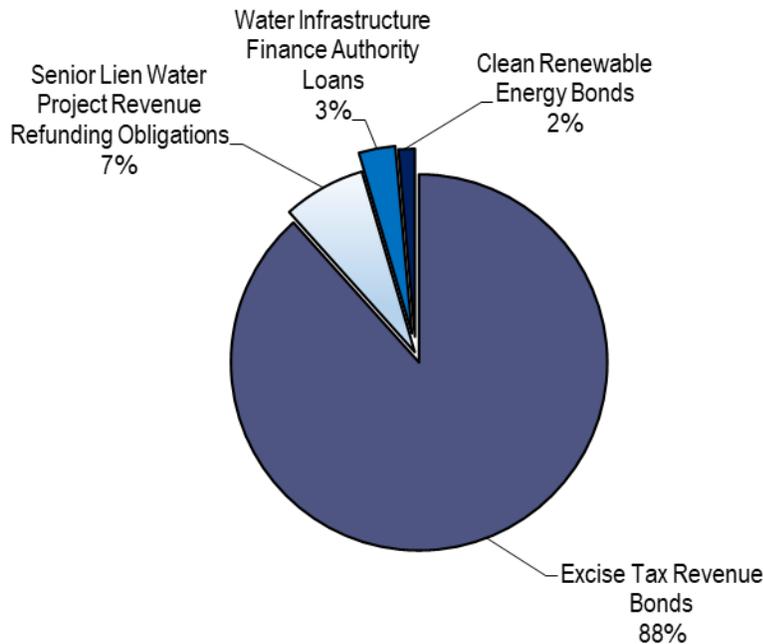
	FY 2020	FY 2021	FY 2022		FY2023	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Water Utility						
Water Utility Director	1.00	1.00	1.00	1.00	1.00	-
Engineering & Planning Manager	1.00	1.00	1.00	1.00	1.00	-
Water Utility Administrator	1.00	1.00	1.00	1.00	1.00	-
Water Operations Manager	1.00	1.00	1.00	1.00	1.00	-
Water Distribution Superintendent	1.00	1.00	1.00	1.00	1.00	-
Water Engineer Project Manager	1.00	-	-	-	-	-
CIP Project Manager	-	-	-	1.00	1.00	1.00
Water Production & Meter Ops. Superint.	1.00	1.00	1.00	1.00	1.00	-
Senior Engineering Associate	-	2.00	2.00	1.00	1.00	(1.00)
Meter Operations Supervisor	1.00	1.00	1.00	1.00	1.00	-
Engineering Design Reviewer	1.00	-	-	-	-	-
Water Conservation Specialist	1.00	1.00	1.00	1.00	1.00	-
Lead Water Utility Operator	3.00	3.00	3.00	3.00	3.00	-
Construction Inspector	2.00	2.00	2.00	2.00	2.00	-
Water Control Systems Supervisor	-	1.00	1.00	1.00	1.00	-
Electric and Control Technician	1.00	-	-	-	-	-
Instrumentation & Control Technican	-	1.00	1.00	1.00	1.00	-
Civil Engineer Tech	1.00	1.00	1.00	1.00	1.00	-
Water Utility Operator III	8.00	7.00	7.00	7.00	7.00	-
Water Utility Operator II	4.00	5.00	5.00	5.00	5.00	-
Senior Office Specialist	1.00	1.00	1.00	1.00	1.00	-
Water Utility Analyst	-	1.00	1.00	1.00	1.00	-
Customer Service Supervisor	1.00	-	-	-	-	-
Water Utility Operator I	4.00	4.00	4.00	4.00	4.00	-
Customer Service Specialist	4.00	4.00	4.00	4.00	4.00	-
Customer Service Representative	0.48	0.48	0.48	0.48	0.48	-
Total Water Utility	39.48	40.48	40.48	40.48	40.48	-
			Full-time employees:		40	
			Part-time employees:		1	
Total Personnel	396.97	398.97	400.07	400.75	415.87	15.80
			Full-time employees:		333	
			Part-time employees:		116	

Debt Service

The Town of Oro Valley occasionally issues debt to provide funding for the construction of capital projects. The Town has adopted financial policies on debt capacity that set guidelines for issuing debt and provide guidance in the timing and structuring of long-term debt commitments. The general policy of the Town is to fund capital projects with new, dedicated streams of revenue or voter-approved debt. Non voter-approved debt may be utilized when a dedicated revenue source other than general revenue can be identified to pay debt service expenditures. The Town currently uses Excise Tax Revenue Bonds, Water Project Revenue Bonds, Improvement District Bonds, Clean Renewable Energy Bonds, and programs offered by the state as funding mechanisms for capital projects.

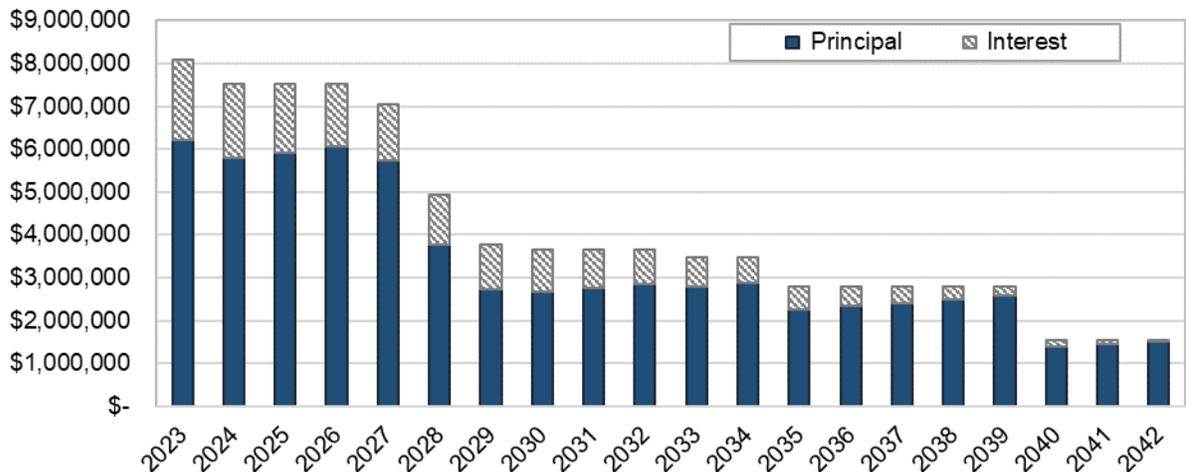
The chart below represents the percentage each type of bonded debt contributes to the total outstanding debt of the Town as of June 30, 2022.

Outstanding Principal = \$66,647,127



The following chart depicts total annual principal and interest requirements on the Town’s current outstanding debt.

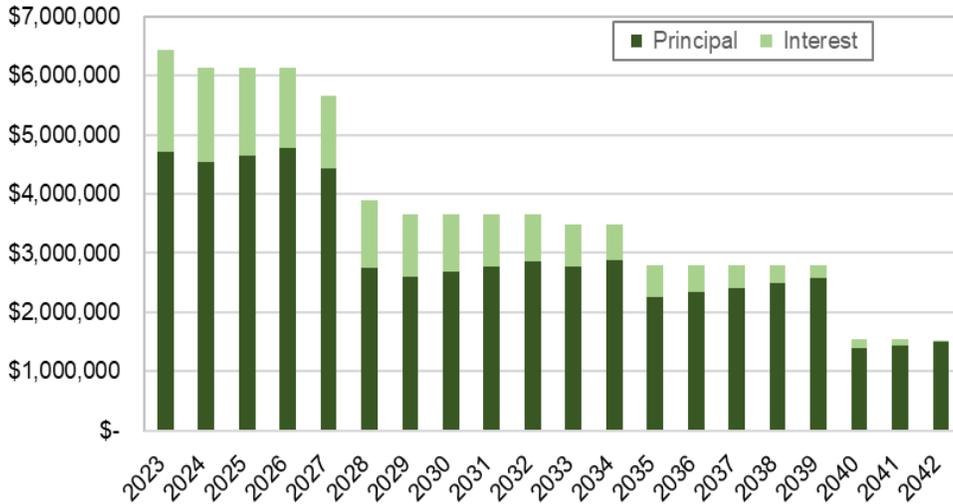
Annual Debt Service



Financing Sources

Excise Tax Revenue Bonds

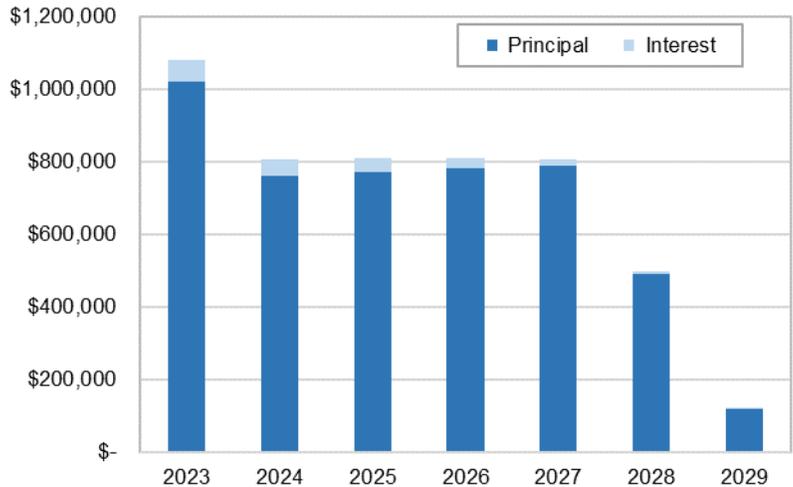
Excise Tax Revenue Bonds are issued by the Town for the purpose of financing the construction or acquisition of capital improvement projects. These bonds may be issued without voter approval. The Town of Oro Valley has issued excise tax revenue bonds for the construction and improvement of water facilities, parks and recreation amenities, the acquisition of land and construction of buildings to support Town services. In 2021, the Town issued pension obligation bonds to pay down an unfunded liability in the public safety pension retirement system (PSPRS). Repayment of the debt is pledged with excise sales tax, state shared revenue and other permit and fee revenues.



Bond Rating
Standard & Poor's AA+

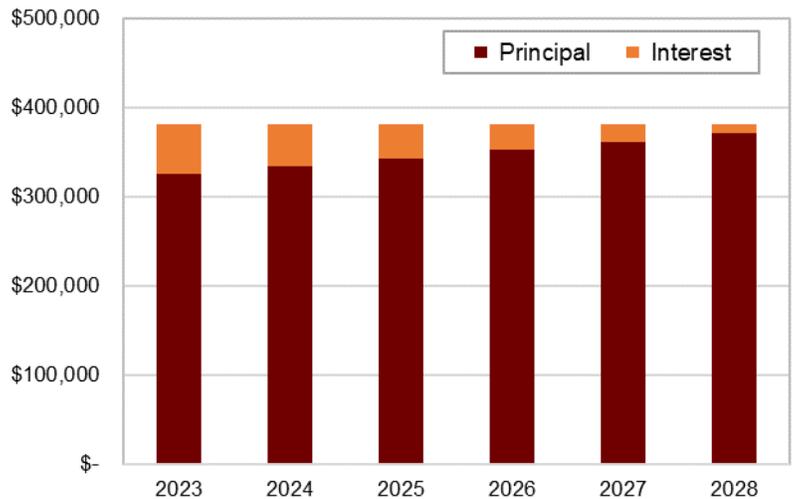
Senior Lien Water Project Revenue Refunding Obligations

The Senior Lien Water Project Revenue Refunding Obligations were issued by the Town in 2012 for the purpose of refunding previously issued water revenue obligations. This was then again refunded in 2021 to take advantage of favorable market rates. The previously issued obligations financed improvements to the Town's reclaimed and potable water systems. Water project revenue bonds may be issued without voter approval. Repayment of the debt is pledged with water system revenues.



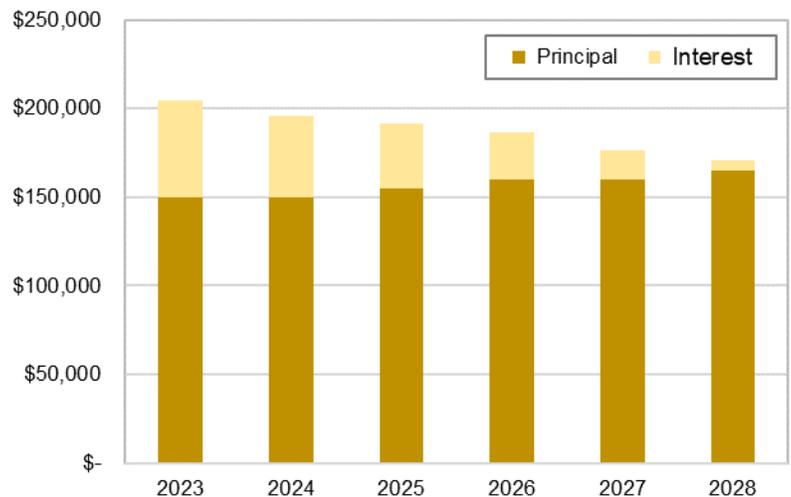
Water Infrastructure Finance Authority Loans (WIFA)

WIFA is a state agency with specific programs that can improve a city or town’s ability to use bonding as a revenue source. WIFA has the ability to assist smaller to medium sized communities in pooling their bond issues to help lower the costs of issuing debt. They also have monies set aside to help secure the debt and allow the bonds to be issued at the lowest interest rate possible. WIFA’s charge is specifically with water and wastewater projects. In 2007, the Town received a \$4.6 million WIFA loan for infrastructure expansion of the reclaimed water system in the Town. In 2009, the Town received a \$2.3 million WIFA loan to finance existing water system infrastructure improvements. The 2007 and 2009 WIFA loans were refunded with the issuance of the 2021 Senior Lien Water Refunding Series. In 2014, the Town received a \$4.7 million WIFA to finance meter replacements.



Clean Renewable Energy Bonds (CREBs)

In 2010, the Town issued Clean Renewable Energy Bonds in the amount of \$2.4 million to finance the construction of solar panel covered parking structures in the parking lot of Town hall. The bonds are secured by the Town’s excise tax revenues. The debt service is paid through a combination of energy savings, electricity rebates from Tucson Electric Power Company, and a 55% interest subsidy from the U.S. Treasury Department.



Debt Limit

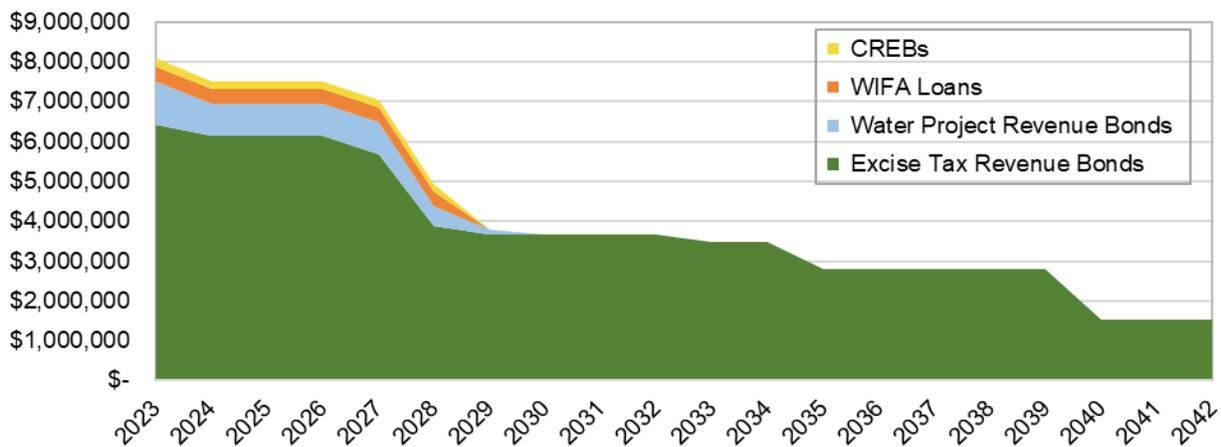
The Arizona Constitution limits the Town’s bonded debt capacity (outstanding principal) to a certain percentage of the Town’s secondary assessed valuation for General Obligation (G.O.) bonds. The Constitution states that for general municipal purposes, the Town cannot incur a debt exceeding 6% of the assessed valuation of taxable property. Additional bonds amounting to 20% of the assessed valuation of taxable property can be issued for water, lighting and sewer projects, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities. The Town’s current bond holdings do not include G.O. bonds and, therefore, are not subject to the debt limitation

Impact of Debt Levels on Government Operations

The issuance of debt commits the Town to a significant, long-term recurring cost; therefore, each new debt issuance must be heavily scrutinized to ensure the Town’s ability to repay the debt. Debt service payments are contractual obligations that take legal precedence over most other Town expenditures. Heavy debt levels may consume a significant portion of an entity’s ongoing revenues and could impact an entity’s ability to provide services to citizens and residents, especially during economic downturns and revenue declines. When feasible, the Town may utilize cash reserves to fund a project, versus the issuance of debt. The Town’s financial policies on debt issuance and management also emphasize minimal borrowing costs and affordability of future debt service obligations.

Summary

The below information summarizes the total outstanding principal and interest on current Town debt obligations for the next twenty years. A measure of a community’s financial soundness is its bond rating. The Town continues to maintain very strong coverage of debt service which contributes to the favorable bond ratings received from Standard & Poor’s and Fitch Investors Service.



FY	Excise Tax Revenue Bonds	Water Project Revenue Bonds	WIFA Loans	CREBs	Total
2023	6,431,951	1,078,037	380,846	204,706	8,095,541
2024	6,138,094	805,194	380,846	195,721	7,519,855
2025	6,133,937	808,378	380,846	191,318	7,514,479
2026	6,130,017	810,423	380,846	186,370	7,507,655
2027	5,674,051	804,729	380,846	176,066	7,035,693
2028	3,885,912	498,734	380,846	170,437	4,935,929
2029	3,664,990	119,499			3,784,489
2030	3,657,261				3,657,261
2031	3,656,839				3,656,839
2032	3,656,891				3,656,891
2033	3,486,258				3,486,258
2034	3,489,206				3,489,206
2035	2,799,668				2,799,668
2036	2,795,896				2,795,896
2037	2,798,399				2,798,399
2038	2,796,957				2,796,957
2039	2,791,821				2,791,821
2040	1,535,600				1,535,600
2041	1,533,900				1,533,900
2042	1,530,000				1,530,000
	74,587,649	4,924,993	2,285,078	1,124,616	82,922,337

Debt Service Schedules

\$2,445,000

Clean Renewable Energy Bonds – Direct Payment

- Date:** July 22, 2010
- Interest:** Payable semiannually commencing on January 1, 2011, and semiannually thereafter on July 1 and January 1 of each year.
- Purpose:** The bonds were issued to finance the construction of solar panel covered parking structures in the parking lot of Town Hall.
- Security:** Excise Taxes
- Debt Service:**

<u>Fiscal Year</u>	<u>Principal *</u>	<u>Interest *</u>	<u>Total</u>
2023	150,000	54,706	204,706
2024	150,000	45,721	195,721
2025	155,000	36,318	191,318
2026	160,000	26,370	186,370
2027	160,000	16,066	176,066
2028	165,000	5,437	170,437
Total	<u>\$940,000</u>	<u>\$184,616</u>	<u>\$1,124,616</u>

**Debt Service is subsidized by electricity rebates from Tucson Electric Power Co. and a 55% interest subsidy from the U.S. Treasury Department*

\$2,580,000

Excise Tax Revenue Obligations, Series 2012

- Date:** April 5, 2012
- Interest:** Payable semiannually commencing on January 1, 2013, and semiannually thereafter on July 1 and January 1 of each year.
- Purpose:** The bonds were issued to finance the construction of enhancements and upgrades to the Town's Aquatic Center.
- Security:** Excise Taxes
- Debt Service:**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	185,000	41,519	226,519
2024	190,000	34,019	224,019
2025	200,000	26,719	226,719
2026	205,000	19,631	224,631
2027	215,000	12,147	227,147
2028	220,000	4,125	224,125
Total	<u>\$1,215,000</u>	<u>\$138,159</u>	<u>\$1,353,159</u>

\$5,000,000
Water Infrastructure Finance Authority Loan

Date: January 22, 2014

Interest: Payable semiannually commencing on July 1, 2014, and semiannually thereafter on January 1 and July 1 of each year.

Purpose: This loan was secured to finance the replacement of aging water meters with new technology electronic water meters.

Security: Water Revenues

Debt Service:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	325,496	55,351	380,846
2024	334,128	46,718	380,846
2025	342,989	37,857	380,846
2026	352,085	28,761	380,846
2027	361,422	19,424	380,846
2028	371,007	9,839	380,846
Total	\$2,087,127	\$197,951	\$2,285,078

\$3,775,000
Excise Tax Revenue Refunding Obligations, Series 2015

Date: November 2, 2015

Interest: Payable semiannually commencing on January 1, 2016, and semiannually thereafter on July 1 and January 1 of each year.

Purpose: The bonds were issued to refund previously issued excise tax revenue bonds. The previously issued obligations provided funding for the land acquisition, development costs and construction of a Municipal Operations Center.

Security: Excise Taxes

Debt Service:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	425,000	29,481	454,481
2024	437,000	21,249	458,249
2025	444,000	12,835	456,835
2026	450,000	4,298	454,298
Total	\$1,756,000	\$67,862	\$1,823,862

Financial Overview | Debt Service Schedules

\$2,000,000 Excise Tax Revenue Obligations, Series 2016

Date: December 15, 2016

Interest: Payable semiannually commencing on July 1, 2017, and thereafter on July 1 and January 1 of each year.

Purpose: The bonds were issued to finance energy efficiency improvements at the Town's Community Center.

Security: Excise Taxes

Debt Service:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	140,000	32,516	172,516
2024	143,000	29,403	172,403
2025	146,000	26,224	172,224
2026	150,000	22,968	172,968
2027	153,000	19,635	172,635
2028-2032	816,000	45,650	861,650
Total	\$1,548,000	\$176,396	\$1,724,396

\$14,302,000 Excise Tax Revenue Refunding Obligations, Series 2017

Date: April 6, 2017

Interest: Payable semiannually commencing on January 1, 2018, and thereafter on July 1 and January 1 of each year.

Purpose: The bonds were issued to refund previously issued excise tax revenue refunding bonds. The previously issued obligations provided funding to refinance certain outstanding excise tax secured obligations.

Security: Excise Taxes

Debt Service:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	1,595,000	184,060	1,779,060
2024	1,634,000	144,828	1,778,828
2025	1,673,000	104,648	1,777,648
2026	1,714,000	63,496	1,777,496
2027	1,756,000	21,335	1,777,335
Total	\$8,372,000	\$518,368	\$8,890,368

Financial Overview | Debt Service Schedules

\$8,140,000 Excise Tax Revenue Obligations, Series 2018

Date: October 23, 2018

Interest: Payable semiannually commencing on July 1, 2019, and thereafter on January 1 and July 1 of each year.

Purpose: The bonds were issued to finance Oro Valley Water Utility infrastructure improvements and the Town's new police evidence and substation facility.

Security: Excise Taxes

Debt Service:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	486,000	201,102	687,102
2024	500,000	186,213	686,213
2025	516,000	170,872	686,872
2026	531,000	155,062	686,062
2027	547,000	138,784	685,784
2028-2031	2,359,000	382,286	2,741,226
2032-2034	1,963,00	90,102	2,053,102
Total	\$6,902,000	\$1,324,361	\$8,226,361

\$5,582,000 Senior Lien Water Project Revenue Refunding Obligations, Series 2021

Date: January 20, 2021

Interest: Payable semiannually commencing on July 1, 2021, and thereafter on January 1 and July 1 of each year.

Purpose: The bonds were issued to refund previously issued bonds. The previously issued obligations financed improvements to the Town's reclaimed and potable water systems.

Security: Water Revenues

Debt Service:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	1,021,000	57,037	1,078,037
2024	760,000	45,194	805,194
2025	772,000	36,378	808,378
2026	783,000	27,423	810,423
2027	787,000	17,729	804,729
2028-2029	609,000	9,233	618,233
Total	\$4,732,000	\$192,993	\$4,924,993

Financial Overview | Debt Service Schedules

\$17,975,000 Excise Tax Revenue Obligations, Series 2021

Date: July 6, 2021

Interest: Payable semiannually commencing on January 1, 2022, and thereafter on January 1 and July 1 of each year.

Purpose: The bonds were issued to fund a portion of the Town's legacy obligations to the Public Safety Personnel Retirement System (PSPRS). At the same time, the Town is using \$10 million of General Fund reserves to reduce the PSPRS obligations. The combined contribution of the Town and the bond proceeds are to fully fund PSPRS.

Security: Excise Taxes

Debt Service:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	940,000	316,724	1,256,724
2024	960,000	315,582	1,273,582
2025	960,000	308,715	1,268,715
2026	970,000	301,262	1,271,262
2027	975,000	291,350	1,266,350
2028-2032	5,090,000	1,228,322	6,318,322
2033-2037	5,630,000	675,720	6,305,720
2038-2039	2,450,000	66,179	2,516,179
Total	\$17,975,000	\$3,501,853	\$21,476,853

\$21,120,000 Excise Tax Revenue Obligations, Series 2021

Date: November 4, 2021

Interest: Payable semiannually commencing on July 1, 2022, and thereafter on January 1 and July 1 of each year.

Purpose: The bonds were issued to finance various park projects, including Community Center Property improvements, amenities to Naranja Park and multiuse path connections throughout the Town's park system.

Security: Excise Taxes

Debt Service:

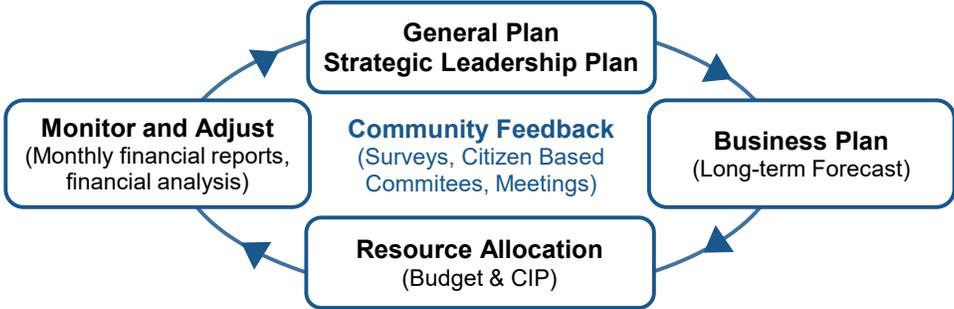
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	950,000	905,550	1,855,550
2024	680,000	864,800	1,544,800
2025	715,000	829,925	1,544,925
2026	750,000	793,300	1,543,300
2027	790,000	754,800	1,544,800
2028-2032	4,565,000	3,126,875	7,691,875
2033-2037	5,715,000	1,980,300	7,695,300
2038-2042	6,955,000	717,100	7,672,100
Total	\$21,120,000	\$9,972,650	\$31,092,650

Long Term Forecast

The Town's adopted financial policies provide as a part of the annual Town budget preparation cycle, the Finance Department shall prepare a minimum five-year financial forecast of projected revenues and expenditures to measure the financial sustainability of the Town's operations and service levels. The forecast serves as the basis to test the potential impacts of proposed policy, operational modifications, and pending legislative changes all intended to avoid significant or irregular fluctuations in rates/fees and service levels.

This type of long-term planning involves aligning our General and Strategic Leadership Plans to our long-term forecast, which in turn, drives our budget. The five-year financial forecast provides the Town Council, Town management, and residents with a long-term financial perspective of revenues, expenditures, cash transfers in/out, fund balances and capital financing options.

The base forecast is developed using the current services offered by the Town. Assumptions relating to inflation and growth rates are used to predict expenditure levels. Revenues are projected by trend or by specific information, when available. This information is used in conjunction with the impact of new commercial and residential development, future construction projects and economic conditions to develop a long-term forecast.

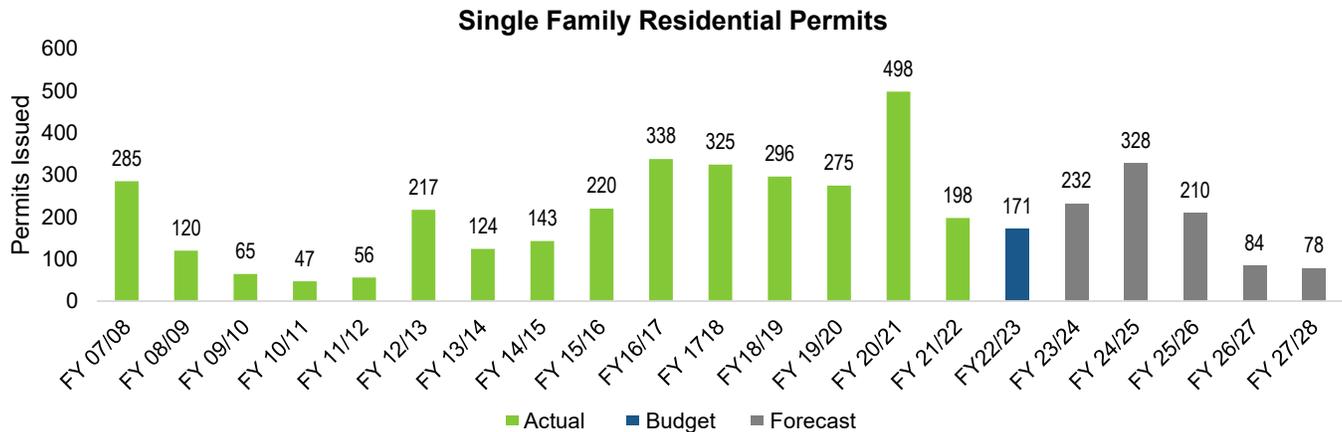


Finance staff works in tandem with the Community and Economic Development Department when compiling projections for long range planning to ensure compatibility among all planning processes. When compiling the long-range forecast, the focus is on four of the Town's major funds: the General Fund, Highway Fund, Capital Fund, and Community Center Fund.

Proactive management of the budget to actual expenditures allows staff the opportunity to promptly notify the Town Council of potential budget concerns. Staff monitor the budget monthly and adjust the estimated annual revenues and expenditures based on the latest trends and economic information. Budget to actual amounts are reported to the Town Council monthly and the CIP budget status is reported quarterly. Staff monitor and identify changes in the financial and economic climates and considers solutions to negative trends.

Economic and Financial Environment

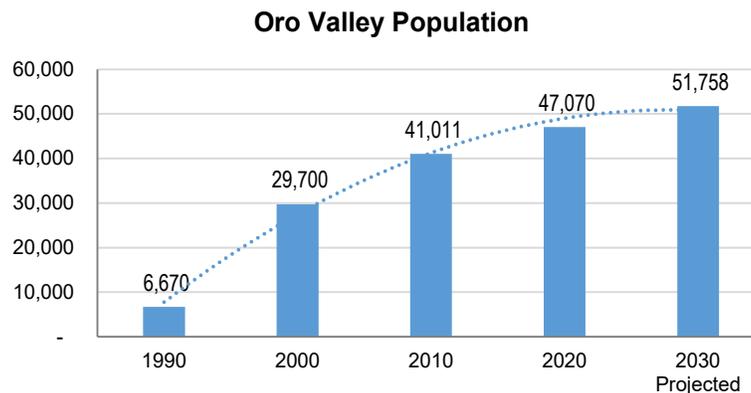
Oro Valley relies primarily on local sales tax and state shared revenues to fund ongoing operations. Costs that come along with growth, such as road maintenance and water infrastructure, are offset by residential and commercial development through construction sales tax, permit fees, and impact fees. The Town follows closely the trend of single-family residential permits issued as an indicator for development. With a recent surge in homebuilding across the region and much of the country, the Town issued 498 SFR permits in fiscal year 20/21, the most in nearly two decades. The following graph depicts historical SFR permit totals, as well as projected totals through FY 25/26.



Development and growth-related revenues such as these, as well as sales taxes and state shared revenues, are economically volatile and may experience steep declines during economic downturns, as was the case with the last economic recession. The Town does not levy a property tax and is therefore vulnerable to shifts in economic conditions. Furthermore, changes in state legislation can impact local tax collection and state shared revenues.

The Town's population growth has slowed considerably from its historical trend and since the last economic recession and is projected to increase gradually over the next five years due in part to the limited amount of developable land within the incorporated boundaries of the town.

All this being said, prior to the COVID-19 pandemic, the Town had been experiencing healthy economic growth, both at the local and state levels, since recovering from the great recession.



Impacts of Future Capital Needs

In addition to personnel costs, the Capital Improvement Program makes up a significant portion of the Town's expenditure forecast, for both the one-time cost of the capital and the continued operational impacts of the new facilities or equipment. New or expanded parks and police facilities, for example, may require additional personnel and increased operations & maintenance (O&M) costs. Capital projects will continue to demand much of the Town's resources. Costs to support these projects, as well as any identified recurring costs, have been incorporated in the long-term forecast.

Budget Impact

The Town's General and Strategic Leadership Plans, its financial policies and the long term forecast all have dramatic impact on the budget. The development of the budget is a process of resource allocation, and the resources available to be allocated are a direct output of the long term forecast. The long term forecast influences the Town's decision-making by projecting the effect that current spending decisions will have on the future and whether resources will be available to fund them. Financial policies, such as fund balance reserve policies, can have a visible impact on the budget, particularly during economic downturns and revenue declines, when resources become strained.

Fund Forecasts

General Fund

The General Fund forecast demonstrates modest and reasonable growth in revenues over the next five years and is balanced with expenditure levels that sustain current levels of programs and services, continued capital investments, and continue the commitment to reasonable employee compensation and benefits.

The forecast for the General Fund assumes continued, conservative growth with no major economic downturns. The forecast models local sales tax growth using several datapoints. Figures are provided by JLBC, the University of Arizona,

and the Arizona Department of Revenue. These are then combined with the Town’s analysis and trend data to form the baseline forecast.

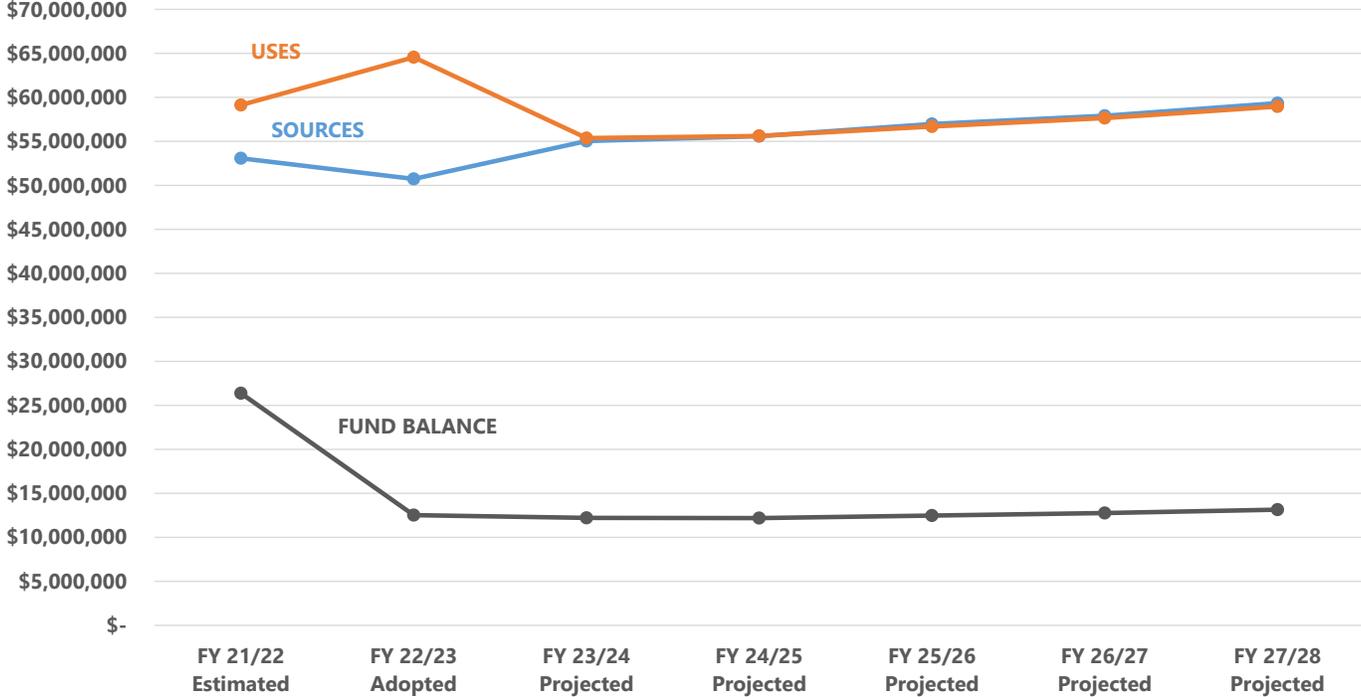
Continued growth of 3-5% in most local sales tax categories is anticipated. Construction sales tax is estimated to remain flat in the near term, then decline slightly in outer years due to reduced available land area for new development. State shared revenues will see an increase in FY 2022/23 due to the 2020 state income tax filing deadline extension. A statutory increase in Urban Revenue Sharing (URS; income taxes) from 15% to 18% will result in a sharp increase in FY 2023/24. Beginning FY 2024/25, statutory income tax rate reductions and a cap of 2.5% will reduce URS growth to about 2% per year.

The forecast assumes robust residential development continues through FY 2024/25, with a decline thereafter. Single family residential permits are forecasted to fall below 100 per year by FY 2026/27. Forecasted personnel expenditures in the General Fund reflect merit and step increases for employees, as well as historical increases for insurance coverage and other employee related costs. The General Fund forecast also includes modest capacity for new positions. The forecast assumes the Town will continue to make PSPRS contributions at a rate of 41.65% through FY 2023/24, with a significant reduction expected thereafter due to funded status.

The forecast assumes operations and maintenance (O&M) costs increase 5% per year through FY 2025/26 before gradually reducing to 1.5% growth by FY 2027/28. No changes to service levels are assumed. Annual transfers to the Capital Fund for CIP projects are assumed at 5% of sales tax collections plus any remaining fund balance over the 25% reserve policy.

The fund balance in the General Fund is maintained at or above the Town’s adopted policy requirement of 25% of expenditures each year, ranging from approximately \$12 million to \$13 million each year.

General Fund Sources, Uses and Fund Balance

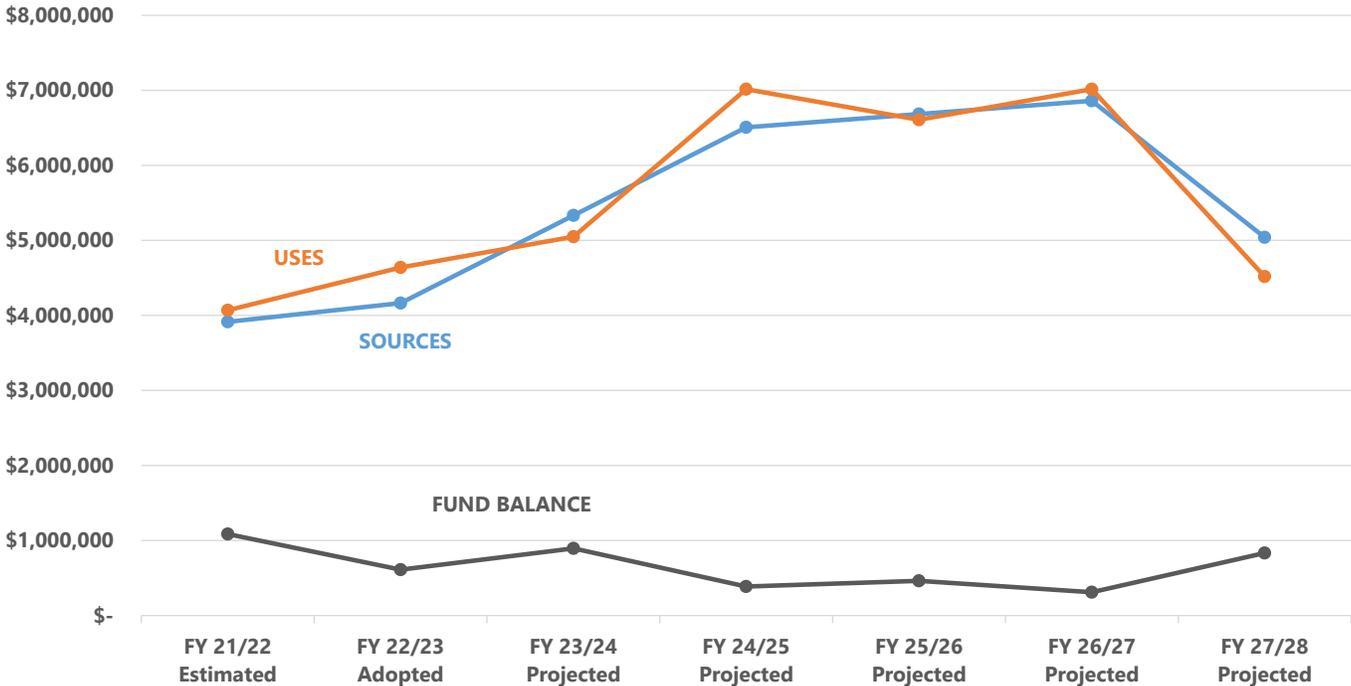


Highway Fund

Highway Fund revenues are composed primarily of State-shared highway user (gas tax) revenues. The State-shared highway user revenue projections are provided by the Arizona Department of Transportation and are projected to grow an average of 3.9% per year, with growth slowing to 3.7% in the outer years.

Highway Fund expenditures reflect similar assumptions as those included in the General Fund forecast for personnel and O&M costs. Funding for the pavement preservation program is included in the forecast at \$1.9-\$2.4 million each year. To fund needed roadway CIP projects, the forecast assumes annual transfers of \$1-2 million from the Capital Fund in FYs 2023/24 through 2026/27.

**Highway Fund
Sources, Uses and Fund Balance**



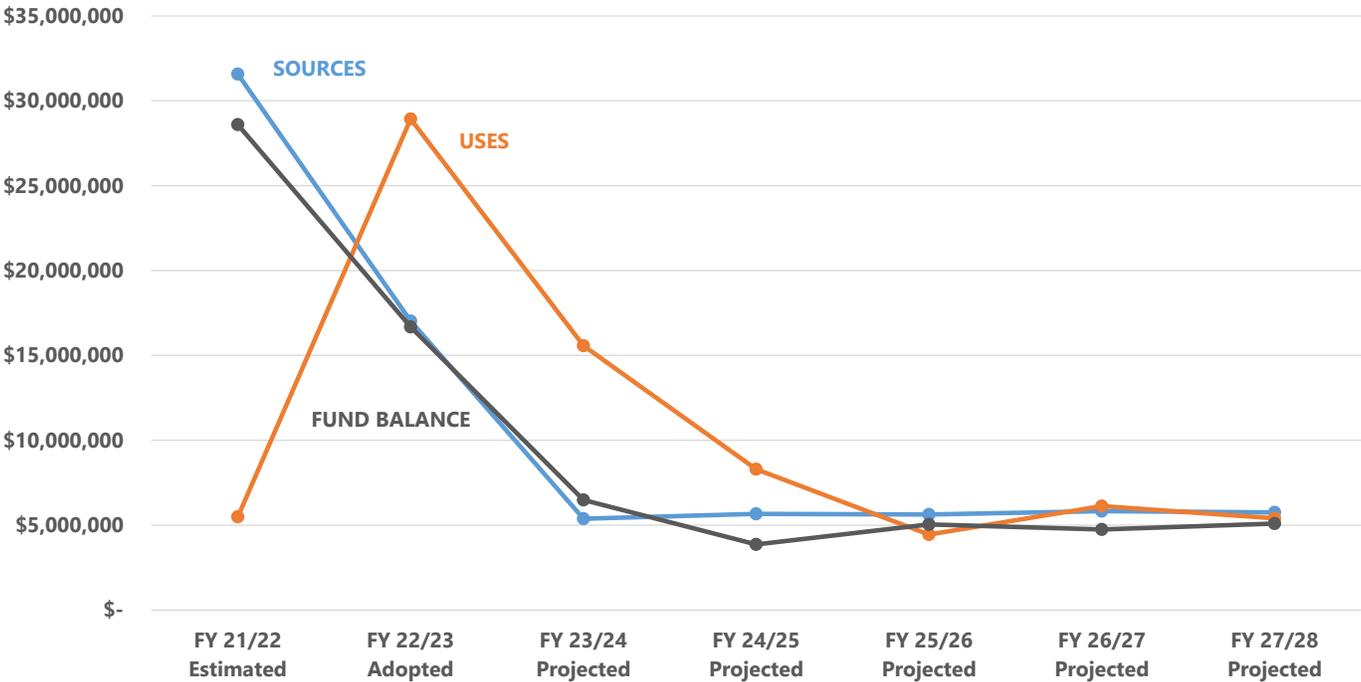
Capital Fund

The Capital Fund is primarily supported by transfers from the General Fund, with supplemental sources from annual vehicle reserves, CIP-related bond proceeds, and grant-funded CIP projects.

Capital Fund expenditures consist primarily of the Town’s projected CIP projects, as well as personnel costs for two temporary CIP managers. The forecast excludes the cost of a new police station, as a revenue source has not yet been identified. Vehicle replacement costs are projected to grow 5-6% annually due to inflation.

As noted above, to fund needed roadway CIP projects, the forecast assumes annual transfers of \$1-2 million from the Capital Fund into the Highway Fund in FYs 2023/24 through FY 2026/27.

Capital Fund Sources, Uses and Fund Balance



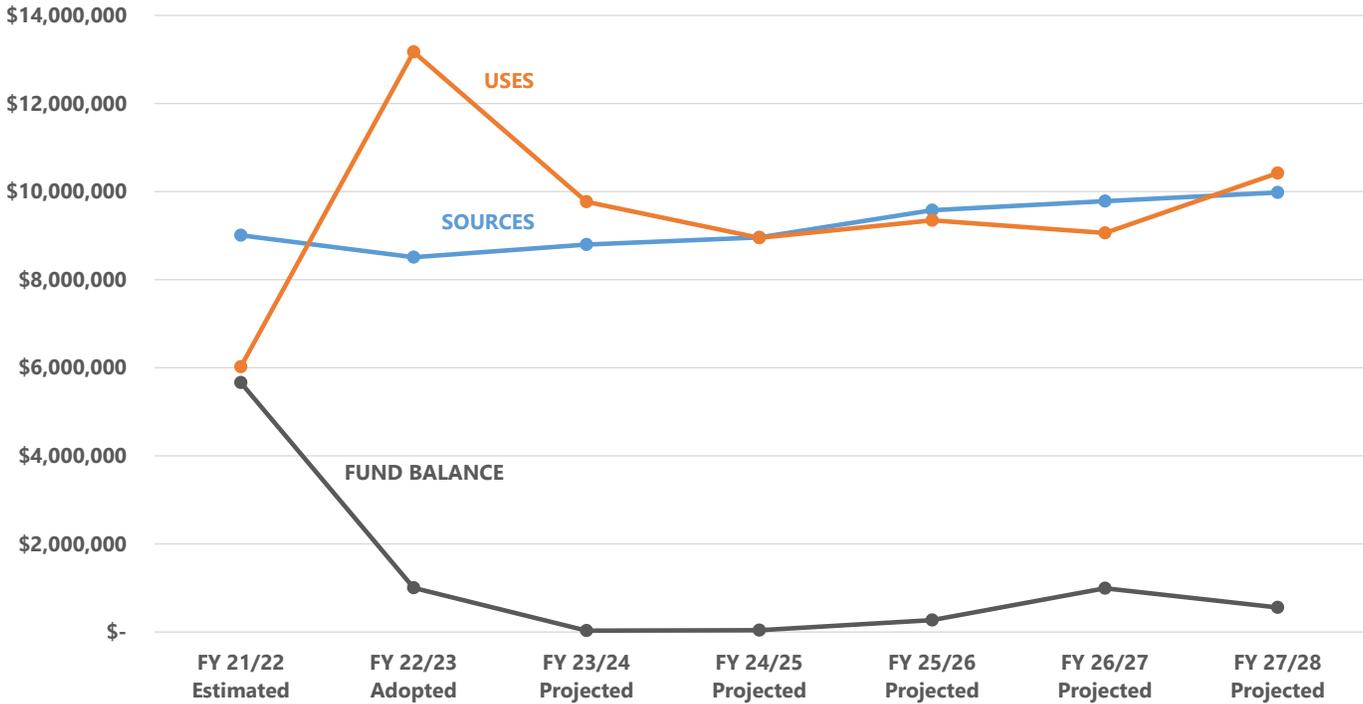
Community Center Fund

Community Center Fund revenue consists of local sales tax, contracted golf revenues, HOA golf contributions, Parks and Rec. program revenue, and fitness memberships. Local sales tax estimates follow the same growth projections as the General Fund for relevant categories. Contracted golf revenues are reduced in FY 2022/23 and flat in FY 2023/24 due to course closures for irrigation construction. The remaining recreation charges are conservatively forecasted to grow 1% annually, accounting for the potential impact high inflation may have on discretionary spending.

Forecasted Town personnel and O&M figures reflect similar assumptions to the General Fund. Contracted expenditures related to golf operations, including the Pusch 9-hole course, assume annual cost increases of 1%. Upon completion of irrigation construction, it is assumed that contractor operations, play levels and revenues are consistent with FY 2020/21 and FY 2021/22.

Capital outlay in the Community Center Fund reflects the 10-year CIP, with additional costs of \$100,000-250,000 assumed annually for other operating capital needs and maintenance. Transfers out reflects debt service on the Parks and Recreation bonds and the 2016 Community Center energy efficiency bonds.

**Community Center Fund
Sources, Uses and Fund Balance**



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DEPARTMENT BUDGETS

Clerk
Community and Economic Development
Council
Town Court
Finance
Human Resources
Innovation & Technology
Legal
Town Manager's Office
Parks and Recreation
Police
Public Works
Water Utility



CLERK

Overview

The Clerk's Office is the centralized information distribution point for our citizens, Town Council and staff. Responsibilities include preserving the legislative history of the Town, maintaining public records of the Town and conducting fair and impartial elections. The Clerk's Office provides staff support to Town Council; public records and information; business licensing; records management; elections; voter registration; and notary services. Functions of the Clerk's Office are performed in accordance with Arizona Revised Statutes, Oro Valley Town Code and the administrative policies and objectives of the Town.

2021/22 Accomplishments

- Implemented a solution to obtain electronic signatures on oaths of office resulting in reduced processing times and a reduction in paper costs.
- Added 3,427 documents consisting of 5,874 pages to the Town's electronic document database.
- Transitioned public meetings back to in-person and implemented a new Administrative Directive to allow for public participation of Public Hearings via Zoom for meetings held in the Council Chambers.
- Received and processed 456 public record requests from 7/1/21 to 6/30/22, resulting in a total of 457 staff hours to process.
- Analyzed and assisted in transitioning the business licensing function to the Community and Economic Development Department to capitalize on efficiencies in the department's new permitting software system and connect businesses to the Town's economic development professionals.

Council Focus Area(s)

- Effective & Efficient Government

2022/23 Objectives

- Analyze the current contract management and tracking process to identify possible efficiencies and improvements. Implement any identified efficiencies and/or improvements by March 31, 2023.

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Percentage of business license renewals issued within 30 days	100%	100% within 20 days	100% within 20 days		N/A
Percentage of new business license requests issued within 3-5 days of application	100%	100%	100%		N/A
Percentage of public record requests initiated within 24 business hours of receipt	100%	100%	100%		100%

 **Target Met**
  **Target Not Met**
  **Informational Only**
  **N/A** N/A – New/Previous Measure

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Town Clerk	1.00	1.00	1.00	-
Deputy Town Clerk	1.00	1.00	1.00	-
Senior Office Specialist	1.00	1.00	1.00	-
Office Assistant	1.48	1.48	0.73	(0.75)
Communications Intern	0.25	0.25	-	(0.25)
Total FTEs	4.73	4.73	3.73	(1.00)

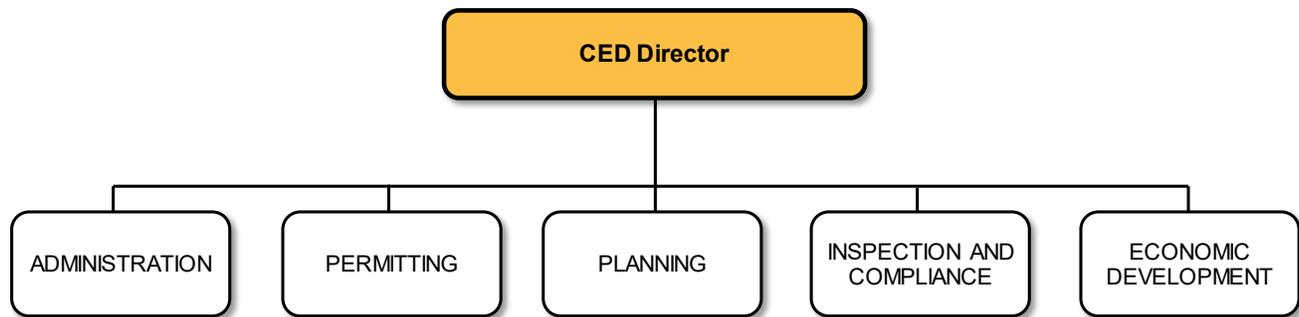
	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	340,492	358,733	324,487	(34,246)
Operations & Maintenance	59,853	25,100	95,600	70,500
Total Expenditures	400,345	383,833	420,087	36,254

	FY 2021	FY 2022	FY 2023	
Revenue Sources	Actual	Budget	Budget	Change
Business Licenses & Permits	201,157	202,500	202,500	-
Public Record Request Fees	1,412	2,500	1,500	(1,000)
Total Revenues	202,569	205,000	204,000	(1,000)

Significant Changes

- The decrease of 1.0 FTE is due to the transfer of an office assistant position to the Community and Economic Development Department.
- The increase in O&M is due to costs related to primary and general elections.

COMMUNITY & ECONOMIC DEVELOPMENT (CED)



Overview

The Community and Economic Development (CED) Department supports and welcomes new and expanded business and residential development in the Town of Oro Valley. The department provides excellent customer service in coordinating all facets of economic development, planning, permitting, and inspection and compliance related to horizontal and vertical construction within the community. The team is dedicated to ensuring that development proceeds in a safe and efficient manner that meets today's business needs. The department encourages the use of best practices in both community and economic development, including planning for growth and development that supports a sustainable economy, diverse employment and housing opportunities, and expanded education and cultural experiences for local residents.

2021/22 Accomplishments

ADMINISTRATION

- Completed work plans aligned with the Town Council Strategic Leadership Plan and the comprehensive economic development strategy.
- Continued to implement remote work strategies that maintained a high level of customer service for all divisions, including remote pre-application and pre-construction meetings and remote customer service front desk options.

PERMITTING

- Issued 2,455 permits, including 202 single family residential permits, 27 grading permits, 36 commercial building permits, 513 photovoltaic permits and 213 pool permits.
- Issued permits representing over \$1.7 million in plan review and permit fees representing more than \$110 million in work valuation for new private construction.
- Issued commercial building permits for projects such as Icon Golf Superstore, Crumbl Cookies, AZ MediQuip, Oncology Institute of Hope & Innovation, Sherwin Williams, Mali Thai, Hoppy Vine, Snooze AM Eatery. Issued Type 2 grading permits for Linda Vista Luxury Rentals, Stone Canyon VIII (Phase V) and Victory Church parking lot expansion/Como Drive improvements (phase 1).
- Went live with the new SmartGov permitting system on June 21, 2022.

PLANNING

- Staff completed 14 neighborhood meetings and reviewed 30 pre-application proposals and 60 formal applications.
- Completed zoning code amendments for parking and signs

2021/22 Accomplishments (continued)

- Drafted zoning code amendments for private recreation areas, site plan review procedures and multi-family requirements. Completed Planning & Zoning Commission study sessions for each.
- Completed spring version of Community Academy prepared for a new academy in fall.
- Improved neighborhood meetings by offering in-person and Zoom participation opportunities
- Recognized by the Arizona Planning Association with an award for developing model Saguaro conservation methods and practices
- Initiated preparation for upcoming community effort for 2026 General Plan
- Completed planning review comments within time standards for all development applications.
- Comprehensively evaluated *Your Voice, Our Future* general plan action item implementation and updated the Planning work plan accordingly.
- Implemented OVprojects.com website customer improvements.
- Updated customer process guides published on Town website.
- Instituted internal efficiency improvements including refined review checklists and technological enhancements

INSPECTION & COMPLIANCE

- As of May 1, 2022 Performed 26,754 inspections at approximately 10,579 locations. Some high-profile projects include Roche Tissue Diagnostics building expansions, F45 Fitness, TMC One and OV Self Storage and Business Center.
- As of May 1, 2022, staff investigated a total of 273 violations/complaints recorded. Of those recorded, nearly all were resolved in a timely manner without use of violation penalties.
- Worked with several businesses and property owners to achieve voluntary compliance related to zoning violations.

ECONOMIC DEVELOPMENT

- Created a startup business curriculum based on the results of the entrepreneurial needs study to determine how to support start up and small businesses.
- Transitioned OVSafeSteps to OVNextSteps, which includes enhanced business retention and expansion efforts, semi-annual surveys to determine business needs, continued direct visits with businesses, and additional small business support programming.
- Regularly added net new primary employer business projects into the active business expansion and attraction pipeline.
- Leonardo Electronics USA has progressed with plans to build a new state-of-the-art semiconductor laser manufacturing facility in Innovation Park and will move their existing operations that currently employ 200 and add an additional 170 jobs over five years. The total capital investment will be approximately \$100 million, resulting in a total economic impact of \$374 million over the next 10 years.
- Partnered with the Communications Division to develop and complete a new economic development website that went live April 27, 2022.
- Partnered with the Oro Valley Chamber and hosted the first annual business summit at the Westward Look with 90 participants.
- Business visits resumed in June 2021 after being discontinued during the height of the pandemic.
- Forged Town agreements for the new fiscal year with Visit Tucson, Tohono Chul, and SACCA.
- Held quarterly meetings with the leadership from the two resorts and the Town's tourism team.
- Developed partnerships with Tucson Audubon and Tohono Chul for the development of an OV birding experience utilizing Vistoso Trails Nature Preserve, Catalina Park, and Tohono Chul as the birding sites.

Created quarterly Tourism Newsletter focusing on cross-selling opportunities for town related tourism businesses.

- Completed tourism forum survey
- Fostered partnerships with USA Cycling, El Tour De Tucson and Tucson Bike Classic to establish cycling activities and events in Oro Valley.

Council Focus Area(s)

- Land Use
- Economic Vitality

2022/23 Objectives

- Conduct an assessment to determine the types of residential opportunities necessary to successfully promote a thriving and diverse economic base.
- Conduct an analysis of Town codes and ordinances to ensure the design standards maintain the unique character of Oro Valley while also providing for a variety of architectural concepts that integrate with and enhance the community.
- Continue the OVSafeSteps initiative with ongoing business support programs designed to help with post-pandemic recovery.
- Review and propose changes to Town codes that assist local businesses in adapting to emerging consumer buying habits
- Prioritize actions that identify and recruit high-quality primary, employer prospects for the Town of Oro Valley consistent with the Council-adopted Comprehensive Economic Development Strategy.
- Develop strategies to incentivize entrepreneurial opportunities for start-up and home-based businesses, business expansion opportunities and adaptive reuse of vacant buildings.
- Evaluate the effectiveness of the 2019-2020 economic development business attraction efforts and recommend any improvements.
- Conduct an external retail market assessment by a qualified firm to provide targeted data designed to assist the Town in attracting and retaining restaurant and retail establishments.
- Partner with the Oro Valley Chamber of Commerce to convene an annual business summit focused on increasing the Town and community's understanding of the challenges and opportunities associated with operating a thriving business.
- Work with the owner of the Oro Valley Village Center to develop a multi-faceted, mutually agreeable approach to attract and retain new investment and an expanded customer base to that complex.
- Leverage the growing positive relationships with local businesses to develop enhanced strategies that make Oro Valley more business friendly.

Department Budgets | Community & Economic Development (CED)

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Percentage of zoning or building code violation complaints investigated within 72 hours	100%	100%	100%		100%
Percentage of zoning or building code violations resolved through voluntary compliance	95%	95%	95%		95%
Percentage of inspections completed by end of next business day	98%	95%	98%		98%
Startup businesses established	N/A	N/A	N/A		3
New jobs created related to tourism initiatives	N/A	N/A	N/A		10

 **Target Met**
  **Target Not Met**
  **Informational Only**
  **N/A** N/A – New/Previous Measure

Department Budgets | Community & Economic Development (CED)

Total FTEs

FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
27.78	27.78	28.78	1.00

Expenditures by Division	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Administration	191,781	297,878	226,290	(71,588)
Permitting	1,004,137	1,064,595	1,094,080	29,485
Planning	557,259	661,959	746,557	84,598
Inspection and Compliance	860,442	865,853	817,619	(48,234)
Economic Development	82,631	154,329	396,218	241,889
Total	2,696,250	3,044,614	3,280,764	236,150

Revenue Sources	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Residential Building Permits	2,110,300	1,222,500	1,023,494	(199,006)
Commercial Building Permits	715,612	242,500	816,330	573,830
Special Inspection Fees	5,460	8,000	8,000	-
Zoning and Subdivision Fees	121,973	135,000	65,000	(70,000)
Sign Permits	20,995	20,000	20,000	-
Grading Permit Fees	183,924	84,500	84,500	-
Engineer Plan Review Fees	24,800	51,000	51,000	-
Fire Permits and Fees	84,628	65,000	65,000	-
Total	3,267,692	1,828,500	2,133,324	304,824

CED - Administration

Overview

The primary function of the Community and Economic Development Director is to ensure harmonious growth as well as the health, safety and welfare of the public in the built environment. The director, with support of the division managers and administrators, provides leadership, direction and support to the department's staff. Responsibilities include establishing departmental policy; leadership direction and support of the department's staff; preparation and management of the department's operating and capital budget; code interpretation and enforcement; revisions to the Town Code; Council support; Town Manager's Executive Leadership Team; customer service including effective public outreach and communication; and resolution of personnel and legal issues.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
CED Director	1.00	1.00	1.00	-
Senior Office Specialist	1.00	1.00	-	(1.00)
Office Assistant	-	-	1.00	1.00
Total FTEs	2.00	2.00	2.00	-

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	174,989	237,478	210,890	(26,588)
Operations & Maintenance	16,792	60,400	15,400	(45,000)
Total Expenditures	191,781	297,878	226,290	(71,588)

Significant Changes

- One Office Assistant position was transferred from the Clerk's Office and a Senior Office Specialist position was transferred to the Innovation and Technology Department. The decrease in personnel costs is due primarily to the cost difference of the transferred positions.
- The decrease in O&M is due to one-time consulting costs related to consultant for property donation in the prior year.

CED - Permitting

Overview

The Permitting division coordinates all facets of plan review for permitting and development by assessing compliance with the codes and ordinances adopted by the Town. Plan review and coordination of projects include conceptual and final site plans, improvement plans, grading, building, walls, pools, spas, signs, equipment and miscellaneous projects for both residential and commercial development.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Division Mgr, Permitting	1.00	1.00	1.00	-
Senior Civil Engineer	1.00	1.00	1.00	-
Engineering Design Reviewer	1.00	1.00	1.00	-
Plans Examiner II	2.00	2.00	2.00	-
Plans Examiner I	1.00	1.00	1.00	-
Senior Planning Technician	1.00	1.00	1.00	-
Building Permit Tech	2.00	2.00	2.00	-
Office Specialist	0.48	0.48	0.48	-
Total FTEs	9.48	9.48	9.48	-

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	925,626	951,170	978,205	27,035
Operations & Maintenance	78,511	113,425	115,875	2,450
Total Expenditures	1,004,137	1,064,595	1,094,080	29,485

Significant Changes

- The increase in personnel costs is related to a market pay adjustment for eligible employees in FY 2022/23.

CED - Planning

Overview

The Planning division administers the General Plan and Zoning Code for the harmonious growth of the town. The division is responsible for providing planning and zoning services to the community, Town Council, Planning and Zoning Commission, Board of Adjustment and project teams. The division's current work plan focuses on updates to the sign code, zoning code, general plan and associated guidelines and standards.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Division Mgr, Planning	1.00	1.00	1.00	-
Principal Planner	2.00	2.00	2.00	-
Senior Planner	1.00	1.00	1.00	-
Planner	1.00	1.00	1.00	-
Code Compliance Specialist	-	-	1.00	1.00
Senior Office Specialist	1.00	1.00	1.00	-
Intern	0.30	0.30	0.30	-
Total FTEs	6.30	6.30	7.30	1.00

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	533,781	576,049	660,492	84,443
Operations & Maintenance	23,478	85,910	86,065	155
Total Expenditures	557,259	661,959	746,557	84,598

Significant Changes

- The increase of 1.0 FTE is due to the transfer of a Code Compliance Specialist from the CED – Inspection and Compliance Division to align with the workload and needs of the planning division. The increase in personnel costs is related to: 1) a mid-year transfer of the Code Compliance Specialist from the department's Inspection & Compliance Division; 2) a market pay adjustment for eligible employees in FY 2022/23.

CED – Inspection & Compliance

Overview

The Inspection and Compliance division is responsible for inspecting all new and altered, commercial and residential, vertical and horizontal construction within the town to assess their compliance with the codes and ordinances adopted by the Town. The division is also responsible for the monitoring and enforcement of the zoning, building and Town codes and ordinances, including all construction, plant salvage, landscape, signage and development performance standards.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Division Mgr, Insp. & Comp.	1.00	1.00	1.00	-
Building Inspector II	4.00	4.00	4.00	-
Building Inspector I	1.00	1.00	1.00	-
Code Compliance Specialist	1.00	1.00	-	(1.00)
Zoning Technician	1.00	1.00	1.00	-
Senior Office Assistant	1.00	1.00	1.00	-
Total FTEs	9.00	9.00	8.00	(1.00)

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	857,325	854,008	799,799	(54,209)
Operations & Maintenance	3,117	11,845	17,820	5,975
Total Expenditures	860,442	865,853	817,619	(48,234)

Significant Changes

- The decrease of 1.0 FTE is due to the transfer of a Code Compliance Specialist to the CED – Planning Division to align with the workload and needs of the planning division. The decrease in personnel costs is related to a mid-year transfer of the Code Compliance Specialist to the department’s Planning Division. The decrease was partially offset by a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is related to training costs for building inspectors.

CED – Economic Development

Overview

Beginning FY 2019, Economic Development was a new General Fund division within the Community and Economic Development Department. These costs were previously budgeted in the Bed Tax Fund. Economic Development is responsible for business recruitment, retention, and expansion.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Economic Dev. Specialist	1.00	1.00	1.00	-
Management Analyst	-	-	1.00	1.00
Total FTEs	1.00	1.00	2.00	1.00

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	80,138	83,478	192,862	109,384
Operations & Maintenance	2,493	70,851	203,356	132,505
Total Expenditures	82,631	154,329	396,218	241,889

Significant Changes

- The increase in 1.0 FTE is due to a mid-year transfer of a Management Analyst position to the department. Personnel costs increased due to the transfer of a Management Analyst and a market pay adjustment for eligible employees in FY 2022/23
- The increase in O&M is due to costs related to tourism transferred from General Administration (General Fund)

COUNCIL

Overview

Town Council consists of seven officials elected by residents of the Town. The Mayor is directly elected by the citizens while the Vice Mayor is selected by the Council annually. Councilmembers serve four-year overlapping terms in the manner prescribed by state law. The Mayor and Councilmembers of Oro Valley are committed to high quality municipal services and responsible development. Through the Town Manager, the Town Council provides policy direction by adopting rules, regulations and procedures to meet community needs. The Mayor and Councilmembers remain accountable and accessible to the residents through their commitment to full, honest and timely communication and exchange promoting responsive, accountable governance.

2021/22 Accomplishments

- Provided direction to the Town Manager and Town Attorney to finalize a settlement agreement that led to the purchase of the former Vistoso Golf Course by The Conservation Fund and the transfer of the 202 acres to the Town in July 2022.
- Approved the issuance of \$25 million in parks and recreation bonds to fund priority amenities identified in the Parks and Recreation Master Plan, including fields, splash pad, pickleball and basketball courts at Naranja Park; multi use paths; reconstructed tennis and pickleball courts at the Community Center; and replacement irrigation systems for the El Conquistador and Cañada golf courses.
- Approved an amendment to the Purchase and Sales Agreement with HSL that removed a provision providing for the potential private operation of the Cañada golf course should the Town cease to operate it in the future.
- Completed and reopened the renovated Town Council chambers that allows for greater in person attendance, improved sound and presentation technology, upgraded ADA access and the ability to hold dual in-person/Zoom meetings.
- Collaborated with staff to launch Keep OV Beautiful, a community beautification program that brings all of the Town's beautification programs and opportunities under one umbrella, making it easier than ever for residents to participate in the Town's collective efforts to keep roads, trails and paths clean and beautiful.

Council Focus Areas and Goals

- Economic Vitality
 - ✓ Implement actions to support and assist local businesses in navigating the current and projected economic conditions.
 - ✓ Implement strategies to attract, grow and retain primary employers and expand local job opportunities.
 - ✓ Implement strategies to attract and retain retail, restaurant and hospitality investment and expansion in commercial centers.
 - ✓ Identify strategies to entice area residents and visitors to choose Oro Valley as a premier place to dine, shop, play and stay.
- Culture and Recreation
 - ✓ Invest in and maintain a high-quality parks, recreation and trail system that is accessible, comprehensive, connected and serves the community's needs.
 - ✓ Support recreational, cultural and arts programs that provide opportunities for residents to connect with their community.

Council Focus Areas and Goals (continued)

- Public Safety
 - ✓ Support strategies that continue to ensure Oro Valley’s standing as one of the safest communities in Arizona.
 - ✓ Support actions that maintain and enhance the community’s trust in the Oro Valley Police Department.
- Roads, Water and Town Assets
 - ✓ Support investments and strategies that result in a quality transportation network throughout the community.
 - ✓ Deliver a safe, reliable and sustainable water supply that meets the long-term needs of the community.
 - ✓ Support investments and strategies that ensure the effective utilization of Town resources in maintaining properties and equipment.
- Land Use and Design
 - ✓ Ensure quality development with integrated architecture and natural open space while maintaining and enhancing the character of the community
- Effective and Efficient Government
 - ✓ Continue strengthening community outreach, engagement, and transparency.
 - ✓ Maintain and strengthen our culture of continuous improvement to affect an efficient and high-performing organization.
 - ✓ Attract and retain talented employees to effectively carry out the Town’s mission.
- Town Finances
 - ✓ Ensure the Town can financially sustain expected levels of service for current and future residents.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Mayor	1.00	1.00	1.00	-
Councilmember	6.00	6.00	6.00	-
Total FTEs	7.00	7.00	7.00	-

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	78,862	78,820	78,822	2
Operations & Maintenance	83,039	109,900	120,323	10,423
Total Expenditures	161,901	188,720	199,145	10,425

Significant Changes

- The increase in O&M is related to: 1) increased travel and training; 2) an increase in volunteer recognition costs.

TOWN COURT

Overview

Oro Valley Town Court is charged with the processing and adjudication of all cases filed with the court. This includes misdemeanor criminal and traffic cases, civil traffic cases and Town Code violations. The court also collects fines, surcharges, restitution, and other fees associated with these cases. Oro Valley Town Court also issues domestic violence orders of protection and injunctions against harassment, and issues marriage licenses. Services rendered by the Court are governed by rules set by the Arizona Supreme Court, statutes and/or ordinances enacted by the Arizona Legislature and/or the Oro Valley Town Council.

2021/22 Accomplishments

- Completed a conversion to an entirely paperless environment, and in doing so, made court information more accessible to Court users and reduced office supply costs.
- Proposed revisions to the Town Code which were approved by Council that updated the ordinances governing the operation of the Court.
- Reviewed hundreds of outstanding cases and completed final disposition with the assistance of the Town Prosecutor.
- Resumed normal Court operations, including in-person hearings and jury trials.
- Worked with Police Department and Prosecutor's Office to establish a consistent court calendar.
- Initiated and oversaw the purchase and installation of a digital fingerprint machine at the police station that instantly reports criminal history to AZ Department of Public Safety.
- Completed a remodel of existing Court office space, including the removal of all physical files which created more staff area to allow for the installation of cubicles.
- Trained all staff to function as a Courtroom Clerk, improving efficiency in the event of a staff absence.
- Updated internal procedures to reflect changes in legislation, which included Proposition 207 and the new process of expunging records.

Council Focus Area(s)

- Public Safety

2022/23 Objectives

- Uphold the law and administer justice fairly, timely, and efficiently.
- Ensure that all citizens have equal access to justice
- Complete design phase of the court remodel in Capital Improvement Program (CIP)

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Resolve non-DUI misdemeanor cases within 180 days (98% resolution standard required by the Arizona Supreme Court)	N/A	N/A	N/A		98%
Resolve DUI misdemeanors within 180 days (93% resolution standard required by the Arizona Supreme Court)	N/A	N/A	N/A		93%
Resolve ex parte protective orders within 24 hours of filing (99% resolution standard required by the Arizona Supreme Court)	N/A	N/A	N/A		99%
Resolve civil traffic cases within 90 days (98% resolution standard required by the Arizona Supreme Court)	N/A	N/A	N/A		98%



Target Met



Target Not Met



Informational Only



N/A – New/Previous Measure

Department Budgets | Town Court

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Magistrate Judge	1.00	1.00	1.00	-
Court Administrator	1.00	1.00	2.00	1.00
Deputy Court Administrator	-	1.00	-	(1.00)
Courtroom Clerk	1.00	1.00	1.00	-
Senior Court Clerk	3.00	3.00	1.00	(2.00)
Court Clerk	1.48	1.00	3.00	2.00
Probation Compliance Officer	-	-	0.48	0.48
Court Security Officer	1.00	-	-	-
Court Security Coordinator	-	0.50	0.50	-
Total FTEs	8.48	8.50	8.98	0.48

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	677,617	748,880	759,950	11,070
Operations & Maintenance	124,506	165,916	254,131	88,215
Capital Outlay	-	-	39,000	39,000
Total Expenditures	802,123	914,796	1,053,081	138,285

	FY 2021	FY 2022	FY 2023	
Revenue Sources	Actual	Budget	Budget	Change
Court Costs	140,218	135,000	135,000	-
Court Security Fee	20,000	20,000	57,000	37,000
Public Defender Fees	2,416	2,400	2,400	-
Fines	153,547	125,000	125,000	-
Total Revenues	316,181	282,400	319,400	37,000

Significant Changes

- The increase in 0.48 FTE is due to a new part-time probation compliance officer position to assist in addressing ongoing compliance-related requirements.
- The increase in O&M is related to court appointed attorney fees for an increasing workload of complex cases and appeals.
- Capital outlay is related to equipment replacement

FINANCE

Overview

Finance is responsible for Town financial activities, including accounting, payroll and accounts payable processing, budget development, coordination and analysis, financial statement preparation, audit coordination, debt management, managerial reporting, sales tax compliance and participation in a variety of other administrative and special projects. Finance also coordinates the development of the Town's Capital Improvement Program and provides procurement administration for the Town.

2021/22 Accomplishments

- Received the Distinguished Budget Presentation award from the Government Finance Officers Association (GFOA) for the 14th consecutive year, with special performance measures recognition.
- Received the Certificate of Achievement for Financial Reporting Excellence from GFOA for the 29th consecutive year.
- Received the Popular Annual Financial Reporting award from GFOA for the 11th consecutive year.
- Received an unmodified "clean" audit opinion for the Town's annual financial statements.
- Facilitated the contribution of \$27.6 million toward the Town's outstanding liability in the Public Safety Pension Retirement System, through a combination of \$10 million in Town reserve funds and \$17.6 million in pension obligation bonds.
- Issued excise tax bonds to provide \$25 million in funding for parks and recreation amenities and improvements, including Naranja Park improvements, Community Center and golf course irrigation improvements, and multi-use paths.
- Successfully contracted for a number of significant Town infrastructure and capital improvements, including the Naranja Park expansion and golf course irrigation improvements.
- Successfully contracted for a new employee deferred compensation services provider, intended to improve employee planning and return on retirement investment options.
- Due to conservative budgeting practices and prudent fiscal management, the Town is expected to significantly outperform financial expectations in the General Fund and across nearly all funds for the fiscal year.
- Adopted and implemented a long-term strategy to adequately fund the Town's Public Safety Pension Retirement System (PSPRS) liability

Council Focus Area(s)

- Town Finances
- Effective and efficient government

2022/23 Objectives

- Explore opportunities to broaden revenue diversity to improve the Town's long-term financial stability
- Leverage technology to broaden electronic access to information and data on Town's finances and contracts
- Collaborate between Procurement, IT and Clerk's Office to seek, source and implement best solution for public access to Town procurement contracts
- Assist in update of Town-wide development impact fees and increase cost recovery of Town services through update of development review, permitting, and parks & recreation fees

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Maintain excise tax revenue bond ratings of AA+ from Fitch and/or Standard & Poor's (S&P)	Fitch AA+ S&P AA+	Fitch AA+ S&P AA+	S&P AA+*		S&P AA+
Maintain minimum General Fund reserve balance of 25% of General Fund expenditures	82.1%	>25%	51.3% (projected)		>25%
Percentage variance between mid-year revenue forecast and actual fiscal year-end revenue for General Fund	+6.7%	<5%	+11.3%		<5%

*Fitch rating were related to the sr. lien series 2012 water bonds which were prefunded in FY 2022



Target Met



Target Not Met



Informational Only



N/A – New/Previous Measure

Personnel	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Chief Financial Officer	1.00	1.00	1.00	-
Finance & Budget Administrator	1.00	1.00	1.00	-
Chief Procurement Officer	1.00	1.00	1.00	-
Contract Specialist	-	1.00	1.00	-
Procurement Specialist	1.00	-	1.00	1.00
Senior Budget Analyst	1.00	1.00	1.00	-
Senior Accountant	1.00	2.00	2.00	-
Accounting Specialist	1.00	1.00	1.00	-
Senior Office Specialist	0.20	0.20	0.20	-
Total FTEs	7.20	8.20	9.20	1.00

Expenditures	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Personnel	757,682	881,824	1,017,379	135,555
Operations & Maintenance	78,931	97,831	94,081	(3,750)
Total Expenditures	836,613	979,655	1,111,460	131,805

Significant Changes

- The increase in 1.0 FTE is due to a new procurement specialist position in FY 2022/23 to accommodate the increasing workload of procurement for the Town. The increase in personnel costs is related to: 1) a new procurement specialist position; 2) a market pay adjustment for eligible employees in FY 2022/23.

HUMAN RESOURCES

Overview

Human Resources (HR) provides services and support in the following areas: policy and procedure; administration and compliance; compensation and benefits; hiring, development and retention; employee and labor relations; and performance management.

2021/22 Accomplishments

- Developed and distributed an employee survey to 240 benefit-eligible employees to determine satisfaction of Town benefit offerings and well-being programs, as well as work environment and organizational issues, obtaining a 73% participation rate. Key finding that 84% of employees would recommend the Town of Oro Valley as a place of employment to family and friends.
- Completed a comprehensive classification and compensation study using an experienced consultant which survey as the basis for an upgrade of the 2022/2023 General Pay Plan.
- Created and made available streamlined templates on a variety of employee relations and performance management issues for supervisors and managers to easily access.
- Re-constituted the quarterly employee recognition program to include opportunities to recognize recently promoted and welcome recently hired employees.
- Broadened and customized recruitment outreach efforts to ensure Town departments received quality candidates. In the first nine months of the fiscal year, recruited for and hired 82 positions, processing over 1,000 applications.
- Conducted annual employee recognition where 54 employees who reached the 5, 10, 15, 20, 25, and 30-year marks were honored for over 695 combined years of service.

Council Focus Area(s)

- Effective & Efficient Government

2022/23 Objectives

- Benchmark workforce policies and practices and recommend and implement sustainable changes to the Town's Personnel Policies and internal procedures as appropriate
- Implement a robust on-going supervisory training program that supports delivery of quality services, strengthens employee engagement, and builds leadership skills.
- Invest in education and training programs to develop current employees for promotional opportunities
- Develop an enhanced performance management system to strengthen employee engagement and retention

Department Budgets | Human Resources

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Employee Investment: # of Supervisory Training Hours Attended	N/A	N/A	N/A		248
Employee Investment: # of Tuition Reimbursement Recipients	8	8	8		10
Employee Investment: # of Promotions	7	N/A	17		15
Full Time Employee Turnover Rate	N/A	N/A	17.4%		15%

Target Met
 Target Not Met
 Informational Only
 N/A – New/Previous Measure

Personnel	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Human Resource Director	1.00	1.00	1.00	-
Human Resource Analyst	2.00	3.00	3.00	-
Human Resource Assistant	1.00	-	-	-
Total FTEs	4.00	4.00	4.00	-

Expenditures	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Personnel	383,866	401,410	427,780	26,370
Operations & Maintenance	53,484	133,980	142,125	8,145
Total Expenditures	437,350	535,390	569,905	34,515

Significant Changes

- The increase in personnel costs is related to a market pay adjustment for eligible employees in FY 2022/23.

INNOVATION & TECHNOLOGY

Overview

The Innovation & Technology Department (I&T) is committed to providing secure, proven, innovative technologies that enhance operational efficiencies while providing convenient access to government information and services for employees, citizens, visitors and businesses. I&T is comprised of two divisions: Innovation and Strategy, and Information Technology.

The Innovation and Strategy division manages the Council Strategic Leadership Plan, OV Peak Performance (continuous improvement activities dedicated to delivering better value to customers, internally and externally, by eliminating waste), emergency management, safety, and constituent services. Emergency Management programs ensure disaster preparedness, education and information is made available to staff and to community stakeholders. Constituent Services, through phone calls and AskOV, addresses concerns, complaints, inquiries and referrals with excellent customer service and a commonsense approach.

The Information Technology Division (ITD) identifies, implements, and supports technology for all Town departments to support their business needs. Responsibilities include management and security of the Town's computer and telephony networks, Geographic Information System (GIS), technology acquisition, application, and database support. ITD strategizes its work through five focus areas: service delivery Improvement; cyber security; application lifecycles; business continuity; and ITD as a strategic partner.

2021/22 Accomplishments

- Upgraded enterprise ERP system to latest version and implemented their latest forms engine for better control of key forms like purchase orders and business licenses.
- Continued implementation of electronic forms for various processes throughout the Town.
- Coordinated updated cybersecurity training courses for employees twice per year along with ongoing phishing testing campaign with remedial training to help mitigate against potential breaches.
- Updated audio and video equipment and services in the new council chambers. This included the ability to support simultaneous virtual and in-person meetings.
- Updated mobile device management solution for better asset tracking, security, and management.
- Updated multifactor authentication platform within the Town.
- Refreshed all police department body cameras.
- Won an award from Arizona Geographic Information Council for best application with the consolidated Adopt-a-road/trail website that is integrated with the Town's asset management system.
- Continued Peak Performance training to all full-time employees and expanded Lean Green Belt training to 45 employees, broadening the use of process improvement across the organization.
-
- Revised Town safety program to reflect current practices and regulations.
- Participated with Pima County in updating the multi-jurisdictional hazard mitigation plan.
- Worked with Pima County on training the Town senior management team in emergency operations and conducted an emergency management exercise.

Council Focus Area(s)

- Economic Vitality
- Roads, Water and Town Assets
- Effective and Efficient Government

2022/23 Objectives

- Explore feasibility of a Town-owned fiber optic network to minimize reliance on third party carriers and increase technology capabilities at Town facilities
- Develop strategies to expand broadband services throughout the town
- Foster a culture of continuous improvement through actions that support, challenge, and engage the employee at all levels.
- Continue to provide regular training to Town staff to enhance process improvement proficiencies.
- Identify and implement ways in which Peak Performance teams share their journey and successes within the organization.

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Ensure all systems are updated and patched within 30 days of patch release.	N/A	N/A	N/A		95%
Implement Helpdesk satisfaction survey	N/A	N/A	N/A		80%
Quarterly Peak Improvement events added	N/A	N/A	N/A		4
Add storyboards to InsideOV as projects complete	N/A	N/A	N/A		5
Peak Performance initiative cost savings	\$227,397	\$75,000	\$119,224		\$100,000
Peak Performance initiatives implemented	29	20	24		30
Employees Lean Six Sigma Green Belt new certifications	16	15	29		15
 Target Met  Target Not Met  Informational Only  N/A – New/Previous Measure					

Department Budgets | Innovation & Technology

Personnel	FY 2021	FY 2022	FY 2023	Change
	Actual	Budget	Budget	
Chief Information Officer (CIO)	1.00	1.00	1.00	-
NetOps Supervisor	1.00	1.00	1.00	-
Applications Supervisor	1.00	1.00	1.00	-
Network Administrator	1.00	1.00	2.00	1.00
Systems Analyst	2.00	3.00	2.00	(1.00)
Database Analyst	1.00	1.00	1.00	-
Senior GIS Administrator	1.00	1.00	1.00	-
GIS Analyst	1.00	1.00	1.00	-
IT Analyst	1.00	1.00	1.00	-
IT Technician	1.00	1.00	2.00	1.00
Strategic Initiatives Manager	1.00	1.00	-	(1.00)
Management Analyst	-	-	1.00	1.00
Constituent Services Coord.	1.00	1.00	1.00	-
Emergency Mgmt & Safety	1.00	1.00	1.00	-
Senior Office Specialist	0.80	0.80	0.80	-
Total FTEs	14.80	15.80	16.80	1.00

Expenditures	FY 2021	FY 2022	FY 2023	Change
	Actual	Budget	Budget	
Personnel	1,497,005	1,665,903	1,742,909	77,006
Operations & Maintenance	1,812,141	2,412,880	2,705,600	292,720
Capital Outlay	269,522	267,800	349,300	81,500
Total Expenditures	3,578,668	4,346,583	4,797,809	451,226

Significant Changes

- The increase of 1.0 FTE is due a new IT Technician position was added, a transfer from CED, to help support the growing demands on software and other technology. The increase in personnel costs is related to: 1) a transfer of 1.0 FTE from CED; 2) a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is related to software maintenance costs and licensing.
- The increase in capital outlay is related to costs for virtual hosting and police mobile computer (MDC) replacements.

LEGAL

Overview

The Legal Services Department is managed by the Legal Services Director. A contract attorney is hired by the Mayor and Council to act as their chief legal advisor. The Legal Services Department is committed to providing the highest quality representation possible to meet the present and future needs of the Town in an efficient and effective manner.

2021/22 Accomplishments

- Continued to hold court cases telephonically throughout the COVID-19 pandemic, switching to in-person.
- Provided statewide training on Ethics, Advanced DUI, Drugged Driving and Criminal Year Updates to police officers and prosecutors.
- Provided support staff for various Boards and Commission meetings.
- Responded to legal claims against the Town.
- Reviewed contracts, policies and ordinances; and provided legal advice
- Provided support for Town acquisition of Vistoso Trails Nature Preserve
- Tried the State v. Bell case, a case with national attention, and obtained a conviction.

Council Focus Area(s)

- Public Safety

2022/23 Objectives

- Provide the highest quality representation in order to meet the present and future needs of the Town in an efficient and effective manner

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Percentage of all legal requests fulfilled within 14 days	100%	100%	100%		100%
Number of criminal cases handled by prosecution staff (calendar year)	700	700	1287		
Local or statewide officer trainings provided	2	2	3		2

 **Target Met**
  **Target Not Met**
  **Informational Only**
  **N/A** N/A – New/Previous Measure

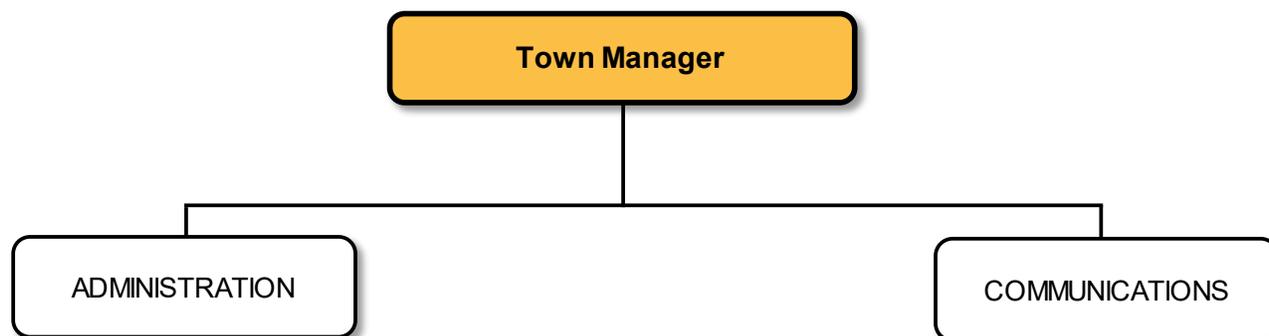
	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Legal Services Director	1.00	1.00	1.00	-
Chief Civil Deputy Attorney	1.00	1.00	1.00	-
Assistant Town Prosecutor	1.00	1.00	2.00	1.00
Senior Paralegal	1.00	1.00	1.00	-
Paralegal I	1.00	1.00	1.00	-
Legal Secretary	1.00	1.00	1.00	-
Total FTEs	6.00	6.00	7.00	1.00

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	723,286	751,078	840,808	89,730
Operations & Maintenance	140,497	151,676	162,945	11,269
Capital Outlay	-	-	12,000	12,000
Total Expenditures	863,783	902,754	1,015,753	112,999

Significant Changes

- Personnel costs increased due to a new assistant Town prosecutor position and a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is primarily related to increases for memberships and subscriptions.
- Capital outlay is related to office remodeling and furniture needs to accommodate the new position.

TOWN MANAGER'S OFFICE



Overview

The Town Manager is responsible for the proper management and administration of the Town and serves as the Chief Administrative Officer of the government under the direction of the Town Council. The Town Manager's office advises the Town Council on policy matters and manages the operations of the Town. This includes directing and supervising the administrative Town departments, recommending the annual budget; carrying out the policy direction of the Town Council; monitoring legislation; and representing the Town at the local, state and national level. The Town of Oro Valley is made up of the following departments and/or offices: Town Manager; Town Clerk; Finance; Human Resources; Information Technology; Legal Services; Police; Water Utility; Community and Economic Development; Public Works; Parks and Recreation; and Town Court.

2021/22 Accomplishments

- Negotiated and finalized a settlement agreement with the owner of the former Vistoso golf course, The Conservation Fund, and a local developer that led to the purchase of 202 acres of the property for permanent open space and passive recreation.
- Maintained a AA+ bond rating from Standard and Poor's in advance of the issuance of \$25 million in park and recreation bonds.
- Led the review and subsequent solicitation process to evaluate and select a new 457 deferred compensation provider for a voluntary supplemental retirement savings program that enhances financial well-being opportunities for employees.
- Collaborated with the Friends of Pusch Ridge Golf for the successful reopening of the Pusch 9 Course in November.
- Created and hosted 13 "This is Oro Valley" podcasts to highlight Town and community operations, including topics such as Police school resource officers and K-9s, public art, Golder Ranch Fire District, Steam Pump Ranch and more, with increasing interest from the community as demonstrated by the 250% increase in downloads for the most recent podcast compared to the feature's initial launch.
- Negotiated an economic development agreement that contributed to Leonardo Electronics US Inc. to choose Oro Valley for its future relocation and estimated \$100 million investment, 170 net new jobs and regional economic impact of \$374 million over the next 10 years.
- In response to the continuing pandemic, successfully adapted operations and created and implemented a variety of new protocols and policies that resulted in limited impacts on Town services to the community and a safe working environment.

2021/22 Accomplishments (continued)

- The Communications & Marketing Division led the development of two new micro websites within the orovalleyaz.gov website to meet the organization's growing needs/challenges: a more interactive and content-rich site to better support site selectors, major employers and other economic development needs; and a Police recruitment site that better aligns with the process and clearly conveys the unique culture at OVPD.
- Developed and presented a tourism strategy to the Town Council that provides the foundation for additional creative attraction strategies, including the development of a six-part tourism video series with CGI Communications to highlight Oro Valley attractions and amenities.

Council Focus Area(s)

- Effective and Efficient Government

2022/23 Objectives

- Utilize creative methods to increase resident knowledge and understanding of Town services, programs and facilities.
- Broaden the use of web-based tools and technologies to increase community engagement and transparency.
- Foster a culture of continuous improvement through actions that support, challenge and engage the employee at all levels.
- Review and modify Town policies to incorporate innovative and effective workforce practices that remain viable post-pandemic.
- Ensure wellness and benefit programs are valuable, cost effective and desired by employees and families to support wellness and productivity.
- Conduct a comprehensive compensation evaluation to ensure the Town remains competitive in recruiting and retaining employees.

Department Budgets | Town Manager's Office

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Website: annual number of page views	950,139	1,045,152	1,463,204		1,609,524
Website: annual number of users* See note below	273,529	300,881	726,933*		799,626
Website: annual number of new users**	268,249	295,073	N/A**		N/A
Podcast: annual downloads	1045	1,149	1,080		1,188
Facebook: average monthly post reach	1,708	1,800	2,040		2,125
Facebook: average monthly post engagement	134	150	170		190
Facebook: post engagement rate (Most useful metric)	7.22%	8%	8.37%		9%
Facebook: total followers	7,720	8,000	8,217		8,500

*The dramatic increase to 726,933 users in FY 21-22 is a result of the new Transit drivers portal/kiosk, which has inflated the analytics for this metric.

**Metric has been discontinued because Google analytics counts any device as a "New" user. This means one person with three devices would be counted as three "new" users, which is not an accurate metric. Instead, we will continue measuring total annual number of users as a more meaningful, year over year metric.

 **Target Met**
  **Target Not Met**
  **Informational Only**
  **N/A – New/Previous Measure**

Total FTEs

FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
8.38	8.38	8.38	-

Expenditures by Division	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Administration	517,377	611,135	657,306	46,171
Communications	429,240	504,089	502,867	(1,222)
Total	946,617	1,115,224	1,160,173	44,949

TOWN MANAGER'S OFFICE - ADMINISTRATION

Overview

The Town Manager's office is responsible for the fiscal health of the Town government, and for direction and coordination of the administrative functions of the various departments, divisions, boards and services of the Town Government. The Town Manager's office provides staff support to the Town Council, promotes the Town's legislative agenda through intergovernmental programs, seeks opportunities for partnerships and financial assistance at the county, state and federal levels through grants, legislation and federal appropriation requests, represents the Town at the regional, state and national level, and oversees the operations of Town departments and offices.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Town Manager	1.00	1.00	1.00	-
Assistant Town Manager	1.00	1.00	1.00	-
Management Analyst	1.00	1.00	1.00	-
Executive Assistant	1.00	1.00	1.00	-
Management Intern	0.38	0.38	0.38	-
Total FTEs	4.38	4.38	4.38	-

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	492,852	588,109	612,939	24,830
Operations & Maintenance	24,525	23,026	44,367	21,341
Total Expenditures	517,377	611,135	657,306	46,171

Significant Changes

- The increase in personnel costs is related to a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is due to budgeting for a bi-annual Council strategic planning consultant in outside professional services and travel & training increases.

TOWN MANAGER'S OFFICE - COMMUNICATIONS

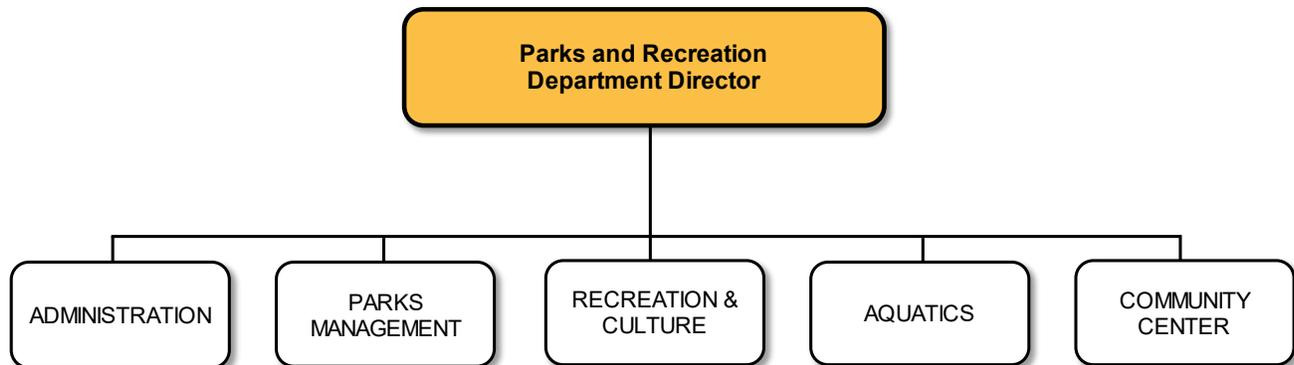
Overview

The Communications & Marketing Division is responsible for managing and facilitating all media relations on behalf of the Town (with the exception of the Police Department, which has a designated public information officer). The Division is responsible for internal and external communications, marketing and publications; the Town's multiple websites; oversight of the Town's social media accounts; graphic design and maintenance of Town graphic standards; videography and photography. Additionally, the Communications & Marketing Division, in partnership with Economic Development, manages and facilitates the Town's marketing and advertising efforts. The division also partners with the various departments to plan, develop and produce publications and initiatives designed to facilitate communication between Town leadership and residents to keep residents informed about Town services, activities and programs.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Communications Administrator	1.00	1.00	1.00	-
New Media Developer	1.00	1.00	1.00	-
Marketing & Comm. Specialist	1.00	1.00	1.00	-
Public Information Officer	1.00	1.00	1.00	-
Total FTEs	4.00	4.00	4.00	-

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	331,743	379,619	384,280	4,661
Operations & Maintenance	95,297	124,470	118,587	(5,883)
Capital Outlay	2,200	-	-	-
Total Expenditures	429,240	504,089	502,867	(1,222)

PARKS and RECREATION



Overview

The Parks and Recreation Department is comprised of the following divisions: Administration, Parks Management, Recreation and Culture, Aquatics and Community Center/Golf Fund. The department is further responsible for providing staff support to the Parks and Recreation Advisory Board and the Historic Preservation Commission.

The Mission of the Department is *Inspire Connection through Recreation*

2021/22 Accomplishments

ADMINISTRATION

- Began implementation of the Parks & Recreation Master Plan through the Town Council approved parks bond that included securing design/construction teams for Naranja Park. Started construction at Naranja Park, Community Center tennis courts and the golf course irrigation projects.
- Worked with the Sonoran Desert Flyer (remote control aircraft organization) to identify a permanent airfield location.
- Managed the Indigo Sports golf contract resulting in year-over-year improved financials for golf and food & beverage; successfully opened the Pusch Ridge Golf Course and worked with the disc golf community to identify a brand-new recreation program that will launch in fall 2022.

PARKS MANAGEMENT

- Installed new pedestrian lighting around the walking path at Riverfront Park
- Installed new (lifecycle replacement) playground structures at James D. Kriegh Park
- Installed a third dog park area at Naranja Park for vulnerable dogs to use

RECREATION & CULTURE

- Through the Oro Valley Historic Preservation Commission, the first Historic Home was recognized in Oro Valley and a process was established to review and designate future homes for this recognition. Assistance was provided by University of Arizona graduate students.
- Construction began on the garage building at Steam Pump Ranch, upon its completion it will house the Recreation and Culture Division and provide a staff presence and programming on site six days a week.
- Completed MOU with Oro Valley Historical Society identifying uses and future planning of use at the Steam Pump Ranch property.

2021/22 Accomplishments (continued)

AQUATICS

- Oversaw membership increase from 252 pre-pandemic membership to over 420 currently, a 66% increase.
- Installed a new secondary sanitization system and oxygen system on the Olympic pool body of water. This will provide increased water quality for users as well as decrease the amount of chemicals needed, thus decreasing costs as well.
- Increased lifeguard certification offerings to attract more staff to the Town to assist with operations, as well as classes for swim coach education.
- Added aqua aerobics classes to facility programming, increasing offerings to the public.

COMMUNITY CENTER

- Oversaw membership return to pre-pandemic levels
- Purchased new treadmills to replace old, outdated models. New treadmills include individual screens and personalized settings and access to make the experience specific for each user.
- Increased pickleball programs and courts through use of temporary tape and volunteer assistance. This program was non-existent two years ago and now provides opportunities seven days a week to an active user group of over 200 participants.
- Added additional security cameras to the recreation facility to ensure safety at the facility.
- Offered a new December event, SnOV, to the community that was well received (2,000 participants) and will become an annual holiday event.

Council Focus Area(s)

- Culture and recreation

2022/23 Objectives

- Continue implementation of Council bond funded projects to include Naranja Park build out and Steam Pump Ranch projects and multi-use path projects.
- Finish partnership between the Town and Amphitheater School District for joint use of sports facilities.
- Increase programming to diversify and expand wellness opportunities to better serve Oro Valley residents of all ages.
- Evaluate current department fees and create proposal to correspond with next fiscal year budget
- Complete work with Senior Task Force designed to create new opportunities for seniors in Oro Valley, including possible new programs or changes to facility use

Department Budgets | Parks and Recreation

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Community and Recreation Center Members	1,408	1,600	1,870		2,000
Oro Valley Aquatic Center Members	486	500	643		700
Rounds of Golf Played	86,706	75,850	97,111		79,875
Number of sport field reservations	4,424	N/A	4,649		N/A

 **Target Met**
  **Target Not Met**
  **Informational Only**
  **N/A** N/A – New/Previous Measure

Total FTEs

FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
63.10	63.10	67.08	3.98

Expenditures by Fund	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
General Fund	2,052,575	3,446,361	3,815,162	368,801
Community Center Fund	5,725,830	7,789,128	13,171,272	5,382,144
Total	7,778,405	11,235,489	16,986,434	5,750,945

Revenues by Fund	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
General Fund	586,496	558,525	817,032	258,507
Community Center Fund	7,583,861	7,398,265	8,505,335	1,107,070
Total	8,170,357	7,956,790	9,322,367	1,365,577

PARKS and RECREATION – GENERAL FUND

Total FTEs

FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
41.55	41.55	44.31	2.76

Expenditures by Division	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Administration	395,441	441,380	475,921	34,541
Parks Management	1,268,364	1,369,531	1,497,043	127,512
Recreation and Culture	388,770	498,834	616,241	117,407
Aquatics		1,136,616	1,225,957	89,341
Total	2,052,575	3,446,361	3,815,162	368,801

Revenue Sources	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Aquatics User Fees	405,834	395,000	496,000	101,000
Concession Sales	82	5,000	-	(5,000)
Fields & Courts User Fees	109,137	66,125	122,032	55,907
Miscellaneous User Fees	71,443	92,400	159,000	66,600
State Grants		-	40,000	40,000
Total	586,496	558,525	817,032	258,507

PARKS and RECREATION – ADMINISTRATION (GENERAL FUND)

Overview

The Parks and Recreation Administration Division is responsible for program registrations, processing fees and making deposits, coordinating facility reservations, grant writing and management for the department, responding to all phone, walk-in and email inquiries, and clerical and organizational support to the entire department. Additionally, this division provides administrative support to the Parks and Recreation Advisory Board.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Parks & Recreation Director	1.00	1.00	1.00	-
Deputy Parks & Rec. Director	1.00	1.00	1.00	-
Office Specialist	1.00	1.00	1.00	-
Total FTEs	3.00	3.00	3.00	-

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	330,107	347,834	344,730	(3,104)
Operations & Maintenance	65,334	93,546	131,191	37,645
Total Expenditures	395,441	441,380	475,921	34,541

Significant Changes

- The increase in O&M is related to general liability costs, and travel & training.

PARKS and RECREATION – PARKS MANAGEMENT (GENERAL FUND)

Overview

The Parks Maintenance Division is responsible for janitorial services, turf management, landscape maintenance and property upkeep for all parks, natural trails, and bicycle/pedestrian oasis facilities. Parks Maintenance is also responsible for the landscape maintenance at the Town Hall campus.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Parks Maint Superintendent	1.00	1.00	1.00	-
Parks Maintenance Supervisor	1.00	1.00	1.00	-
Parks Maintenance Worker III	1.00	1.00	1.00	-
Parks Maintenance Worker II	2.00	2.00	2.00	-
Parks Maintenance Worker I	5.00	5.00	6.00	1.00
Park Monitor	0.96	0.96	1.44	0.48
Total FTEs	10.96	10.96	12.44	1.48

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	519,602	630,281	699,493	69,212
Operations & Maintenance	607,995	633,750	665,550	31,800
Capital Outlay	140,767	105,500	132,000	26,500
Total Expenditures	1,268,364	1,369,531	1,497,043	127,512

Significant Changes

- The increase in personnel is related to: 1) a new parks maintenance worker I (1.0 FTE) and a new part-time park monitor (0.48 FTE) in FY 2023; 2) a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is related to cost increases for field supplies and increased grounds maintenance needs.
- The increase in capital outlay is due to new one-time equipment purchases and restroom renovations at Honey Bee Canyon and JDK park.

PARKS and RECREATION – RECREATION & CULTURE (GENERAL FUND)

Overview

The Recreation and Culture Division is a consolidation of the previous Recreation and Cultural Resources Divisions. The Recreation and Culture Division is responsible for providing recreational programs, activities, classes, hikes, and special events for all ages, as well as ball field management and contracts. It is also responsible for management of all town historic and cultural properties, such as Steam Pump Ranch. Additionally, this division is responsible for implementation and follow-through of master plans for town historic sites and cultural resources.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Recreation & Culture Manager	1.00	1.00	1.00	-
Assistant Recreation Manager	2.00	2.00	2.00	-
Recreation Leader	1.95	1.95	1.95	-
Recreation Aide	1.75	1.75	1.75	-
Total FTEs	6.70	6.70	6.70	-

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	338,240	389,684	390,091	407
Operations & Maintenance	47,029	109,150	211,150	102,000
Capital	3,501	-	15,000	15,000
Total Expenditures	388,770	498,834	616,241	117,407

Significant Changes

- Operations & Maintenance increased due to increase in contract programming and instructors, grant funded outside professional services, and special event expenditures.
- The capital outlay is related to office equipment and furniture.

PARKS and RECREATION – AQUATICS (GENERAL FUND)

Overview

The Aquatics Division is responsible for the safe operation, maintenance, and management of the Oro Valley Aquatic Center. This facility includes an Olympic-sized swimming pool, a 25-yard pool, a splash pad for children and other family-friendly amenities. The facility serves as one of Southern Arizona's premier, competition-level facilities.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Aquatics Manager	1.00	1.00	1.00	-
Assistant Aquatics Manager	1.00	1.00	1.00	-
Senior Office Specialist	1.00	1.00	1.00	-
Facility Supervisor	2.25	2.25	2.25	-
Shift Leader	0.96	0.96	0.96	-
Facility Attendant	4.80	4.80	5.12	0.32
Fitness Instructor	-	-	0.96	0.96
Lifeguard/Swim Instructor	9.88	9.88	9.88	-
Total FTEs	20.89	20.89	22.17	1.28

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	716,851	821,566	884,957	63,391
Operations & Maintenance	355,412	280,050	332,000	51,950
Capital Outlay	5,526	35,000	9,000	(26,000)
Total Expenditures	1,077,789	1,136,616	1,225,957	89,341

Significant Changes

- The increase in personnel is related to: 1) new part-time facility attendants and fitness instructors; 2) a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is related to utilities, supplies, and increased contracted programs.
- Capital outlay is related to the replacement of a Co2 tank.

COMMUNITY CENTER FUND

Overview

This fund is used to manage the operations of the Town's Community Center, golf, food & beverage, and tennis facilities. Revenues include a dedicated 0.5% sales tax, as well as revenues from golf, tennis, food and beverage, fitness, and recreation activities. Expenditures include personnel, operating and capital improvement costs for the facilities. Golf, as well as food and beverage, are managed by an outside contractor.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Recreation Facility Manager	1.00	1.00	1.00	-
Assistant Recreation Manager	1.00	1.00	1.00	-
Senior Office Specialist	1.00	1.00	1.00	-
Facility Supervisor	0.75	0.75	0.75	-
Custodian	0.48	0.48	0.48	-
Facility Attendant	4.25	4.25	4.72	0.47
Aquatics Shift Leader	1.58	1.58	1.58	-
Lifeguard Supervisor	-	-	0.75	0.75
Lifeguard	3.65	3.65	3.65	-
Recreation Leader	0.96	0.96	0.96	-
Recreation Aide	4.88	4.88	4.88	-
Fitness Instructor	2.00	2.00	2.00	-
Total FTEs	21.55	21.55	22.77	1.22

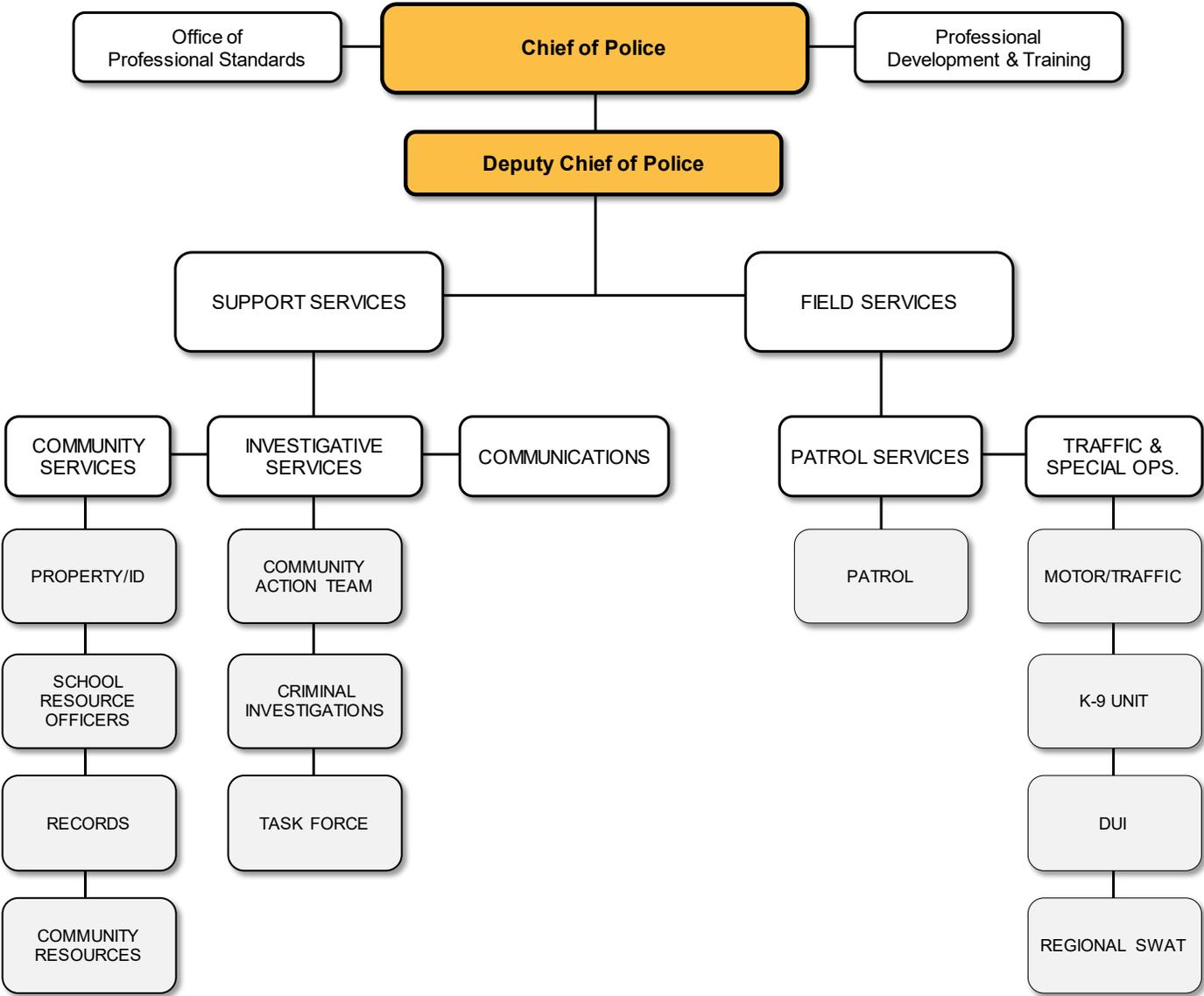
	FY 2021	FY 2022	FY 2023	
Expenditures and Other Financing Uses	Actual	Budget	Budget	Change
Personnel	711,610	875,291	920,274	44,983
Operations & Maintenance	4,671,485	4,912,818	5,498,918	586,100
Capital Outlay	193,529	132,500	2,666,700	2,534,200
Other Financing Uses	149,206	1,868,519	4,085,380	2,216,861
Total Expenditures	5,725,830	7,789,128	13,171,272	5,382,144

	FY 2021	FY 2022	FY 2023	
Revenue Sources	Actual	Budget	Budget	Change
Local Sales Taxes	2,947,420	2,932,798	3,477,236	544,438
Charges for Services	4,499,727	4,339,467	4,866,049	526,582
Miscellaneous	136,715	126,000	162,050	36,050
Total Revenues	7,583,861	7,398,265	8,505,335	1,107,070

Significant Changes

- The increase in personnel costs is related to: 1) more hours for facility attendants and lifeguard supervisors; 2) a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is related to the planned maintenance of the former Vistoso golf course and necessary building repair and maintenance to the Community Center and La Cañada golf facility.
- Capital Outlay is related to various improvements to the Community Center and capital projects such as the elevator and ADA improvements, the golf cart path repaving project and the former Vistoso golf course safety improvements.

POLICE



Overview

The Oro Valley Police Department is dedicated to courageous and selfless service in preventing crime, building trust and enhancing quality of life for our community.

2021/22 Accomplishments

- Multiple vendors use various matrix criteria to identify “The Safest Cities in Arizona.” Oro Valley was identified as: #2 by Homesnacks.com, #4 by Safewise.com, #7 by Safeatlast.co
- OVPD successfully met all 174 standard requirements for the Arizona Law Enforcement Accreditation Program (ALEAP). It is the mission of the ALEAP to ensure compliance with established standards and a clear statement of professional objectives, which represent current and professional industry-best-practices in the safe, effective, efficient and non-discriminatory delivery of law enforcement services in the state of Arizona.
- Participated with the Pima Regional Critical Incident Team (PRCIT) consisting of Tucson Police, Pima County Sheriff's, Marana Police, Sahuarita Police, University of Arizona Police, Tucson Airport Authority, South Tucson Police, Pima Community College Police and Pasqua Yaqui Police Department. PRCIT is an investigative team made up of law enforcement agencies in Pima County that will respond to conduct criminal investigations related to officer-involved shootings, in-custody deaths, and other critical incidents.
- Continued to promote traffic safety through various strategies to include Oro Valley's High Visibility Enforcement (HiVE) deployments and participating in the Southern Arizona DUI Taskforce operations.
- Awarded funding in the amount of \$133,948 from the Governor's Office of Highway Safety for overtime and equipment, to include the purchase of a Ford Explorer to support DUI enforcement, hazardous moving violation enforcement and participation during Southern Arizona DUI Taskforce Operations.
- Awarded funding in the amount of \$159,070 from Operation Stonegarden for equipment, overtime, and mileage to combat illegal contraband / human smuggling and apprehend terrorists entering the country.
- AZ CART invited the Town of Oro Valley to participate in the Arizona Child Abduction Response Team Intergovernmental Agreement. AZ CART provides a pool of specialized investigators which are available to focus dedicated and intensive investigative, and general law enforcement efforts primarily with regard to cases involving abducted children. OVPD serves as the southern AZ CART coordinator.
- Maintained consistent level of service to the community in the midst of challenging Covid-19 circumstances and impacts
- Implemented a three-prong approach (mental, physical, and nutrition) to the department's health & wellness program. The program allows working out on duty, education on nutrition and Blue Key project, which is anonymous counseling.
- Completed 1,000 hours of supervisor management training to strengthen succession planning in the department.
- Completed more than 3300 hours of advanced officer training. Officers were trained on CPR, firearms, drivers training, defensive tactics, Red Dot System, fire extinguisher and building searches.
- OVPD members have instructed 11 active shooter trainings to the community.
- Implemented “OV Safe Return” program to assist with the safe return of the population subject to additional hazards associated with Alzheimer's and dementia.

Council Focus Area(s)

- Public Safety

2022/23 Objectives

- Deploy High Visibility Enforcement (HiVE) in high collision areas to address the increasing volume of traffic and associated issues in and around Oro Valley roadways.
- Analyze Police call, response and service trends/data and develop a responsible short and long-term plan to ensure the community continues to receive high quality public safety services.

Department Budgets | Police

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
HiVE deployments conducted	27	1 per month for total of 12	19		2 per month for total of 24
Priority 1 calls for service average response time	N/A	<5 minutes	3:55		<5 minutes
Priority 2 calls for service average response time	N/A	<8 minutes	4:41		<8 minutes

 **Target Met**
  **Target Not Met**
  **Informational Only**
  **N/A** N/A – New/Previous Measure

Total FTEs

FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
136.13	134.73	138.73	4.00

Expenditures by Division	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Administration	1,717,569	2,228,353	2,591,191	362,838
Support Services	6,976,312	7,700,796	8,720,535	1,019,739
Field Services	7,908,215	8,696,101	9,545,496	849,395
Total	16,602,096	18,625,250	20,857,222	2,231,972

Revenue Sources	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Federal Grants	476,409	496,895	380,000	(116,895)
Intergovernmental	65,000	65,000	65,000	-
State Grants	214,154	75,000	75,000	-
Seizures & Forfeitures	100,394	327,000	102,000	(225,000)
Fingerprinting	1,650	4,000	9,000	5,000
Report Copying	5,652	6,500	6,500	-
Impound Processing	22,950	15,000	19,000	4,000
Other	15,071	8,000	5,000	(3,000)
Total	901,280	997,395	661,500	(335,895)

POLICE – ADMINISTRATION

Overview

The Oro Valley Police Department (OVPD) embodies a community policing philosophy and guides all staff toward embracing this throughout the entire organization. Personnel are trained to deliver a high level of service that meet our community’s expectations. OVPD allows our staff to uphold professional certifications and focuses on developing the skills, abilities, knowledge, and talents to maintain exceptional services. OVPD thoroughly investigates all complaints against its employees in order to preserve public confidence in our willingness to oversee and control the actions of our employees. In Oro Valley, community policing is considered one of our pillars that underlies all programs and initiatives.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Police Chief	1.00	1.00	1.00	-
Deputy Police Chief	1.00	1.00	1.00	-
Lieutenant	1.00	1.00	1.00	-
Sergeant	2.00	2.00	2.00	-
Public Info. Officer - Sergeant	1.00	1.00	-	(1.00)
Public Information Officer	-	-	1.00	1.00
Training Officer	1.00	1.00	1.00	-
Police Workforce Specialist	-	0.48	0.48	-
Reserve Officer	0.48	-	-	-
Administrative Services Manager	1.00	1.00	1.00	-
Senior Office Specialist	-	-	1.00	1.00
Total FTEs	8.48	8.48	9.48	1.00

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	1,330,566	1,433,966	1,560,604	126,638
Operations & Maintenance	387,003	794,387	1,015,587	221,200
Capital Outlay	-	-	15,000	15,000
Total Expenditures	1,717,569	2,228,353	2,591,191	362,838

Significant Changes

- The increase in personnel costs is related to: 1) a market pay adjustment for eligible employees in FY 2022/23; 2) a transfer of a senior office specialist position in FY 2023.
- The increase in O&M is due to insurance costs and department wide training.
- The capital outlay is related to furniture needs.

POLICE – SUPPORT SERVICES

Overview

The Support Services Division is comprised of Criminal Investigations Unit, Community Action Team, Crime Analyst, Task Force Operations, Property and I.D., School Resource Officers, Community Resources, Citizen Volunteer Assistants Program, Records, and the Communications Bureau. Support Services focuses on and analyzes crime trends, efficient resource allocation and technological solutions.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Commander	1.00	1.00	1.00	-
Lieutenant	2.00	2.00	2.00	-
Sergeant	3.00	4.00	4.00	-
School Resource Officer	9.00	7.00	7.00	-
Detective	7.00	7.00	9.00	2.00
Lead Officer	-	1.00	1.00	-
Officer	6.00	5.00	11.00	6.00
Officer/Special Events Coord.	1.00	1.00	-	(1.00)
Telecommunications Manager	1.00	1.00	1.00	-
Telecommunications Supervisor	2.00	2.00	2.00	-
Telecommunicator	10.00	11.00	12.00	1.00
Records Supervisor	1.00	1.00	1.00	-
Records Specialist	5.00	5.00	5.00	-
Office Assistant	1.25	1.25	1.25	-
Crime Analyst	1.00	1.00	1.00	-
Crime Scene Tech Supervisor	1.00	1.00	1.00	-
Crime Scene Technician	2.00	3.00	3.00	-
Senior Office Specialist	1.00	1.00	1.00	-
Reserve Officer	0.96	-	-	-
Total FTEs	55.21	55.25	63.25	8.00

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	6,419,930	6,940,805	7,973,478	1,032,673
Operations & Maintenance	338,875	377,991	527,057	149,066
Capital Outlay	217,507	382,000	220,000	(162,000)
Total Expenditures	6,976,312	7,700,796	8,720,535	1,019,739

Significant Changes

- The increase in personnel is related to; 1) a new telecommunicator position in FY 2023 as well as six positions shifted from Field Services and one from Administration; 2) a market pay adjustment for eligible employees in FY 2022/23.
- O&M increased due to increased equipment needs
- The decrease in capital outlay is from less grant funded vehicle purchases in FY 2022/23 than the prior year.

POLICE – FIELD SERVICES

Overview

The Field Services Division is comprised of Patrol, Traffic Unit, K-9 and Pima Regional assignments. Field Services is responsible for the uniformed patrol functions of the Department, including 24-hour response to the initial investigation of crimes and incidents, traffic enforcement and control, crash investigations, community policing programs and specialized operations such as SWAT and K-9.

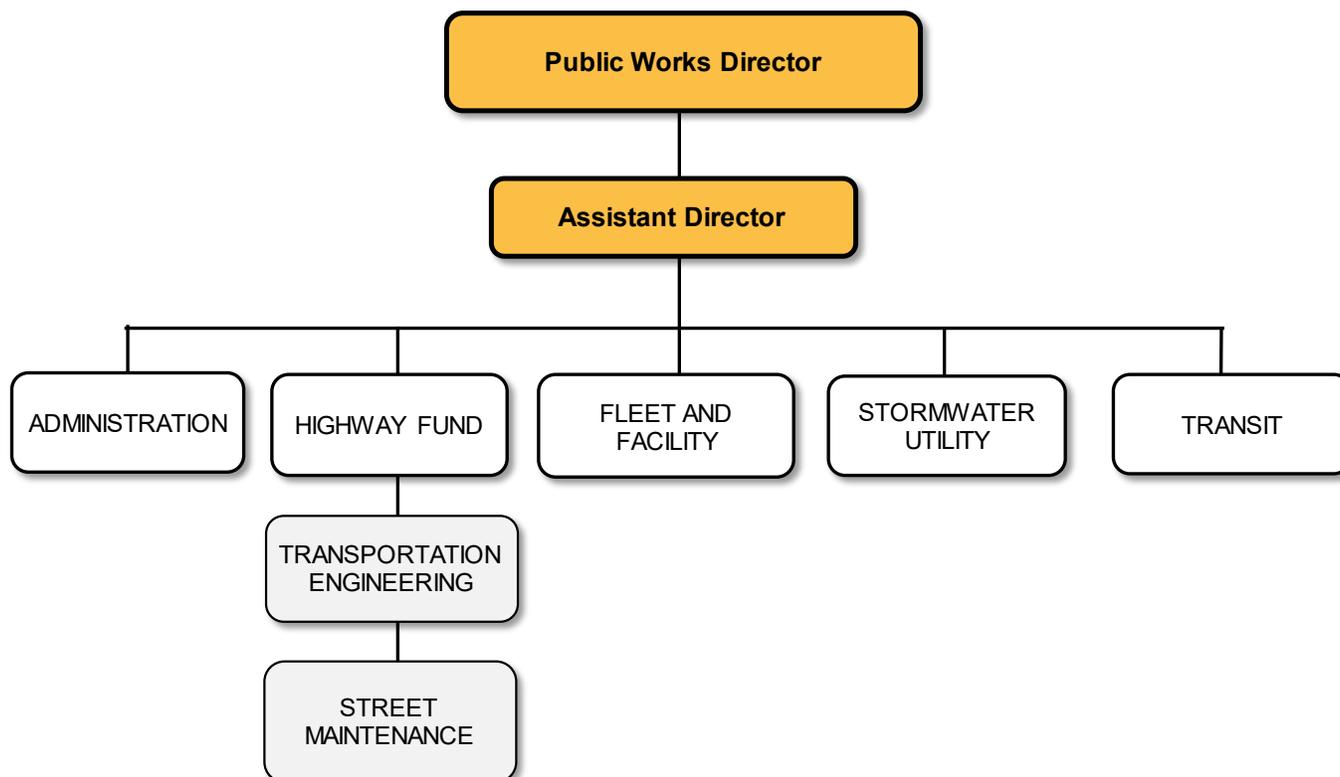
Personnel	FY 2021	FY 2022	FY 2023	Change
	Actual	Budget	Budget	
Commander	1.00	1.00	1.00	-
Lieutenant	2.00	2.00	2.00	-
Sergeant	8.00	7.00	7.00	-
Lead Officer	9.00	7.00	6.00	(1.00)
K-9 Officer	2.00	2.00	2.00	-
Traffic Investigator	1.00	1.00	1.00	-
DUI Officer	2.00	2.00	1.00	(1.00)
Motorcycle Officer	3.00	4.00	1.00	(3.00)
Officer	41.00	43.00	44.00	1.00
Reserve Officer	1.44	-	-	-
Senior Office Specialist	2.00	2.00	1.00	(1.00)
Total FTEs	72.44	71.00	66.00	(5.00)

Expenditures	FY 2021	FY 2022	FY 2023	Change
	Actual	Budget	Budget	
Personnel	7,882,198	8,627,421	9,452,596	825,175
Operations & Maintenance	24,538	68,680	82,900	14,220
Capital Outlay	1,479	-	10,000	10,000
Total Expenditures	7,908,215	8,696,101	9,545,496	849,395

Significant Changes

- The increase in personnel is related to two new police officers and a market pay adjustment for eligible employees in FY 2022/23. The increase was offset by various position transfers to other divisions/units within the department.
- The increase in O&M is related to uniform and safety equipment costs.
- The capital outlay is related to K9 equipment.

PUBLIC WORKS



Overview

The Public Works Department is organized into five functional areas: Administration, Highway Fund, Fleet and Facility Management, Stormwater, and Transit. Administration manages all the department’s activities, non-fund specific capital projects and capital project management/support to other departments as needed. Highway Fund, which includes Transportation Engineering and Street Maintenance divisions, are responsible for road related construction projects as well as routine maintenance. Fleet and Facility Management is responsible for Town facility maintenance, including repairs and minor renovations, and fleet maintenance for vehicles and equipment. Stormwater is responsible for management and operation of the Town’s Stormwater Utility. Transit is responsible for management and operation of the Sun Shuttle Dial-a-Ride public transit service under contract with the Regional Transportation Authority (RTA).

Department Budgets | Public Works

Total FTEs

FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
70.89	71.37	75.71	4.34

Expenditures by Fund *	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
General/Capital Fund	2,802,585	5,579,237	6,599,498	1,020,261
Highway Fund	3,352,816	4,090,525	4,652,189	561,664
Stormwater Utility Fund	1,411,409	2,160,407	2,107,024	(53,383)
Total	7,566,810	11,830,169	13,358,711	1,528,542

Divisions/programs supported by the General Fund include Fleet Maintenance, Facilities Maintenance, Transit and Administration. Capital Fund supports capacity for two temporary CIP Project Manager positions.

** Does not include the PAG/RTA Fund or the Roadway Impact Fee Fund*

Revenues by Fund*	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
General Fund	1,260,543	1,238,910	1,747,309	508,399
Highway Fund	3,776,832	3,647,922	4,163,100	515,178
Stormwater Utility Fund	1,635,969	1,741,600	1,494,000	(247,600)
Total	6,673,344	6,628,432	7,404,409	775,977

** Does not include the PAG/RTA Fund or the Roadway Impact Fee Fund*

PUBLIC WORKS - ADMINISTRATION

Overview

Administration is responsible for department management and oversight, funding and program implementation, contract management, and obtaining reimbursement of outside funding for projects from Pima Association of Governments, the Arizona Department of Transportation and the Federal Emergency Management Agency. Administrative staff responsibilities include clerical duties, maintaining the public works department website, records management, and logistical support. In addition, streets maintenance operations staff are located within Administration and funded by the General Fund to provide working flexibility for involvement with non-highway related projects.

2021/22 Accomplishments

- Provided oversight, project management and administration to over 80 projects and 12,567 service tasks and plans. This includes project management of physical building projects such as the renovation of the 680 Calle Concordia office administration building and garage expansion. It also includes managing the \$25M parks bond projects and the Steam Pump Ranch historic renovation construction.
- Standard operating procedures (SOP) analysis and updates
 - Developed and implemented SOP 01-13 for standardization of public work files and naming conventions
 - Development and implementation of SOP 01-15 for implementation of service request procedures within our Operating Management System
 - Updated and improved our SOP 30-01 on-call facilities to improve process and deliver of service during non-regular work hours
 - Updated and implemented 80-14 SOP for time off request within our transit division to improve Town wide notification of related time off events

Council Focus Area(s)

- Effective and Efficient Government

2022/23 Objectives

- Expand use of process improvement tools through the Town’s internal OV Peak Performance initiative

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Standard operating procedures developed (looking for opportunities to improve processes)	3	2	4		2

Target Met
 Target Not Met
 Informational Only
 N/A – New/Previous Measure

Department Budgets | Public Works - Administration

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
PW Director & Town Engineer	1.00	1.00	1.00	-
Assistant Public Works Director	0.75	0.75	0.75	-
Fleet & Facilities Manager	1.00	1.00	1.00	
Streets & Drainage Op. Super.	1.00	1.00	1.00	-
Streets & Drainage Crew Leader	2.00	2.00	2.00	-
CIP Project Manager	-	2.00	2.00	-
Project Manager	-	-	1.00	1.00
Heavy Equipment Operator II	5.00	5.00	5.00	-
Administrative Coordinator	1.00	1.00	1.00	-
Office Specialist	1.00	1.00	1.00	-
Total FTEs	12.75	14.75	15.75	1.00

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	1,152,453	1,431,879	1,583,756	151,877
Operations & Maintenance	112,810	185,456	206,342	20,886
Total Expenditures	1,265,263	1,617,335	1,790,098	172,763

Significant Changes

- The increase in personnel costs is related to: 1) a mid-year transfer of a project manager position from Stormwater to allow flexibility to manage non-Stormwater projects; 2) a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is related to insurance costs.

PUBLIC WORKS – FLEET & FACILITY MANAGEMENT

Overview

Fleet & Facility Maintenance are programs within the Fleet & Facilities Management Division of the Public Works Department. Facility Maintenance is responsible for building maintenance repairs, energy management, heating, ventilation and air conditioning services, minor renovations, project management, and contract administration for all the Town's buildings and facilities.

Fleet Maintenance is responsible for preventative maintenance and repair of the Town's fleet of vehicles and heavy equipment. This is accomplished through the combination of service contracts and staff. Fleet costs for the Town's Water Utility and Stormwater Utility are budgeted in the Enterprise Funds.

2021/22 Accomplishments

Fleet and Facilities expects to have completed over 5,000 tasks and projects by the end of the fiscal year.

Notable tasks completed include:

500 Magee Police Substation

- Addition of automation and remote monitoring hardware and connections for the HVAC system

680 Calle Concordia

- Design and construction of the maintenance facility 3rd bay and offices and the office building interior remodel
- Exterior Paint and stucco repair
- Replacement of ¾" steel water line with 2" PEX, from Calle Concordia to the office building

Aquatic Center (OVAC)

- Installed an entry gate lockdown button for front desk staff to secure the facility

Community and Recreation Center (CRC)

- Replaced two deep fryer units in the Overlook restaurant kitchen
- Installed temporary flooring to support kitchen operations until the floor can be replaced in FY 22/23
- Upgraded an existing walk-in cooler with modern refrigeration components
- Replaced two water fountains in the fitness area with newer fountains that have a bottle filler station
- Replaced the rear entrance doors of the fitness facility and added badge reader access control
- Replaced the lighting control module in the overlook restaurant
- Replacement of the heater booster for the dishwasher
- Repaired the vandalized Men's sauna and rebuilt the heating unit

Municipal Operations Center (MOC)

- Exterior painting and stucco repair
- Shoring and leveling of Water Utility modular building floors and adjustment of interior walls and doors
- Install of ice machine for transit division

Pusch Ridge Tennis/Golf Facility

- Replaced the rear entrance door of the tennis shop and repaired the rear deck and skirting
- Renovated the golf shop interior to support reopening of the facility

Tangerine Police Substation

- Replaced carpeting in two offices and painted interior walls throughout

Town Hall

- Exterior window and door security screen install
- Converted parking area exterior lighting timers to photo electric cells
- Addition of an HVAC balancing thermostat to refine control of temperatures in the administrative offices

Department Budgets | Public Works – Fleet & Facility Management

2021/22 Accomplishments (continued)

- Exterior painting and stucco repair at the Water Utility building, CED/Public Works building and the Courts building
- Interior lighting upgraded to LED, interior painting of doors and frames on the west side of the facility
- Interior painting, booking area flooring to match the rest of the facility, north lobby flooring changed to polished cement, front lobby ADA improvements, front lobby restrooms renovation, replacement and expansion of kitchenette/breakroom cabinetry at the Police headquarters

Water Reclamation Facility

- Replaced two pumps in the sanitary sewer lift station

Fleet Division

- Establishment of Fleet Division priorities for fleet vehicle maintenance: safety and compliance, operational readiness, reliability, efficiency, appearance

Council Focus Area(s)

- Roads, Water and Town Assets

2022/23 Objectives

- Develop a comprehensive, organization-wide facility space plan concept that maximizes efficiencies and reflects the best use of Town properties for the future
- Increase cost effectiveness by maintaining, repairing, and improving aging Town facilities
- Complete necessary routine maintenance tasks to Town equipment and vehicles

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Percentage of scheduled routine preventative maintenance tasks completed	Completed	100%	100%		100%
Number of facility tasks completed	2,355	2,300	2,287		NA*
Total cost per mile for vehicle repair and maintenance	\$0.24	\$0.68	\$0.29		\$0.65
Operations & maintenance expenditures per square foot of buildings maintained	\$4.76	\$6.96	\$6.29		\$7.00
Number of fleet tasks completed	1,858	2,000	2,565		NA*
Cost per mile to maintain transit vehicles (repair & fuel only)	\$0.48	\$0.50	\$0.17		\$0.50

*There is no target. Number of tasks completed is determined via service requests and may vary based on demand.

 **Target Met**
  **Target Not Met**
  **Informational Only**
  **N/A** N/A – New/Previous Measure

Department Budgets | Public Works – Fleet & Facility Management

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Facilities Maintenance Super.	1.00	1.00	1.00	-
Facilities Maint Technician	3.00	3.00	3.00	-
Fillet Maint Supervisor	1.00	1.00	1.00	-
Fleet Maint Mechanic III	1.00	1.00	3.00	2.00
Fleet Control Specialist	1.00	1.00	-	(1.00)
Fleet Attendant	-	1.00	1.00	-
Total FTEs	7.00	8.00	9.00	1.00

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	389,767	626,397	674,363	47,966
Operations & Maintenance	1,478,396	2,048,750	2,343,700	294,950
Capital Outlay	3,313	-	170,000	170,000
Total Expenditures	1,871,476	2,675,147	3,188,063	512,916

Significant Changes

- The increase in personnel costs is related to: 1) a new Fleet Maintenance Mechanic III position for FY 2022/23; 2) a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is primarily related higher projected gasoline prices in FY 2022/23.
- Capital outlay reflects projects associated with the Town's facility maintenance program.

PUBLIC WORKS – HIGHWAY FUND

Overview

Within the Highway Fund, Public Works is responsible for managing the design and construction of roadway projects, issuing right-of-way permits, developing annual and long-term schedules for surface treatments on town streets, as well as maintaining and operating the Town's traffic signs, striping, intersection signals and lights. In addition, Public Works is responsible for street maintenance, including landscape maintenance, pavement repair, all street signs, pavement markings, storm readiness, and clean-up. Some operational personnel for this work responsibility are located within Administration, however all materials, equipment and consumables are located within this fund/area.

2021/22 Accomplishments

Between transportation and streets maintenance, over 3,557 tasks were completed, including:

- Lambert Lane paved shoulders, multi-use paths, and overlay from West Lambert Park to La Cholla Blvd.
- La Cholla Blvd final pavement preservation surface treatment
- Moore Road Overlay & Paved Shoulders - La Cañada Drive to La Cholla Blvd
- Mercado Del Rio sidewalk connectivity between Trail Head Parking Lot and CDO lineal path
- Annual main line striping.
- Pavement Management: applied various pavement preservation treatments to 79 lane miles
- Annual neighborhood and arterial sweeping
- Completion of more than 35 pavement repairs
- Completion of more than 50 sidewalk repairs
- Maintained essential service levels for street repair through the continued COVID-19 pandemic with loss of two Arizona Department of Corrections crews, equivalent to 8 full-time employees
- Addressed all non-ADA compliant parking signs within the Town's parking lots

Council Focus Area(s)

- Roads, Water and Town Assets

2022/23 Objectives

- Maintain an Overall Condition Index (OCI) rating of 76 for all arterial paved streets
- Participate in and support the Regional Transportation Authority's (RTA) effort to facilitate voter reauthorization of RTA Next by ensuring Oro Valley's long-term transportation needs are fairly represented.

Department Budgets | Public Works – Highway Fund

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Overall Condition Index rating for all paved streets	79.05	76	77.76		76
Percent of pavement crack sealed annually throughout town	9.43%	20%	7.54%		20%
Road rehabilitation expenditures per paved lane mile	\$28,836	>\$18,000	\$20,000		\$25,000
Percentage of crosswalks, legends and symbols restriped throughout town	30%	50%	31%*		50%
Percentage of roads restriped throughout town	49%	50%	38%*		50%

*Both lack of ADC crews and material cost negatively impacted the department's ability to meet this target.

 **Target Met**
  **Target Not Met**
  **Informational Only**
  **N/A** – New/Previous Measure

Department Budgets | Public Works – Highway Fund

Total FTEs

FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
27.75	12.00	12.00	-

Expenditures by Program	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Transportation Engineering	3,046,525	3,766,525	4,192,089	425,564
Street Maintenance	306,291	324,000	460,100	136,100
Total	3,352,816	4,090,525	4,652,189	561,664

Revenue Sources	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
HURF Gas Taxes	3,714,572	3,614,922	4,127,100	512,178
Licenses and Permits	37,108	25,000	25,000	-
State Grants	16,588	-	-	-
Interest Income	1,022	6,000	8,000	2,000
Miscellaneous	7,542	2,000	3,000	1,000
Total	3,776,832	3,647,922	4,163,100	515,178

PUBLIC WORKS – TRANSPORTATION ENGINEERING (HIGHWAY FUND)

Overview

Transportation Engineering is responsible for managing the design and construction of roadway projects. While most large projects are designed by consultants, Public Works has a small, in-house design team for smaller projects. Transportation Engineering also issues permits for all activity within the Town's right-of-way, develops annual and long-term schedules for surface treatments on Town streets, and maintains and operates the Town's traffic signals, roadway signs and pavement markings.

Personnel	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Engineering Division Manager	1.00	1.00	1.00	-
Senior Civil Engineer	1.00	1.00	1.00	-
Senior Civil Engineer Tech	3.00	3.00	3.00	-
Civil Engineer/Project Manager	1.00	1.00	1.00	-
Civil Engineer Designer	1.00	1.00	1.00	-
Senior Traffic Technician	1.00	1.00	1.00	-
Traffic Technician	1.00	1.00	1.00	-
Traffic Signs/Markings Crew Leader	1.00	1.00	1.00	-
Traffic Signs/Markings Worker	1.00	1.00	1.00	-
Construction Inspector	3.00	-	-	-
Senior Office Specialist	1.00	1.00	1.00	-
Total FTEs	15.00	12.00	12.00	-

Expenditures	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Personnel	1,203,687	1,208,870	1,202,574	(6,296)
Operations & Maintenance	293,486	292,655	370,515	77,860
Capital Outlay	1,549,352	2,265,000	2,619,000	354,000
Total Expenditures	3,046,525	3,766,525	4,192,089	425,564

Significant Changes

- The increase in O&M costs is related to field supplies and street striping.
- The increase in capital costs is related to the pavement preservation program.

PUBLIC WORKS – STREET MAINTENANCE (HIGHWAY FUND)

Overview

Street maintenance is responsible for maintaining the Town's streets and drainage ways. *Personnel associated with this division are budgeted in administration.*

Expenditures	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Operations & Maintenance	298,030	324,000	453,100	129,100
Capital Outlay	8,261	-	7,000	7,000
Total Expenditures	306,291	324,000	460,100	136,100

Significant Changes

- The increase in O&M is related to street maintenance materials costs.
- The capital outlay is to install lockers for heavy equipment operators.

PUBLIC WORKS – STORMWATER UTILITY

Overview

The Stormwater Utility enterprise is a division within the Public Works Department. The Stormwater Utility is responsible for federally mandated compliance with the Clean Water Act, meeting all surface water flow quality and quantity issues, including the Town's stormwater management plan, floodplain and erosion hazard management and support of all other Town programs that are impacted by storm events. The Stormwater Utility also coordinates with federal, state and local government agencies with regard to floodplain issues and storm preparedness of this community.

2021/22 Accomplishments

- Filed Notice of Intent from the Arizona Department of Environmental Quality for new five-year Phase 2 Municipal Separate Storm Sewer System (MS4) permit for the Town of Oro Valley. Modifications to the Oro Valley Stormwater Management Plan to meet the new permit requirements are underway.
- Updated Town Code Chapter 17, Floodplain and Erosion Hazard Management to reflect changes to the Arizona State Floodplain Model Ordinance and changes to the Oro Valley Drainage Criteria Manual.
- Launched updates to the 2010 Oro Valley Drainage Criteria Manual to reflect modeling and techniques used in the Tucson Region, providing a level of consistency for our customers.

Council Focus Area(s)

- Roads, Water and Town Assets
- Town Finances

2022/23 Objectives

- High-quality and well-maintained Town assets, including streets, infrastructure, and facilities
- Identify and implement strategies to reduce downstream watershed pollution emanating from Town washes.
- Continue to align the annual budget and associated work plans with conservatively forecasted revenues

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Percentage of Stormwater assets inspected annually (20% required by law)	24.7%	20%	25.6%		20%
Maintain cash reserves in the Stormwater Utility Fund of at least 15% of the collected annual stormwater fees *	56.8%	15%	49.8%		15%
Conduct annual rate review by October 30	Sept. 18, 2020	Oct. 30, 2021	Sep 16, 2021		Oct. 30, 2022

*Calculations do not include cash reserves balance dedicated to future vehicle equipment replacement.

Target Met Target Not Met Informational Only N/A – New/Previous Measure

Department Budgets | Public Works – Stormwater Utility

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Assistant Public Works Director	0.25	0.25	0.25	-
Stormwater Utility Division Mgr	1.00	1.00	1.00	-
Senior Stormwater Engineer	1.00	1.00	1.00	-
Streets & Drainage Op. Supervisor	1.00	1.00	1.00	-
Stormwater Utility Project Manager	1.00	1.00	-	(1.00)
Stormwater Inspector Designer	1.00	1.00	1.00	-
Stormwater Utility Analyst	1.00	1.00	1.00	-
Heavy Equipment Operator II	3.00	3.00	3.00	-
Senior Office Specialist	1.00	1.00	1.00	-
Stormwater Intern	-	0.48	0.48	-
Total FTEs	10.25	10.73	9.73	(1.00)

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	809,684	862,098	826,266	(35,832)
Operations & Maintenance	385,949	440,935	396,245	(44,690)
Capital Outlay	215,776	857,374	884,513	27,139
Total Expenditures	1,411,409	2,160,407	2,107,024	(53,383)

	FY 2021	FY 2022	FY 2023	
Revenue Sources	Actual	Budget	Budget	Change
Charges for Services	1,473,813	1,440,100	1,492,500	52,400
State Grants	152,152	300,000	-	(300,000)
Miscellaneous	8,734	-	-	-
Interest Income	1,270	1,500	1,500	-
Total Revenues	1,635,969	1,741,600	1,494,000	(247,600)

Significant Changes

- The decrease in personnel costs is related to a transfer of the Stormwater Utility Project Manager to Public Works – Administration to allow flexibility to manage non-Stormwater projects. The decrease was partially offset by a market pay adjustment for eligible employees in FY 2022/23.
- The decrease in O&M is related to less outside professional services in FY 2022/23
- Capital outlay relates to culvert cleaning and maintenance and capital improvement projects.

PUBLIC WORKS – TRANSIT SERVICES

Overview

Transit Services facilitates partnerships and coordinates transportation services among public and private agencies, serving Oro Valley to improve mobility for community residents. Transit Services has developed a long-term partnership with the Regional Transportation Authority (RTA) to improve the transportation network and maximize transportation options available to the community at the lowest possible cost. Transit Services is proud to operate the regional Sun Shuttle Dial-a-Ride service under contract with the RTA and is committed to providing high quality transit alternatives and planning for the future.

2021/22 Accomplishments

- 56,001 ridership trips setting a new annual record.
- Successfully increased transit service ridership to pre COVID-19 levels.
- Developed and implemented service plans to deal with operator shortages and continued impacts of COVID on staffing levels.
- Renegotiated new intergovernmental Agreement with the Regional Transportation Authority to cover increasing costs and driver wages. New agreement will last through 6/30/2026, the expiration date of the current RTA plan.
- The Town of Oro Valley’s Transit division presented their “accident prevention training” to the Arizona Transit Association & Arizona Department of Transportation Conference in April.
- With the support of the Innovation & Technology Department, began the plan to improve passenger on-line capabilities with the scheduled acquisition of the Passenger Portal module of TripSpark.

Council Focus Area(s)

- Roads, Water and Town Assets
- Town Finances

2022/23 Objectives

- Partner with the Regional Transportation Authority (RTA) in evaluating long-term transportation needs for future RTA continuation, ensuring Oro Valley’s needs are fairly represented
- Continue to align the annual budget and associated work plans with conservatively forecasted revenues

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Percentage of requested reservations fulfilled	100%	80%	90%		90%
Total cost per passenger trip	\$35.00*	<\$35.00	\$31.82		<\$35.00
Farebox recovery rate	1.4%*	>1.5%	0.0%*		NA*

*COVID-19 ridership drop and impact. RTA stopped the collection of fares. The farebox recovery ratio (also called fare recovery ratio, fare recovery rate or other terms) of a passenger transportation system is the fraction of operating expenses which are met by the fares paid by passengers.

Target Met
 Target Not Met
 Informational Only
 N/A – New/Previous Measure

Department Budgets | Public Works – Transit Services

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Senior Transit Crew Leader	1.00	1.00	1.00	-
Transit Crew Leader	1.00	1.00	1.00	-
Transit Specialist	1.11	1.11	1.10	(0.01)
Dispatcher	2.11	2.11	2.58	0.47
Driver	19.71	19.71	22.60	2.89
Office Assistant	0.96	0.96	0.95	(0.01)
Total FTEs	25.89	25.89	29.23	3.34

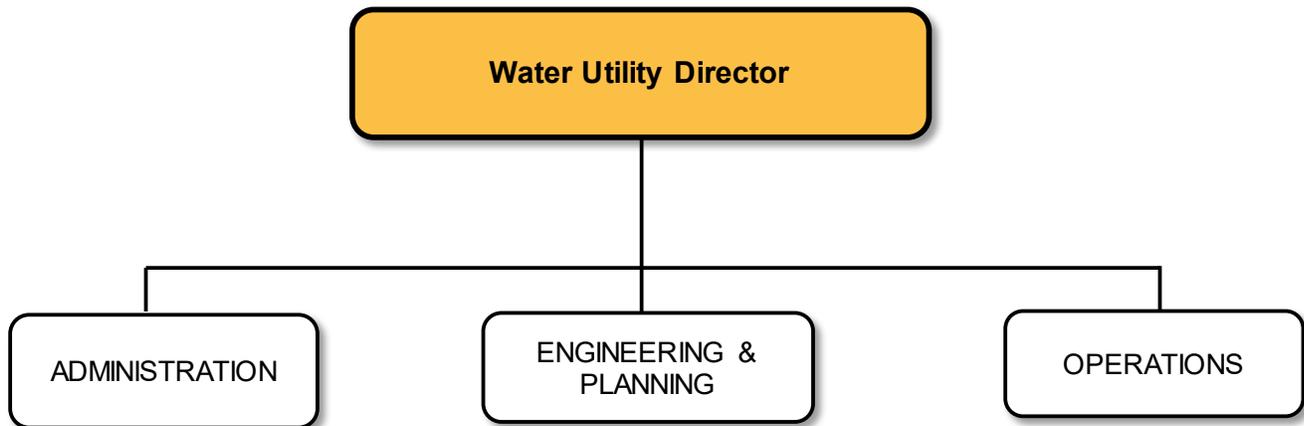
	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	900,015	1,184,386	1,383,972	199,586
Operations & Maintenance	30,672	75,569	139,256	63,687
Capital Outlay	422	26,800	98,109	71,309
Total Expenditures	931,109	1,286,755	1,621,337	334,582

	FY 2021	FY 2022	FY 2023	
Revenue Sources	Actual	Budget	Budget	Change
RTA Reimbursement	1,150,233	1,166,500	1,530,000	363,500
State Grants	-	-	137,309	137,309
Farebox	110,310	72,410	80,000	7,590
Total Revenues	1,260,543	1,238,910	1,747,309	508,399

Significant Changes

- The increase in personnel costs is related to: 1) more hours and wage rate increases for transit drivers per the intergovernmental agreement (IGA) with the RTA; 2) a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is related to various operating and equipment costs funded by a reimbursable state grant.
- Capital outlay relates to bus wrapping and grant funded TripSpark passenger portal enhancement.

WATER UTILITY



Overview

The primary function of the Water Utility is the protection of public health and safety through the production and efficient delivery of water that meets and/or exceeds water quality standards. Responsibilities include: regulatory compliance, customer service, promoting water conservation, generating customer billings, collection of utility revenues, efficient use of available water resources, planning for future water resource requirements, and coordination with the development community.

2021/22 Accomplishments

- Delivered a combined total of 3.13 billion gallons of water to customers.
- 48% of the total deliveries were water supplies other than groundwater, including:
 - 870 million gallons of CAP water
 - 628 million gallons of reclaimed water
 - 1.63 billion gallons of groundwater
- Utilized full allocation of 10,305 acre feet of CAP water for potable use and recharge.
- Took 2,704 water quality samples with all results meeting regulatory requirements.
- Added 148 new metered connections for an estimated total customer base of 21,116 connections.
- Developed and delivered four quarterly customer newsletters titled *Behind the Meter*.
- Completed the Potable Water Advanced Metering Infrastructure Data Analytics Evaluation Model which will allow the utility to better measure and monitor conservation initiatives to improve outcomes in the future.
- The WaterSmart customer portal has 6,700 registered users and has provided over 8,000 leak alerts directly to our customers.
- Rehabilitated three groundwater production wells.
- Implemented a new Customer Information System.
- Began construction of the independent portion of the Northwest Recharge Recovery and Delivery System (NWRDSS)
- Completed self-performed design, permitting and construction of water system improvements for Steam Pump Ranch and Naranja Park.

Council Focus Area(s)

- Roads, Water and Town Assets

2022/23 Objectives

- Reduce groundwater pumping to further preserve groundwater supplies by maximizing Central Arizona Project (CAP) water deliveries and existing infrastructure
- Development of formal water conservation plan in effort to reduce gallons used per capita per day
- Expand education and outreach programs to communicate with residents and businesses about incorporating effective water conservation strategies at home and at work
- Align the Town of Oro Valley’s water code with regional and state drought contingency plans and other best management practices and present to the Town Council for adoption
- Comply with all Arizona Department of Environmental Quality and Arizona Department of Water Resources regulations

Performance Measures	FY 2021 Actual	FY 2022 Target	FY 2022 Result	FY 2022 Status	FY 2023 Target
Groundwater pumped	5,176 AF	≤ 5,500 AF	4,997 AF		< 5,500 AF
CAP water delivered	2,616 AF	≥ 2,500 AF	2,670 AF		> 2,500 AF
Total customer contacts in WaterSmart portal	6,300	7,000	6,700		7,000
Years’ worth of long-term storage credit reserves (at 100% utilization)	2.85	3.10	3.10		3.35
Cash reserves in the Water Utility operating fund as % of combined budget for personnel, O&M and debt service	75.8%	58.0%	52%		50%
Debt service coverage (annual net operating revenue divided by annual debt service) for water revenue bonds	3.87%	2.92%	2.24%		2.46%



Target Met



Target Not Met



Informational Only



N/A – New/Previous Measure

Total FTEs

FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
40.48	40.48	40.48	-

Expenditures by Division	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Administration	8,486,145	9,483,679	8,393,427	(1,090,252)
Engineering and Planning	6,704,728	6,087,737	6,508,288	420,551
Operations	4,853,937	5,185,624	5,816,595	630,971
Total	20,044,810	20,757,040	20,718,310	(38,730)

Revenue Sources	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Charges for Services	3,489,921	3,255,000	3,224,000	(31,000)
Interest Income	(14,911)	100,000	100,000	-
Miscellaneous	44,328	-	-	-
Water Sales	14,679,073	13,974,000	15,383,000	1,409,000
Total	18,198,411	17,329,000	18,707,000	1,378,000

WATER UTILITY – ADMINISTRATION

Overview

The Administration Division is responsible for the overall management of the Utility, including customer service, water utility billings, collection of water revenues, administration of the department's budget, implementation of water rates, fees and charges, water conservation, water resource planning and strategic planning.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Water Utility Director	1.00	1.00	1.00	-
Water Utility Administrator	1.00	1.00	1.00	-
Senior Office Specialist	1.00	1.00	1.00	-
Water Utility Analyst	1.00	1.00	1.00	-
Customer Service Specialist	4.00	4.00	4.00	-
Customer Service Representative	0.48	0.48	0.48	-
Water Conservation Specialist	1.00	1.00	1.00	-
Total FTEs	9.48	9.48	9.48	-

	FY 2021	FY 2022	FY 2023	
Expenditures and Other Financing Uses	Actual	Budget	Budget	Change
Personnel	844,638	866,369	887,740	21,371
Operations & Maintenance	1,552,260	1,771,999	2,181,352	409,353
Capital Outlay	141,895	150,000	18,640	(131,360)
Debt Service	4,814,336	4,932,909	4,643,255	(289,654)
Other Financing Uses	1,133,016	1,762,402	662,440	(1,099,962)
Total Expenditures	8,486,145	9,483,679	8,393,427	(1,090,252)

Significant Changes

- The increase in personnel costs is related to a market pay adjustment for eligible employees in FY 2022/23.
- O&M costs increased primarily due to Town-wide indirect cost allocations of supporting services.
- The capital outlay is related to the utility billing software CIP project which was carried forward into FY 2022/23.
- The decrease in debt service is due to the payoff of the series 2012 senior lien.
- The decrease in other financing uses is related to the transfers out to the water impact fee fund for the Northwest Recharge, Recovery, and Delivery System (NWRDRS) partnered CIP projects which were delayed to future years.

WATER UTILITY – ENGINEERING and PLANNING

Overview

The Engineering and Planning Division is responsible for providing engineering support for the Operations Division as well as managing the capital improvement program. Additional responsibilities include new development plan review, construction inspection and regulatory compliance, and the maintenance and updating of GIS.

Personnel	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Engineering & Planning Manager	1.00	1.00	1.00	-
Project Manager	1.00	-	1.00	1.00
Senior Engineering Associate	-	2.00	1.00	(1.00)
Engineering Design Reviewer	1.00	-	-	-
Construction Inspector	2.00	2.00	2.00	-
Civil Engineering Technician	1.00	1.00	1.00	-
Total FTEs	6.00	6.00	6.00	-

Expenditures	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	Change
Personnel	502,959	615,286	651,291	36,005
Operations & Maintenance	3,840,956	4,422,451	4,706,997	284,546
Capital Outlay	2,360,813	1,050,000	1,150,000	100,000
Total Expenditures	6,704,728	6,087,737	6,508,288	420,551

Significant Changes

- The increase in personnel costs is related to: 1) the reallocation of a senior engineering associate position to a project manager position; 2) a market pay adjustment for eligible employees in FY 2022/23.
- The increase in O&M is related to CAP water wheeling and CAP water delivery charges.
- Capital outlay is related to planned CIP projects for FY 2022/23.

WATER UTILITY – OPERATIONS

Overview

The Operations Division oversees the operation and maintenance of all potable and reclaimed water production and distribution facilities, to include wells, boosters, reservoirs, metering stations, water mains, fire hydrants and valves. Additional responsibilities include meter installations, commercial meter testing, water quality testing, backflow prevention, construction of minor water main projects and oversight of the Advanced Metering Infrastructure system, disinfection systems and security systems.

	FY 2021	FY 2022	FY 2023	
Personnel	Actual	Budget	Budget	Change
Water Operations Manager	1.00	1.00	1.00	-
Water Distribution Superintendent	1.00	1.00	1.00	-
Water Control Systems Super.	1.00	1.00	1.00	-
Prod. & Meter Ops. Superint.	1.00	1.00	1.00	-
Lead Water Utility Operator	3.00	3.00	3.00	-
Instrumentation & Control Tech.	1.00	1.00	1.00	-
Meter Operations Supervisor	1.00	1.00	1.00	-
Water Utility Operator III	7.00	7.00	7.00	-
Water Utility Operator II	5.00	5.00	5.00	-
Water Utility Operator I	4.00	4.00	4.00	-
Total FTEs	25.00	25.00	25.00	-

	FY 2021	FY 2022	FY 2023	
Expenditures	Actual	Budget	Budget	Change
Personnel	2,063,033	2,180,562	2,114,033	(66,529)
Operations & Maintenance	2,357,909	2,453,412	2,796,912	343,500
Capital Outlay	432,995	551,650	905,650	354,000
Total Expenditures	4,853,937	5,185,624	5,816,595	630,971

Significant Changes

- The decrease in personnel costs is due to turnover of the lead water utility operator position.
- The increase in O&M is primarily related to equipment repair and maintenance and power purchased for pumping.
- The increase in capital outlay is related to meter purchases.

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CAPITAL IMPROVEMENT PROGRAM

Program Overview
Projects by Category
Project Descriptions



Capital Improvement Program (CIP)

Overview

Providing infrastructure is a primary function of a local government. Maintaining public safety, town services, parks and recreation facilities, adequate transportation systems, and the community’s quality of life are all heavily dependent on how the Town plans for future infrastructure needs.

The Capital Improvement Program (CIP) is a comprehensive, ten-year plan of capital projects that will support the continued growth and development of the town. The CIP is used in implementing the General Plan and supporting the Town’s adopted Strategic Leadership Plan by developing a prioritized schedule of short-range and long-range community capital needs, evaluating projects, and analyzing the community’s ability and willingness to pay for them in the most cost-effective way. The Town uses the CIP as its method in determining future infrastructure requirements and planning the financing of facilities and equipment to maintain the service levels provided to town citizens.

The Town identifies capital projects as those which:

- Cost \$50,000 or more;
- Have an expected useful life of five or more years; and
- Becomes, or preserves, an asset of the Town

Although fleet replacements do not meet the definition of a capital project, they are a significant expense for the Town, and thus are included in the CIP for planning purposes.

The Town uses the CIP as an avenue of communication to the public. Through the CIP document, residents and businesses are provided with an accurate and concise view of the Town’s long term direction for capital investment and the Town’s need for stable revenue sources to fund large multi-year capital projects.

CIP Process and Timeline

The CIP process began in December. Project requests were submitted, reviewed and analyzed by Finance staff and the Town Manager’s Office. An internal, cross-departmental review and prioritizing of all project requests was completed in order to prepare the proposed ten-year CIP. Meetings convened in February for project presentation and evaluation. The ten-year recommendation was submitted to Council for approval and adoption with the Town’s budget in June. A summary of the process and timeline is provided below:

December:	CIP request forms provided to department directors
February:	Department requests due Forms reviewed, cost analysis performed CIP packets distributed Meeting scheduled to present and evaluate project requests
February:	Meeting scheduled to prioritize projects CIP recommendations finalized
May:	Budget study sessions to present budget and CIP to Mayor and Council
June:	Adoption of Tentative Budget and CIP
June:	Adoption of Final Budget and CIP

Project Evaluation Criteria

Critical to the selection of the CIP projects are the criteria by which projects are assessed and evaluated. The evaluation criteria guide the review and selection of the projects to be funded. The evaluation criteria areas are as follows:

- Public Health, Safety and Welfare – improves or addresses pressing public health, safety, or welfare need

- Supports Stated Community Goals – implements or furthers the policies, goals and objectives of the Town's General Plan, Strategic Leadership Plan, or other adopted plan
- Fiscal Impact – economic development impact, efficiency improvement, outside or dedicated funding sources, ongoing operating impact
- Service Level Impact – improves service levels or brings the Town up to a desired service level
- Legal Ramifications – exposure to liability actions, applicable regulations
- Relationship to Other Projects – coordination with and/or impacts on other ongoing or prospective projects

The Capital Improvement Plan is comprised of 6 major categories: Parks & Recreation, public facilities, vehicles & equipment, public safety, stormwater, streets/roads, and water system.

Parks & Recreation pertains to projects that construct, maintain, or enhance recreation facilities, parks, multiuse paths, trails, sports fields, the Community Center, and golf courses

Public Facilities, Vehicles & Equipment pertains to the renovation of current facilities, construction of new facilities, equipment, and technology needs necessary for the efficient and effective operations of the Town.

Public Safety pertains to police stations, training and communication systems related to police operations.

Stormwater is related to drainage improvements and flood control projects. Stormwater requirements are mandated by the Federal government in the Clean Water Act and by the Federal Emergency Management Agency. These projects are funded from Stormwater Utility rates, fees, and charges.

Streets/Roads pertains to projects that maintain and enhance the transportation infrastructure within the Town. These include streets, roads, crosswalks, traffic signals, and right-of-way projects. These projects are funded by the General Fund, Highway User revenues, impact fees, and regional funding such as the Regional Transportation Authority (RTA) and Pima Association of Governments (PAG).

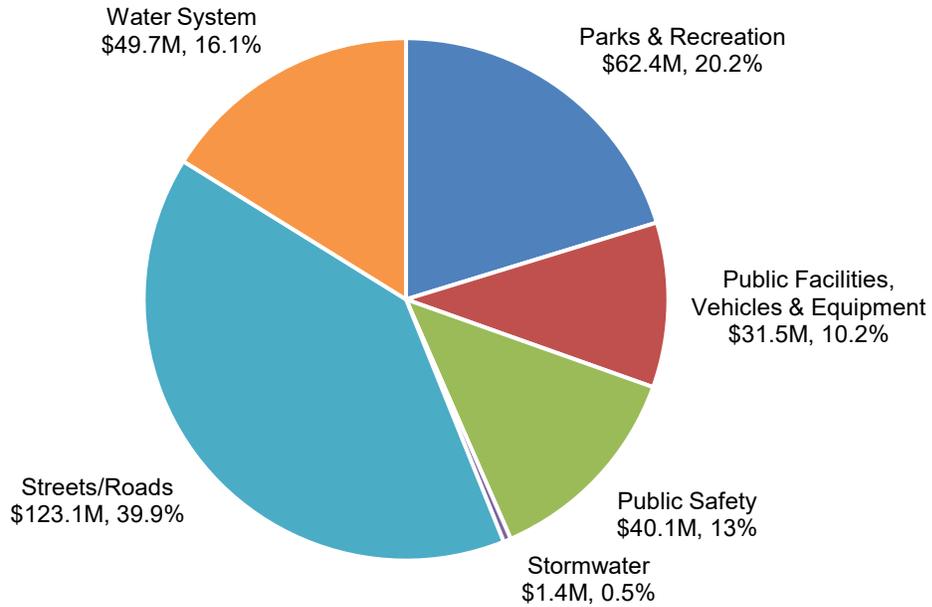
Water System pertains to projects that maintain or enhance to Town's water infrastructure with the goal of delivering safe, reliable water. Water system projects are primarily funded by water utility rates, fees, and charges, water impact fees.

Capital Improvement Program Summary

The cumulative ten-year CIP for the Town of Oro Valley totals \$308,155,896 for fiscal years 2022/23 through 2031/32. The graph below shows the allocations by category for the given years:

FY 2022/23 - 2031/32 CIP by Category

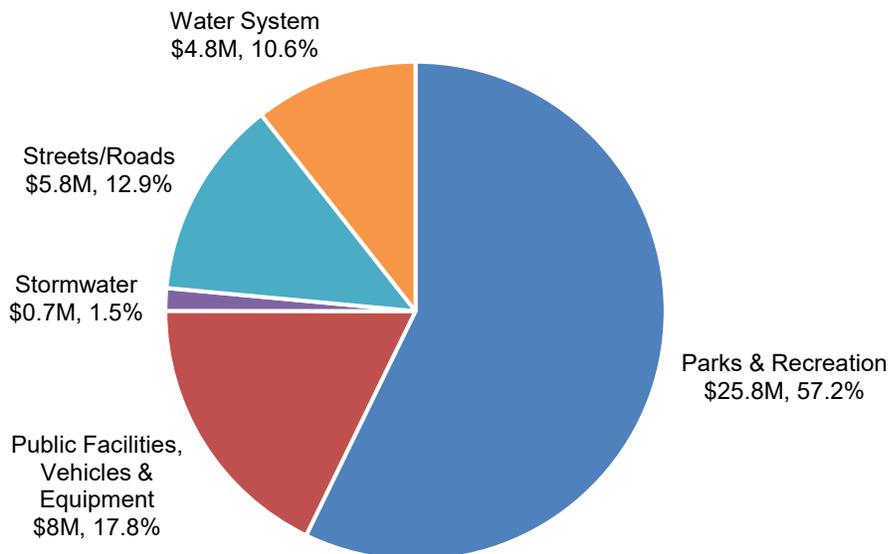
\$308.2 Million



The amount allocated for CIP projects in the FY 22/23 budget is \$45,081,812. Expenditures are presented on a budgetary basis rather than cash flow basis. Governmental budgeting procedures require that the Town budget for the entire contract to be available and appropriated in the same period in which it is entered into. However, the actual cash outflows generally take place over more than one year. The graph below shows the budget allocations by category. The projects included in the FY 22/23 CIP reflect the needs of the Town based on goals established in both the General Plan and Strategic Leadership Plan. The projects represent a significant investment in the infrastructure of the Town and attempt to meet the needs of the community.

FY 2022/23 CIP by Category

\$45.1 Million



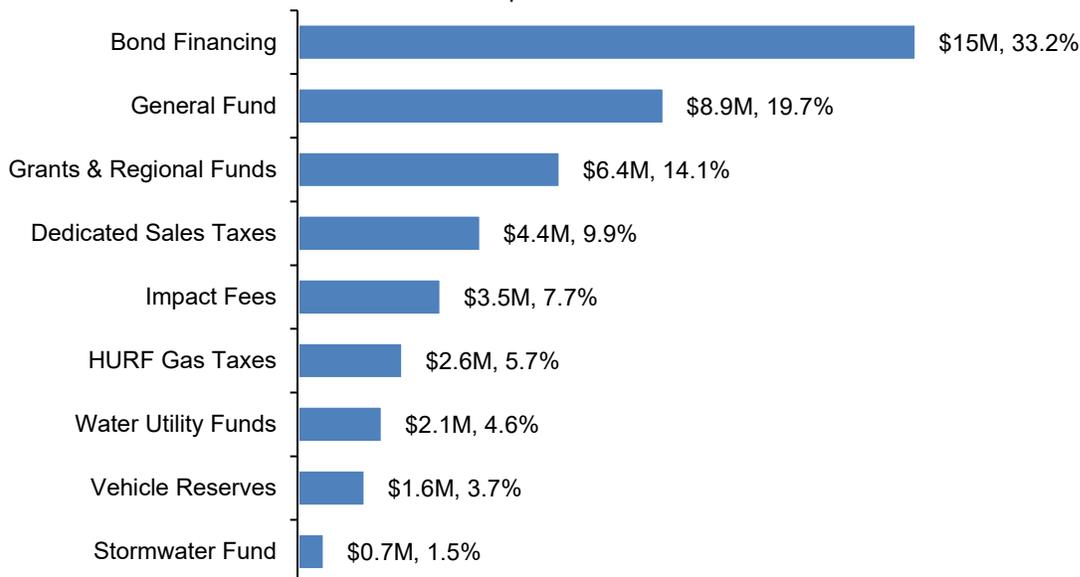
Financing the Capital Improvement Program

Over the years, the Town of Oro Valley has financed a substantial portion of capital improvements through operating revenue and use of cash reserves. The “pay-as-you-go” financing method has been the main method for funding CIP projects in the past. Revenues deemed one-time in nature, such as large commercial and residential permitting and associated construction sales taxes, are dedicated towards one-time capital projects. Given the current economic conditions and record low interest rates, bond financing has also recently been used to advance certain CIP projects. This process allows projects to be built sooner than traditional “pay-as-you-go”. The following options may be considered when analyzing potential funding sources for CIP projects:

- Pay-as-you-go financing
- Bonds
- Loans
- Certificates of participation
- Lease-purchase agreements
- Improvement districts
- Development impact fee ordinances
- Federal and state grants
- Donations and intergovernmental agreements
- User fees

Funding for the FY 22/23 CIP is derived from a variety of sources as depicted in the chart below:

FY 2022/23 CIP Funding Sources \$45.1 Million



The Town has relied heavily on growth-related income, including construction sales taxes and development fees, to fund capital projects. A continuing challenge for the Town is the development of funding sources to supplement this income as the town’s growth slows.

Impact on the Operating Budget

The Town of Oro Valley’s operating budget is directly affected by the CIP. When certain types of capital projects are developed and completed, they also have ongoing financial impacts on the Town’s operating budgets. For example, if the Town were to construct a new park or ball field, the operating budget for the Parks and Recreation Department would increase to include capacity for any new staff, equipment, utilities, supplies, etc. that would be necessary to maintain and operate the new facility.

In the FY 2023-2032 CIP, the individual projects include an estimated future operating budget impact if it is possible to identify the cost at this time in the project’s lifecycle. These costs are estimates provided by the professionals in each department that are responsible for the completion of the project.

The Town carefully considers these operating costs when deciding which projects move forward in the CIP, as it may not be sustainable for the Town to fund concurrently several large-scale projects that have significant operating budget impacts. Emphasis is placed on the desire for self-sustaining projects with neutral operating impacts.

Capital Improvement Program | Program Overview

The table below summarizes the projected annual impact of the FY 22/23 CIP on the Town's overall operating budget:

Project	Impact	Impact \$ Annually
Golf Course Irrigation	Water and utility savings	(\$25,000)
James D. Kreigh Park	Landscape maintenance costs	\$500
Permitting Software Replacement	Increased annual maintenance cost	\$15,000
Steam Pump Ranch Garage	Increased annual operating costs	\$2,500
Utility Billing Software	Increased annual maintenance cost	\$67,000
Vistoso Trails Nature Preserve Safety Improvements	Increased annual operating costs	\$100,000
Hydropneumatic Tank Replacements at Boosters	Annual maintenance cost savings	(\$500)
Hydropneumatic Tank Replacements at Wells	Annual maintenance cost savings	(\$500)
Total		\$159,000

Note: This list represents projects that were approved for funding in FY 22/23 that have a known and quantifiable impact on the Town's operating budget. For a complete list of funded projects, please see the Project Descriptions section of this document.

Capital Improvement Program Summary

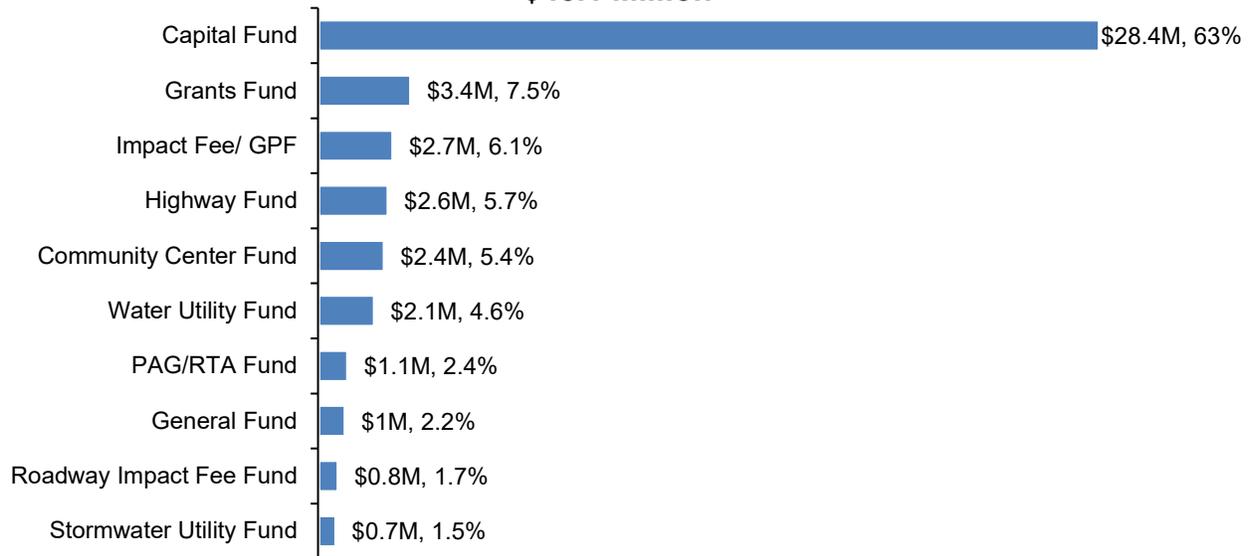
Projects included in the FY 2022/23 CIP reflect the combined efforts of all Town departments as well as the Town Council and Oro Valley residents. The plan recognizes the added benefits the projects will bring to the Town, while understanding the fiscal requirements and obligations each of these projects will entail. The CIP is updated annually, and new projects may be included should additional funding sources be identified.

The FY 2022/23 CIP attempts to meet the priority needs of the community, at the same time maintaining financial sustainability in future years. The plan as submitted is financially feasible and many of the projects included can be expected to be complete before the end of the fiscal year. As Town priorities and policies change, it is imperative that the CIP remain fluid and undergo continual evaluation to ensure the projects and funding sources are in accordance with the Town Council priorities and policies.

The tables and documents provided on the following pages offer an in-depth view into the CIP budget and provide detailed information on the projects and the impact they have on the operating budget.

Fund	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28-2031/32	Total
General Fund	\$ 1,002,625	\$ 450,000	\$ 491,197	\$ 476,890	\$ 213,138	\$ 1,077,256	\$ 3,711,106
Highway Fund	2,562,000	2,880,000	4,775,000	4,323,000	4,684,000	11,406,000	30,630,000
Community Center Fund	2,426,200	1,364,500	345,000	511,500	100,000	9,470,000	14,217,200
Capital Fund	28,395,113	14,140,417	9,984,030	20,140,330	21,948,355	19,359,924	113,968,170
PAG/RTA	1,096,574	-	2,000,000	-	2,700,000	60,136,000	65,932,574
Impact Fee/ GPF	2,735,688	4,600,000	11,700,000	7,450,000	3,000,000	1,200,000	30,685,688
Roadway Impact Fee Fund	750,000	-	-	-	-	23,130,000	23,880,000
Water Utility Fund	2,066,790	1,566,050	1,817,132	1,558,245	1,679,393	11,340,416	20,028,026
Stormwater Utility Fund	660,513	-	569,865	386,445	-	100,000	1,716,823
Grants Fund	3,386,309	-	-	-	-	-	3,386,309
Total	\$ 45,081,812	\$ 25,000,967	\$ 31,682,223	\$ 34,846,411	\$ 34,324,886	\$ 137,219,596	\$ 308,155,896

FY 2022/23 by Fund
\$45.1 Million



Capital Improvement Plan | Projects by Category

CIP Project Listing by Category

* Denotes a project with carryforward funding from the prior year

	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	Grand Total
Parks & Recreation	25,787,717	10,759,500	4,231,000	961,500	2,235,000	4,372,800	985,000	5,100,000	6,304,000	1,656,000	62,392,517
Artificial Turf Installation at Community Center Entrance		82,500									82,500
Canada Golf Course Cart Path Repaving		300,000									300,000
CC Men's Jacuzzi to Outdoor Accessed Restroom	30,000	150,000									180,000
CC Parking Lot Reconstruction & Expansion	200,000	1,200,000									1,400,000
Community Center Elevator	750,000										750,000
Community Center Fire Alarm System Upgrade	25,000	270,000									295,000
Community Center flat roof surface replacement									1,600,000		1,600,000
Community Center Tennis / Pickleball Court Improvements	2,200,000										2,200,000
Conquistador Golf Course Cart Path Repaving	276,000										276,000
Conquistador Greens and Driving Range Floor Re-Grassing	95,000										95,000
CRC ADA Improvements	750,000										750,000
CRC Pool Deck and Equipment Renovation						100,000					100,000
CRC Renovation and Construction						600,000		3,000,000	3,000,000		6,600,000
Equipment Replacement (Golf Maintenance)	159,000	192,000	145,000	81,500							577,500
Golf Course Irrigation Phase 1 (Conquistador Course)	4,055,525										4,055,525
Golf Course Irrigation Phase 2 (La Cañada Course)	2,350,000	2,000,000									4,350,000
Greenock Trail Improvements	56,000										56,000
Improved Landscape and Gathering Area at Aquatic Center				330,000							330,000
James D Kriegh Park Improvements*	21,500										21,500
James D Kriegh Park - Egleston Road Connection Parking lot						60,000	750,000				810,000
James D Kriegh Park - Field Lighting Replacement			1,000,000								1,000,000
James D Kriegh Park - North Area Improvements							78,000	975,000			1,053,000
James D Kriegh Park - North Parking Lot Improvements					375,000						375,000
James D Kriegh Park - Racquetball/Basketball Court Conversion						22,800	285,000	250,000			557,800
Life Cycle Equipment Replacement CRC	150,000										150,000
Life Cycle Replacement (Bunkers and Turf Reduction)	105,000	105,000									210,000
MUP – Phase I - La Cañada Dr. (Lambert Lane to Naranja Dr)	1,300,000										1,300,000
MUP – Phase II - Naranja Dr. (La Cañada Dr to Naranja Park entrance)	50,000	950,000									1,000,000
MUP - Phase III – Alignment (CDO wash to James D. Kriegh Park)			1,500,000								1,500,000
MUP Big Wash Trailhead Improvements						250,000					250,000
Naranja Park Archery Range - Paved Parking, Lights, Landscape									44,000	550,000	594,000
Naranja Park Entry Site Improvements			36,000	450,000							486,000
Naranja Park Master Plan Implementation	10,000,000	5,000,000									15,000,000
OVAC Competition Equipment Replacement	136,000										136,000
OVAC Diving Board and Dive Block Replacement										136,000	136,000
OVAC Olympic Pool Heater Replacement							500,000				500,000
OVAC Pool Replastering					200,000						200,000
OVAC Pump Room Upgrades	710,000										710,000
Park system sidewalk repair and ADA required improvements	100,000										100,000
Proctor/Lieber House Renovation						1,500,000					1,500,000
Pusch Ridge Course Investments		75,000									75,000
Pusch Ridge Facility ADA and Code Compliance	252,000	140,000									392,000

Capital Improvement Plan | Projects by Category

CIP Project Listing by Category

* Denotes a project with carryforward funding from the prior year

	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	Grand Total
Parks & Recreation (continued)											
Pusch Ridge Golf Cart Path Resurfacing	75,000										75,000
Pusch Ridge Tennis Court Lighting Replacement						300,000					300,000
Pusch Ridge Tennis Court Resurfacing	120,000									120,000	240,000
Pusch Ridge Tennis Landscape Improvements						250,000					250,000
Pusch Ridge Tennis Renovations Bleachers/Pad/Storage			100,000								100,000
Riverfront Park - Field Lighting Replacement						1,000,000					1,000,000
Riverfront Park - Parking Lot Expansion									60,000	750,000	810,000
Riverfront Park - Playground Renovation								500,000			500,000
Riverfront Park - ramada over sports courts							22,000	275,000			297,000
Riverfront Park - Sports Lighting						1,000,000					1,000,000
Steam Pump Ranch - New Northern Entry by Panhandle Stables/Event Space									1,500,000		1,500,000
Steam Pump Ranch - Tack Building		50,000	500,000								550,000
Steam Pump Ranch ADA Walkways and Patio		120,000									120,000
Steam Pump Ranch BBQ & Bunk House Renovations*	512,500										512,500
Steam Pump Ranch Garage*	909,192										909,192
Steam Pump Ranch Park Site Lighting		75,000	750,000								825,000
Steam Pump Ranch Pool Demo and landscape Restoration	50,000										50,000
Upgrade of the Existing Farmer's Market Structure			100,000								100,000
Vistoso Trails Nature Preserve Safety Improvements	350,000	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Public Facilities, Vehicles & Equipment	8,029,905	5,211,557	2,473,450	2,179,471	2,056,712	2,369,196	2,456,097	2,248,447	2,278,777	2,155,269	31,458,882
680 Admin Building Remodel*	121,752										121,752
680 Maintenance Yard Back-up Generator	155,000										155,000
680 Renovation for removal of Fleet and Ops - adding P&R						220,000					220,000
ABDG Fiber Project	3,310,000										3,310,000
Admin Restroom ADA Remodel		170,000									170,000
Administration Building Efficiency Renovation		500,000									500,000
Coronado K-8 Restroom Amphi Partnership	150,000										150,000
Equipment Replacement Program	175,000	255,000	648,000	289,500	260,500	368,000	418,500	403,000	204,000	178,500	3,200,000
Facility Maintenance Program	463,000	450,000	491,197	476,890	213,138	206,930	200,903	195,052	189,371	285,000	3,171,481
MOC Decommissioning						50,000					50,000
MOC Water and Transit flat roof surface replacement						70,000					70,000
Network Storage		50,000			50,000			50,000			150,000
Permitting Software Replacement*	111,787										111,787
Phone System Refresh	300,000								300,000		600,000
Public Works Operations Laydown Yard	325,000										325,000
Server OS Refresh					60,000					60,000	120,000
Staff Learning Management System (LMS)	100,000										100,000
Town Court Expansion	200,000	2,200,000									2,400,000
Town Hall Data Center Migration*	180,631										180,631
Town Hall Emergency Generator Replacements*	569,900										569,900
Town-Wide Drainage Study							100,000				100,000
Townwide IT Security Enhancements	50,000	50,000									100,000
Traffic Camera Video Recording System	60,000										60,000
TripSpark Passenger Portal Enhancement	76,309										76,309
Upgrade Desktop Operating Systems		200,000					200,000				400,000
Vehicle Replacement Program*	1,681,526	1,336,557	1,334,254	1,413,081	1,473,074	1,454,266	1,536,694	1,600,395	1,585,407	1,631,769	15,047,022

Capital Improvement Plan | Projects by Category

CIP Project Listing by Category

* Denotes a project with carryforward funding from the prior year

	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	Grand Total
Public Safety			4,090,000	18,000,000	18,000,000						40,090,000
Future Police Station			4,000,000	18,000,000	18,000,000						40,000,000
PD Full Spectrum Imaging System (FSIS)			90,000								90,000
Stormwater	660,513		386,445	386,445							1,433,403
Catalina Ridge Drainage Improvements	149,513										149,513
Sierra Wash @ Glover Road Culvert and Apron Rehabilitation				386,445							386,445
Sierra Wash @ Via Mandarin Culvert and Apron Rehabilitation				386,445							386,445
Sierra Wash Drainage Improvements*	511,000										511,000
Streets/Roads	5,836,199	2,979,910	7,061,327	4,428,995	7,493,174	26,931,450	36,853,823	3,149,298	17,773,877	10,560,563	123,068,615
First Avenue Bridge Deck Repair			2,000,000								2,000,000
First Avenue Mill /Overlay (CDO Bridge to Tangerine Rd.)			1,695,000								1,695,000
HAWK Signalized Crossing from Naranja Drive at IRHS	400,000										400,000
Illuminated Street Signs		60,500									60,500
La Cañada Mill/Overlay (Tangerine Rd to Moore Rd)	712,000										712,000
La Cañada Bridge Deck Repair				2,300,000							2,300,000
La Cañada Drive (CDO Bridge to Lambert Lane)		526,000									526,000
La Cañada Drive Phase III (Naranja Dr. to Tangerine Rd.)				678,000							678,000
Lambert Lane Reconstruction (La Cholla to west Town Limits)		388,000									388,000
Lambert Lane Widening (Shannon Rd to Rancho Sonora Dr)							17,246,000				17,246,000
Lambert Ln, 0.5 mi. E of Shannon-Rancho Sonora							17,280,000				17,280,000
Linda Vista Blvd Safety (Calle Buena Vista to Oracle Rd)										3,121,000	3,121,000
Moore Rd La Cholla Blvd Intersection						900,000					900,000
Moore Road Widen (La Cholla Blvd to La Cañada Drive)									9,417,000		9,417,000
Naranja Dr. Widening (La Cholla Bl. to 1st Ave.)										3,394,000	3,394,000
Naranja Drive II Widening (Shannon Rd to Ironwood Ridge High School)						6,788,000					6,788,000
Oracle Rd & Rams Field Intersection								750,000			750,000
Palisades Road Widening (1st Ave to 1 mile east)									5,886,000		5,886,000
Pavement Preservation - Non Roadways	97,000	99,910	102,907	105,995	109,174	112,450	115,823	119,298	122,877	126,563	1,111,996
Pavement Preservation - Roadways	1,850,000	1,905,500	1,964,000	2,023,000	2,084,000	2,147,000	2,212,000	2,280,000	2,348,000	2,419,000	21,232,500
Pomegranate Drive - Drainage Improvement and Roadway Stabilization			183,420								183,420
Rancho Vistoso & Woodburne Intersection	750,000										750,000
Rancho Vistoso Blvd Bridge Deck Repair					2,700,000						2,700,000
Rancho Vistoso Blvd Mill/Overlay (Moore Rd to Tangerine Rd)										1,500,000	1,500,000
RTA Wildlife Fencing*	621,574										621,574
Shannon Rd, Tangerine Rd-Naranja Dr						4,200,000					4,200,000
Shannon Road Pavement Reconstruct and Overlay	791,000										791,000
Shannon Road Widening - Lambert Lane to Tangerine Road						12,784,000					12,784,000
Sun City Light Circuit (last circuit)			438,000								438,000
Tangerine Road Mill/Overlay (La Cañada Dr. to Oracle Rd.)					2,600,000						2,600,000
Transportation Art by Youth (TABY) Grant*	75,000										75,000
Westward Look Drive Improvements*	539,625										539,625

Capital Improvement Plan | Projects by Category

CIP Project Listing by Category

* Denotes a project with carryforward funding from the prior year

	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	Grand Total
Water System	4,767,478	6,050,000	13,440,000	8,890,000	4,540,000	2,565,000	3,365,000	2,365,000	1,865,000	1,865,000	49,712,478
ADC Truck and Trailer	85,000										85,000
Booster Station HP Tank Replacement	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,500,000
Booster Station Rehabilitation	200,000	200,000	400,000	50,000	50,000	250,000	250,000	250,000	250,000	250,000	2,150,000
EI Con/EI Camino Diestro main and valve replacement*	250,000										250,000
Forebay reservoir at Shannon & Naranja	775,000	725,000									1,500,000
Instrumentation Replacement	200,000	200,000	200,000	500,000	500,000	700,000	700,000	700,000	700,000	700,000	5,100,000
La Canada Booster Station Expansion*	200,000	2,000,000									2,200,000
La Posada Replacement Well*	585,688										585,688
NWRRDS Booster Station Construction (2,500 gpm = 4000 acft / year)	775,000	775,000									1,550,000
NWRRDS D-Zone Blending Water Interconnection to Shannon	50,000	200,000									250,000
NWRRDS E-Zone interconnect to Tangerine		500,000	300,000								800,000
NWRRDS E-Zone interconnection to Naranja		400,000	100,000								500,000
NWRRDS Forebay, reservoir construction			3,000,000	1,000,000							4,000,000
NWRRDS Pipeline construction (recovered water & Transmission)			2,100,000	1,050,000	1,000,000						4,150,000
Palisades Area Supply Redundancy	50,000	250,000	250,000								550,000
Pipeline Construction (NWRRDS Booster Station to La Canada Reservoir)			4,000,000	4,000,000	2,000,000						10,000,000
Reservoir Relining	200,000	200,000	200,000	200,000	200,000	225,000	225,000	225,000	225,000	225,000	2,125,000
SCADA Equipment IT	300,000										300,000
Shannon Road Boosters NWRRDS OWWU	50,000		1,000,000	1,000,000							2,050,000
Steam Pump Well Drill and Construction*	300,000										300,000
Utility Billing Software*	18,640										18,640
Water Control System Operations New Vehicle	70,000										70,000
Water Meters- New Connections (based on 210 meters per year)	208,150	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,558,150
Water Plant 14 Booster Capacity Expansion (Design/Construction)						200,000	1,000,000				1,200,000
Well D-8 Replacement (Design/Permit/Construction/ Equipping)						100,000	500,000	500,000	500,000		1,600,000
Well Equipping, TRICO power to sites and associated tasks			1,200,000	400,000							1,600,000
Well HP Tank Replacement (1 Tank per year)	150,000	150,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	1,660,000
Well Rehabilitation (2 wells per year)	150,000	150,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	2,060,000
Total	45,081,812	25,000,967	31,682,223	34,846,411	34,324,886	36,238,446	43,659,920	12,862,744	28,221,654	16,236,832	308,155,896

Capital Improvement Program | Project Descriptions – Parks & Recreation

CC Men's Jacuzzi to Outdoor Accessed Restroom

Description: Two year design/construction project for outdoor restroom. Converting unused and boarded up Men's locker room jacuzzi into an outdoor restroom will benefit community center users.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Community Center Fund	-	30,000	150,000	-	-	-	-	180,000
Total:	-	30,000	150,000	-	-	-	-	180,000

CC Parking Lot Reconstruction & Expansion

Description: Resurface and redesign of the Community Center parking lot for increased capacity. This project will maintain the parking and increase parking capacity to accommodate more visitors.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Bond Financing	10,288	200,000	1,200,000	-	-	-	-	1,410,288
Total:	10,288	200,000	1,200,000	-	-	-	-	1,410,288

Community Center Elevator

Description: Design and construction of an elevator at the Town's Community Center increase accessibility to the facility.



Operating Budget Impact: Unknown until final designs are complete

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	750,000	-	-	-	-	-	750,000
Total:	-	750,000	-	-	-	-	-	750,000

Capital Improvement Program | Project Descriptions – Parks & Recreation

Community Center Fire Alarm System Upgrade

Description: Upgrade the fire alarm system at the Community and Recreation Center. The current fire alarm system is obsolete and requires replacement



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Community Center Fund	-	25,000	270,000	-	-	-	-	295,000
Total:	-	25,000	270,000	-	-	-	-	295,000

Community Center Tennis / Pickleball Court Improvements

Description: Reconstruction of tennis and pickleball courts using post-tension concrete. This project will provide more durable, long-lasting play surfaces.



Operating Budget Impact: Anticipate savings on annual resurfacing costs

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Bond Financing	553,898	1,446,102	-	-	-	-	-	2,000,000
General Fund	-	753,898	-	-	-	-	-	753,898
Total:	553,898	2,200,000	-	-	-	-	-	2,753,898

Conquistador Golf Course Cart Path Repaving

Description: Crack repair and repaving of the Conquistador Golf Course cart path.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Community Center Fund	-	276,000	-	-	-	-	-	276,000
Total:	-	276,000	-	-	-	-	-	276,000

Capital Improvement Program | Project Descriptions – Parks & Recreation

Conquistador Greens and Driving Range Floor Re-Grassing

Description: The existing bent-grass greens will be removed and replaced with bermuda grass. Bermuda grass uses less water and fertilizer than. Bermuda grass on the driving range will also reduce dust levels



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Community Center Fund	-	95,000	-	-	-	-	-	95,000
Total:	-	95,000	-	-	-	-	-	95,000

CRC ADA Improvements

Description: Various accessibility modifications and improvements to the community center. This will comply with the Americans with Disabilities Act (ADA) by making the center more accessible to individuals with disabilities.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Community Center Fund	-	750,000	-	-	-	-	-	750,000
Total:	-	750,000	-	-	-	-	-	750,000

Equipment Replacement (Golf Maintenance)

Description: Replace eight workman vehicles. The workman vehicles currently used to transport materials throughout the golf course have reached the end of their useful lives.



Operating Budget Impact: Reduced maintenance costs of golf maintenance equipment

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Community Center Fund	-	159,000	192,000	145,000	81,500	-	-	577,500
Total:	-	159,000	192,000	145,000	81,500	-	-	577,500

Capital Improvement Program | Project Descriptions – Parks & Recreation

Golf Course Irrigation Phase 1 (Conquistador Course)

Description: Irrigation system improvements to the 18-hole Conquistador golf course.



Operating Budget Impact: \$25,000 Estimated yearly water and utility savings (Phase 1 and 2 combined)

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Bond Financing	574,475	1,998,211	-	-	-	-	-	2,572,686
Community Center Fund Balance	-	2,057,314	-	-	-	-	-	2,057,314
Total:	574,475	4,055,525	-	-	-	-	-	4,630,000

Golf Course Irrigation Phase 2 (Cañada Course)

Description: Irrigation system improvements to the 18-hole La Canada golf course. Construction to take place over two fiscal years.



Operating Budget Impact: \$25,000 estimated yearly water and utility savings (Phase 1 and 2 combined)

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
ARPA	-	2,350,000	2,000,000	-	-	-	-	4,350,000
Total:	-	2,350,000	2,000,000	-	-	-	-	4,350,000

Greenock Trail Improvements

Description: Create a trail connection from the Canada del Oro pedestrian bridge to Greenock Drive



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	3,800	56,000	-	-	-	-	-	59,800
Total:	3,800	56,000	-	-	-	-	-	59,800

Capital Improvement Program | Project Descriptions – Parks & Recreation

James D Kreigh Park Improvements

Description: Improves and updates existing an existing playground at the park, adds water fountains, and replaces benches and tables. Current structures are over 20 years old and new structures will improve safety and accessibility



Operating Budget Impact: \$500 increased maintenance costs

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	407,335	21,500	-	-	-	-	-	428,835
Total:	407,335	21,500	-	-	-	-	-	428,835

Life Cycle Equipment Replacement CRC

Description: Replace current out-of-date circuit strength equipment with new, modern equipment. Updating the center's circuit strength training equipment would help retain current members and attract prospective new members.



Operating Budget Impact: Reduced maintenance costs

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Community Center Fund	-	150,000	-	-	-	-	-	150,000
Total:	-	150,000	-	-	-	-	-	150,000

Life Cycle Replacement (Bunkers and Turf Reduction)

Description: Will remove existing turf around tee boxes and some fairways and replace with native grass/hydroseed. Bunker sand will be added to existing bunkers. Adding bunker sand will increase playability.



Operating Budget Impact: Reduced water costs

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Community Center Fund	-	105,000	105,000	-	-	-	-	210,000
Total:	-	105,000	105,000	-	-	-	-	210,000

Capital Improvement Program | Project Descriptions – Parks & Recreation

MUP – Phase I - La Cañada Dr. (Lambert Lane to Naranja Dr)

Description: Construct approx. 1 mile of multi-use path along La Canada Drive from Lambert Lane to Naranja Drive. Council direction regarding bond funded projects



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Bond Financing	-	1,280,000	-	-	-	-	-	1,280,000
General Fund	-	20,000	-	-	-	-	-	20,000
Total:	-	1,300,000	-	-	-	-	-	1,300,000

MUP – Phase II - Naranja Dr. (La Cañada Dr to Naranja Park entrance)

Description: Construct approx. 0.7 mile of multi-use path along W. Naranja Drive from La Canada to the Naranja Park entrance. Council direction regarding bond funded projects.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Bond Financing	-	50,000	950,000	-	-	-	-	1,000,000
Total:	-	50,000	950,000	-	-	-	-	1,000,000

Naranja Park Master Plan Implementation

Description: Multi-year project covering earthwork, two oversized multi-use fields, splash pad, basketball courts, pickleball courts, restrooms, parking, entry road, paths and landscape.



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Bond Financing	1,905,519	10,000,000	3,094,481	-	-	-	-	15,000,000
General Fund	-	-	1,905,519	-	-	-	-	1,905,519
Total:	1,905,519	10,000,000	5,000,000	-	-	-	-	16,905,519

Capital Improvement Program | Project Descriptions – Parks & Recreation

OVAC Competition Equipment Replacement

Description: This project replaces four diving boards and twenty dive blocks at the Oro Valley Aquatic Center. The diving boards and dive blocks have reached the end of their useful life and need to be replaced for safety



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	136,000	-	-	-	-	-	136,000
Total:	-	136,000	-	-	-	-	-	136,000

OVAC Pump Room Upgrades

Description: This project replaces and upgrades the pool filter system for both the olympic and recreation pools at the Oro Valley Aquatic Center as well as sanitary improvements and new heater for the recreation pool.



Operating Budget Impact: Anticipated reduction in pool maintenance costs

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	710,000	-	-	-	-	-	710,000
Total:	-	710,000	-	-	-	-	-	710,000

Park System Sidewalk Repair and ADA Required Improvements

Description: This project repairs broken and raised sidewalks and constructs ADA connections at James D. Kreigh and Riverfront parks to improve safety and accessibility .



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	100,000	-	-	-	-	-	100,000
Total:	-	100,000	-	-	-	-	-	100,000

Capital Improvement Program | Project Descriptions – Parks & Recreation

Pusch Ridge Facility ADA and Code Compliance

Description: Reconfiguration of the Push Ridge facility parking and pedestrian approach to meet or exceed ADA and code requirements. Resurface the roof at the Pusch Ridge facility and repair or replace the roof drains.



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	252,000	140,000	-	-	-	-	392,000
Total:	-	252,000	140,000	-	-	-	-	392,000

Pusch Ridge Golf Cart Path Resurfacing

Description: Crack repair and surface treatment of the Pusch Ridge Golf Course cart paths



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	75,000	-	-	-	-	-	75,000
Total:	-	75,000	-	-	-	-	-	75,000

Pusch Ridge Tennis Court Resurfacing

Description: Crack repair, resurfacing and repainting of asphalt tennis courts at the Pusch Ridge tennis courts. Completion of this project will ensure a high quality and consistent play surface for members and residents as well as regional and national tournaments that use the facility.



Operating Budget Impact: Avoidance of future costly reconstruction and potential liability

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
Community Center Fund	-	120,000	-	-	-	-	120,000	240,000
Total:	-	120,000	-	-	-	-	120,000	240,000

*Resurfacing will need to be re-done every nine years. Total project costs show here is reflecting two resurfacing within the 10-year CIP plan

Capital Improvement Program | Project Descriptions – Parks & Recreation

Steam Pump Ranch BBQ & Bunk House Renovations

Description: Preservation and restoration of Barbeque and Bunk House building on Steam Pump Ranch property. Preserve and restore two buildings in need of repair



Operating Budget Impact: Potential for reduced maintenance costs as buildings are repaired

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	39,940	512,500	-	-	-	-	-	552,440
Total:	39,940	512,500	-	-	-	-	-	552,440

Steam Pump Ranch Garage

Description: Restoration of historically significant building (garage) at Steam Pump Ranch. Project will allow for the Recreation & Culture division to move to Steam Pump Ranch and allow the facility to be open six days a week. Project will add indoor recreation space



Operating Budget Impact: \$2,500 increase to annual operating costs

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	353,317	909,192	-	-	-	-	-	1,262,509
Total:	353,317	909,192	-	-	-	-	-	1,262,509

Steam Pump Ranch Pool Demo and landscape Restoration

Description: The Steam Pump ranch swimming pool and surrounding decking/walls will be demolished. The area will be rehabilitated as outdoor performance and event space. This project was recommended by the Steam Pump Ranch master plan.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	50,000	-	-	-	-	-	50,000
Total:	-	50,000	-	-	-	-	-	50,000

Capital Improvement Program | Project Descriptions – Parks & Recreation

Vistoso Trails Nature Preserve Safety Improvements

Description: Vistoso Trails initial site clean up including weed, invasive grasses and dead tree removal, trail accessibility and restoring restrooms to working condition. Significant work is required to ensure public safety and access to this golf course.

Operating Budget Impact: Approx \$100k operating and maintenance cost annually



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
General Fund	-	350,000	50,000	100,000	100,000	100,000	500,000	1,200,000
Total:	-	350,000	50,000	100,000	100,000	100,000	500,000	1,200,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Capital Improvement Program | Project Descriptions – Public Facilities, Vehicles & Equipment

680 Admin Building Remodel

Description: Remodel and update of the Town's administration offices for increased staff space usage. Project will be done in tandem with the addition of the 3rd maintenance bay and will allow for increased service levels for Fleet and Facility Maintenance



Operating Budget Impact: No additional costs at this time

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	24,810	121,752	-	-	-	-	-	146,562
Total:	24,810	121,752	-	-	-	-	-	146,562

680 Maintenance Yard Back-up Generator

Description: Install a back-up generator to power the maintenance yard. This will allow maintenance operations to continue during power outages and mitigate interruption of Town services



Operating Budget Impact: Anticipated reduction of future ongoing operating costs

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	155,000	-	-	-	-	-	155,000
Total:	-	155,000	-	-	-	-	-	155,000

ABDG Fiber Project

Description: Establish a fiber optic network to expand broadband services in the Town. A fast and affordable internet network is critical to Oro Valley's ability to attract, grow and retain primary employers and expand job opportunities

Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Arizona Broadband Development Grant	-	2,860,000	-	-	-	-	-	2,860,000
General Fund	-	450,000	-	-	-	-	-	450,000
Total:	-	3,310,000	-	-	-	-	-	3,310,000

Capital Improvement Program | Project Descriptions – Public Facilities, Vehicles & Equipment

Coronado K-8 Restroom Amphi Partnership

Description: Install a prefabricated restroom building for use at the Coronado K-8 sports fields. This item was determined to be the highest priority following discussions between the Town and Oro Valley Little League who use these fields as their home site. There currently are no permanent onsite restrooms, a portable toilet is the only facility onsite.

Operating Budget Impact: Future maintenance to be determined

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	150,000	-	-	-	-	-	150,000
Total:	-	150,000	-	-	-	-	-	150,000

Equipment Replacement Program

Description: Replacement of aging backhoe loader. Current equipment is near end of life. Future years will replace various heavy equipment as it reaches end of life.

Operating Budget Impact: Decreased costs associated with equipment maintenance



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
General Fund	-	175,000	255,000	648,000	289,500	260,500	1,572,000	3,200,000
Total:	-	175,000	255,000	648,000	289,500	260,500	1,572,000	3,200,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Facility Maintenance Program

Description: Maintenance and rehabilitation of Town owned facilities. Annual repair and maintenance of Town owned facilities and assets are crucial to maintain and extend the useful life of the asset

Operating Budget Impact: No changes in operating costs anticipated



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
General Fund	-	463,000	450,000	491,197	476,890	213,138	1,077,256	3,171,481
Total:	-	463,000	450,000	491,197	476,890	213,138	1,077,256	3,171,481

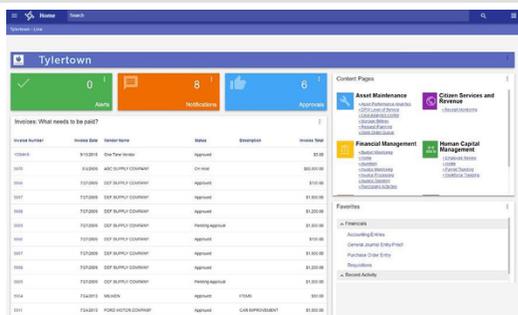
*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Capital Improvement Program | Project Descriptions – Public Facilities, Vehicles & Equipment

Permitting Software Replacement

Description: Replacement of the Town's permitting system. The current permit system has no planned future development and is in an "as is" state until end of life. Replacing the permitting and code enforcement software will allow growth with Oro Valley's technical needs.

Operating Budget Impact: \$15,000 annual maintenance cost



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	102,063	111,787	-	-	-	-	-	213,850
Total:	102,063	111,787	-	-	-	-	-	213,850

Phone System Refresh

Description: Replace the existing telephone system with an updated system. Replacing the current telephone system would leverage newer technologies including cloud services for telephone service.

Operating Budget Impact: Unknown at this time



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
General Fund	-	300,000	-	-	-	-	300,000	600,000
Total:	-	300,000	-	-	-	-	300,000	600,000

*Total project costs show here is reflecting two refreshes within the 10-year CIP plan.

Public Works Operations Laydown Yard

Description: Building a public works operational storage yard for street maintenance. Road Maintenance currently operates out of three facilities, one of these being at Naranja Park. The expansion of Naranja Park will occupy the space used by operations requiring operations to relocate.

Operating Budget Impact: None anticipated



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	325,000	-	-	-	-	-	325,000
Total:	-	325,000	-	-	-	-	-	325,000

Capital Improvement Program | Project Descriptions – Public Facilities, Vehicles & Equipment

Staff Learning Management System (LMS)

Description: Implement a Town-wide Learning Management System. This project would provide one location for all employee training, training records and content. The system would allow for tracking of mandatory and elective training



Operating Budget Impact: Decrease in HR and managerial time monitoring training

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	100,000	-	-	-	-	-	100,000
Total:	-	100,000	-	-	-	-	-	100,000

Town Court Expansion

Description: Design for the Town Court building expansion. The current court building is too small to accommodate needs



Operating Budget Impact: Minimal utility and maintenance cost increases with expanded building

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	200,000	2,200,000	-	-	-	-	2,400,000
Total:	-	200,000	2,200,000	-	-	-	-	2,400,000

Town Hall Data Center Migration

Description: Migrate the Town data center and facilities to the Police facility building. Data center at the Police facility is more appropriate from a security and reliability perspective.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	149,448	180,631	-	-	-	-	-	330,079
Total:	149,448	180,631	-	-	-	-	-	330,079

Town Hall Emergency Generator Replacements

Description: Replace aging backup generators. Current generators at Town Hall have questionable reliability in the event of prolonged power outages. Replacement will allow town to maintain continuity of operations when power is interrupted



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	179,340	569,900	-	-	-	-	-	749,240
Total:	179,340	569,900	-	-	-	-	-	749,240

Townwide IT Security Enhancements

Description: Continued security enhancements, access control, camera monitoring and storage of data. Improved IT security is needed to ensure safety and continuity of operations



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	50,000	50,000	-	-	-	-	100,000
Total:	-	50,000	50,000	-	-	-	-	100,000

Traffic Camera Video Recording System

Description: Establish a recording server for the Town of Oro Valley signalized intersections. By establishing our own recording server we can improve the reliability and accessibility to these cameras .



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	60,000	-	-	-	-	-	60,000
Total:	-	60,000	-	-	-	-	-	60,000

Capital Improvement Program | Project Descriptions – Public Facilities, Vehicles & Equipment

TripSpark Passenger Portal Enhancement

Description: Purchase TripSpark Passenger Portal. This will allow for community riders to interface with a web-based application to schedule and manage their rides



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
ADOT grant	-	61,047	-	-	-	-	-	61,047
General Fund	-	15,262	-	-	-	-	-	15,262
Total:	-	76,309	-	-	-	-	-	76,309

Vehicle Replacement Program

Description: Annual replacement of vehicles across Town departments. Replacement of aging fleet helps control vehicle repair and maintenance costs. Vehicle reserves are set aside annually to fund replacements



Operating Budget Impact: Reduced maintenance costs as aging vehicles are replaced

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
General Fund	-	1,443,526	1,147,383	1,145,406	1,213,076	1,264,578	6,703,325	12,917,295
Highway Fund	-	203,000	161,354	161,076	170,592	177,835	942,674	1,816,532
Water Utility Fund	-	35,000	27,820	27,772	29,412	30,661	162,530	313,195
Total:	-	1,681,526	1,336,557	1,334,254	1,413,081	1,473,074	7,808,530	15,047,022

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32. Vehicle replacements are evaluated annually based on actual fleet conditions. As such, future costs may change by total amount and funding sources.

Capital Improvement Program | Project Descriptions – Stormwater

Catalina Ridge Drainage Improvements

Description: Drainage improvements to a portion of the Catalina Ridge drainageway north of Lambert Lane including armoring of the channel bottom, grade control and toe down structure to arrest erosion. The drainage channel is experiencing significant erosion which could impact the roadway.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Stormwater Fund	-	149,513	-	-	-	-	-	149,513
Total:	-	149,513	-	-	-	-	-	149,513

Sierra Wash Drainage Improvements

Description: Reconstruction of riprap apron extension at the outlet of Naranja Drive conveying Sierra Wash. Current erosion at this location is placing the roadway and utilities at risk for failure.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Stormwater Fund	-	511,000	-	-	-	-	-	511,000
Total:	-	511,000	-	-	-	-	-	511,000

Capital Improvement Program | Project Descriptions – Streets/Roads

HAWK Signalized Crossing from Naranja Drive at IRHS

Description: Installation of a HAWK pedestrian signal to provide a controlled crossing for students of Ironwood Ridge High School. Will further increase the safety of students crossing the street as it provides both a vehicular traffic stop as well as increased pedestrian visibility



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	400,000	-	-	-	-	-	400,000
Total:	-	400,000	-	-	-	-	-	400,000

La Cañada Mill/Overlay (Tangerine Rd to Moore Rd)

Description: Mill the upper two inches of asphalt rubber pavement and repave with conventional asphalt pavement. The asphalt rubber wearing course has reached the end of lifecycle.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
HURF	-	712,000	-	-	-	-	-	712,000
Total:	-	712,000	-	-	-	-	-	712,000

Pavement Preservation - Non Roadways

Description: Surface treatment to Town parking lot facilities and multi-use paths. Project will preserve the Town's assets and extend useful life.



Operating Budget Impact: Maintaining adequate funding for this program prevents future costly roadway reconstruction and rehabilitation.

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
General Fund	-	97,000	99,910	102,907	105,995	109,174	597,010	1,111,996
Total:	-	97,000	99,910	102,907	105,995	109,174	597,010	1,111,996

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Capital Improvement Program | Project Descriptions – Streets/Roads

Pavement Preservation - Roadways

Description: Perform annual roadway and multi-use path surface treatments per the Town's pavement preservation and management program. Enhances and improves the roadway system, maintains current overall condition index (OCI) rating, meeting key elements of the General and Strategic Plans.



Operating Budget Impact: Maintaining adequate funding for this program prevents future costly roadway reconstruction and rehabilitation.

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
Highway Fund	-	1,850,000	1,905,500	1,964,000	2,023,000	2,084,000	11,406,000	21,232,500
Total:	-	1,850,000	1,905,500	1,964,000	2,023,000	2,084,000	11,406,000	21,232,500

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Rancho Vistoso & Woodburne Intersection

Description: A developer may be reconstructing this problematic intersection. This intersection is identified in the Town's Infrastructure Improvement Plan (IIP) as one of the projects used to determine growth development fee rates. As such, it is eligible to receive its share of collected development impact fees.



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Road Impact Fees*	-	750,000	-	-	-	-	-	750,000
Total:	-	750,000	-	-	-	-	-	750,000

*Since it is eligible to receive up to \$750,000 in impact fees, a portion of this amount will be derived through issuing Impact fee credits to the developer. However those credits will not cover the entire development impact fund contribution. The Town will contribute the difference toward the construction of the intersection up to Town's Infrastructure Improvement Plan (IIP)

RTA Wildlife Fencing

Description: Install wildlife fencing near the SR 77 right-of-way to funnel wildlife to the crossings previously built. Additional fencing is needed at strategic locations along the corridor to funnel wildlife to the crossing structures



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
RTA Funding	6,543	621,574	-	-	-	-	-	628,117
Total:	6,543	621,574	-	-	-	-	-	628,117

Capital Improvement Program | Project Descriptions – Streets/Roads

Shannon Road Pavement Reconstruct and Overlay

Description: Remove and replace fatigued asphalt pavement sections and applying a two-inch asphalt overlay. The asphalt pavement has reached the end of lifecycle and needs to be replaced



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	-	791,000	-	-	-	-	-	791,000
Total:	-	791,000	-	-	-	-	-	791,000

Transportation Art by Youth (TABY) Grant

Description: Design and construct public art with the Town's right-of-way by local youth.



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
PAG Grant	-	75,000	-	-	-	-	-	75,000
Total:	-	75,000	-	-	-	-	-	75,000

Westward Look Drive Improvements

Description: Pavement replacement and landscape improvements along Westward Look Drive. Current asphalt does not meet Town standards and reconstruction is listed as part of annexation agreement with Westward Look Resort.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
General Fund	46,349	539,625	-	-	-	-	-	585,974
Total:	46,349	539,625	-	-	-	-	-	585,974

Capital Improvement Program | Project Descriptions – Water System

ADC Truck and Trailer

Description: Purchase and outfitting of a new vehicle for Oro Valley Water Utility's planned implementation of an Arizona Department of Corrections (ADC) work program. This will allow for skilled water professionals to focus on core functions associated with maintaining the existing infrastructure.



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Utility Fund	-	85,000	-	-	-	-	-	85,000
Total:	-	85,000	-	-	-	-	-	85,000

Booster Station HP Tank Replacement

Description: New 5,000 gallon tank to meet all American Society of Mechanical Engineers (ASME) certifications and standards



Operating Budget Impact: \$500 Decrease in annual maintenance costs

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	150,000	150,000	150,000	150,000	150,000	750,000	1,500,000
Total:	-	150,000	150,000	150,000	150,000	150,000	750,000	1,500,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Booster Station Rehabilitation

Description: Rehabilitate select booster stations to return the boosters to optimum operational efficiency and maintain system reliability



Operating Budget Impact: None anticipated

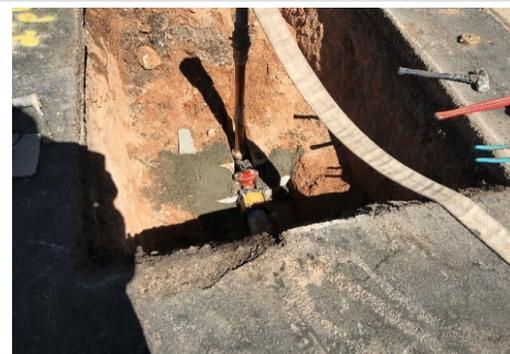
Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	200,000	200,000	400,000	50,000	50,000	1,250,000	2,150,000
Total:	-	200,000	200,000	400,000	50,000	50,000	1,250,000	2,150,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Capital Improvement Program | Project Descriptions – Water System

El Con/El Camino Diestro main and valve replacement

Description: Design and build a redundant water line for system reliability. This is a capital infrastructure investment for a more reliable and efficient distribution system



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Utility Fund	46,187	250,000	-	-	-	-	-	296,187
Total:	46,187	250,000	-	-	-	-	-	296,187

Forebay Reservoir at Shannon & Naranja

Description: Reservoir to store and blend Central Arizona Project (CAP) water and "D" Zone water prior to delivery to La Canada reservoir and booster station. This is a capital investment to deliver an additional four-thousand acres per foot a year of recovered CAP water to the Oro Valley Water Utility service area.

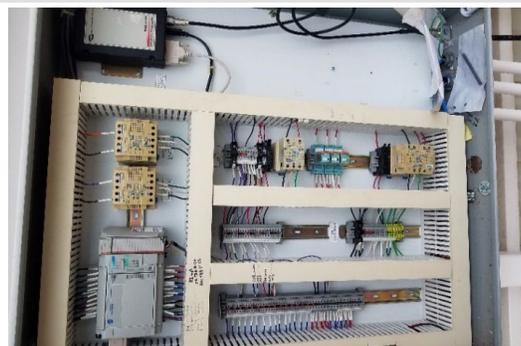


Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Impact Fees	-	775,000	725,000	-	-	-	-	1,500,000
Total:	-	775,000	725,000	-	-	-	-	1,500,000

Instrumentation Replacement

Description: Replacing aging instrumentation that is no longer compatible with newer Supervisory Control and Data Acquisition (SCADA) equipment



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	200,000	200,000	200,000	500,000	500,000	3,500,000	5,100,000
Total:	-	200,000	200,000	200,000	500,000	500,000	3,500,000	5,100,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Capital Improvement Program | Project Descriptions – Water System

La Cañada Booster Station Expansion

Description: Construct a sixteen-inch water main from the Shannon Road booster station to Naranja Road to serve "E" Zone. Capital investment to deliver an additional four-thousand acres per foot a year of recovered Central Arizona Project (CAP) water to the Oro Valley Water Utility service area.

Operating Budget Impact: None anticipated



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Impact Fees	827,767	200,000	2,000,000	-	-	-	-	3,027,767
Total:	827,767	200,000	2,000,000	-	-	-	-	3,027,767

La Posada Replacement Well

Description: Complete the equipping of the new well at the La Posada development at First Avenue and Lambert Lane. This project will replace lost well capacity, maintain healthy groundwater capacity during periods of increased summer demand and, in the event of CAP water outage, as a redundant system.

Operating Budget Impact: None anticipated



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Utility fund	499,381	-	-	-	-	-	-	499,381
Water Impact Fees	-	585,688	-	-	-	-	-	585,688
Total:	499,381	585,688	-	-	-	-	-	1,085,069

NWRRDS Booster Station Construction (2,500 gpm = 4000 acft / year)

Description: Oro Valley Water Utility independent booster from partnered forebay reservoir at Shannon Road

Operating Budget Impact: None anticipated



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Impact Fees	-	775,000	775,000	-	-	-	-	1,550,000
Total:	-	775,000	775,000	-	-	-	-	1,550,000

Capital Improvement Program | Project Descriptions – Water System

NWRRDS D-Zone Blending Water Interconnection to Shannon

Description: Design and build a "D" zone water line into Shannon Road reservoir/forebay prior to sending to La Canada reservoir and "E" zone



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Impact Fees	-	50,000	200,000	-	-	-	-	250,000
Total:	-	50,000	200,000	-	-	-	-	250,000

Palisades Area Supply Redundancy

Description: Design and build a redundant connection to the Palisades area for improved reliability

Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Utility Fund	-	50,000	250,000	250,000	-	-	-	550,000
Total:	-	50,000	250,000	250,000	-	-	-	550,000

Reservoir Relining

Description: Reservoir relining will include draining the reservoir, removing the existing lining, cleaning, applying the lining, disinfecting, filling and returning reservoir to service



Operating Budget Impact: None anticipated

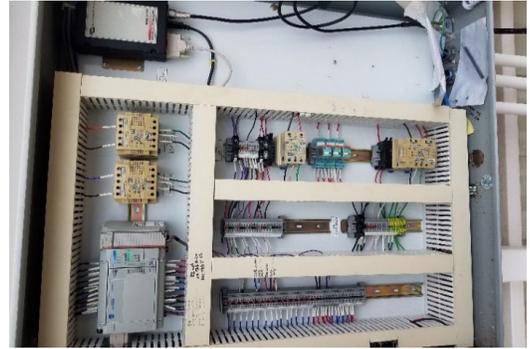
Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	200,000	200,000	200,000	200,000	200,000	1,125,000	2,125,000
Total:	-	200,000	200,000	200,000	200,000	200,000	1,125,000	2,125,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Capital Improvement Program | Project Descriptions – Water System

SCADA Equipment IT

Description: Replace aging and outdated hardware



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Utility Fund	-	300,000	-	-	-	-	-	300,000
Total:	-	300,000	-	-	-	-	-	300,000

Shannon Road Boosters NWRDRS OWU

Description: Construction of boosters to deliver water into "E" zone and to La Canada reservoir for delivery to "F" and "G" zones



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Impact Fees	-	50,000	-	1,000,000	1,000,000	-	-	2,050,000
Total:	-	50,000	-	1,000,000	1,000,000	-	-	2,050,000

Steam Pump Well Drill and Construction

Description: Well equipping and system tie-in for replacement of retiring wells.



Operating Budget Impact: Replacement of existing well; none anticipated

Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Utility Fund	8,822	-	-	-	-	-	-	8,822
Water Impact Fees	796,539	300,000	-	-	-	-	-	1,096,539
Total:	805,361	300,000	-	-	-	-	-	1,105,361

Capital Improvement Program | Project Descriptions – Water System

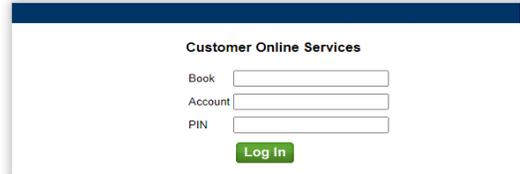
Utility Billing Software

Description: Procurement and implementation of a new water utility billing software. Purchase and implementation of a new water billing software to expand business module and customer account information.



ORO VALLEY, *it's in our nature*

Operating Budget Impact: \$67,000 annual software cost



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Utility Fund	376,978	18,640	-	-	-	-	-	395,618
Total:	376,978	18,640	-	-	-	-	-	395,618

Water Control System Operations New Vehicle

Description: Purchase and outfitting of a new vehicle for the Utility's Instrumentation and Control section

Operating Budget Impact: Reduced maintenance costs with a new vehicle



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future	Total Project Cost
Water Utility Fund	-	70,000	-	-	-	-	-	70,000
Total:	-	70,000	-	-	-	-	-	70,000

Water Meters- New Connections (based on 210 meters per year)

Description: Purchase meters for new water system connections based on two-hundred and ten meters per year

Operating Budget Impact: None anticipated



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	208,150	150,000	150,000	150,000	150,000	750,000	1,558,150
Total:	-	208,150	150,000	150,000	150,000	150,000	750,000	1,558,150

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Capital Improvement Program | Project Descriptions – Water System

Well HP Tank Replacement (1 Tank per year)

Description: New 5,000 gallon tank to meet all American Society of Mechanical Engineers (ASME) certifications and standards

Operating Budget Impact: \$500 decrease in annual maintenance costs with new tank



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	150,000	150,000	170,000	170,000	170,000	850,000	1,660,000
Total:	-	150,000	150,000	170,000	170,000	170,000	850,000	1,660,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

Well Rehabilitation (2 wells per year)

Description: Remove existing pumping unit, rehabilitate the existing well casing and install new pumping unit

Operating Budget Impact: None anticipated



Funding Sources	Expended Through 06/22	2022/23 Adopted	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	150,000	150,000	220,000	220,000	220,000	1,100,000	2,060,000
Total:	-	150,000	150,000	220,000	220,000	220,000	1,100,000	2,060,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2031/32.

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APPENDIX

Resolution Adoption
Auditor General Statements
Glossary



Official Budget Forms

Town of Oro Valley

Fiscal year 2023

RESOLUTION NO. (R)22-28

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, APPROVING THE ADOPTION OF THE BUDGET OF THE TOWN OF ORO VALLEY FOR THE FISCAL YEAR 2022-2023; AND DIRECTING THE TOWN MANAGER, TOWN CLERK, TOWN LEGAL SERVICES DIRECTOR, OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION

WHEREAS, on June 1, 2022, in accordance with Arizona Revised Statutes §§ 42-17101 and 42-17102, the Town authorized an estimate of the different amounts required to meet the public expenditures for the ensuing year, an estimate of revenues from sources other than direct taxation and the amount to be raised by taxation upon real and personal property of the Town of Oro Valley; and

WHEREAS, after notice of a public hearing in accordance with Arizona Revised Statutes §§ 42-17103, 42-17104 and 42-17105, the Council met on June 1, 2022, at which time any taxpayer was entitled to appear and be heard in favor of or against any of the proposed expenditures or tax levies before the Council adopted the estimates of the proposed expenditures, constituting the budget of the Town of Oro Valley for the Fiscal Year 2022-2023; and

WHEREAS, the Town has not levied a primary property tax, therefore the terms of § 42-17051(A) do not apply or limit the Oro Valley budget process; and

WHEREAS, it is in the best interest of the Town of Oro Valley to approve the estimates and expenditures/expenses shown on the accompanying schedules for the Fiscal Year 2022-2023.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley, Arizona, that:

SECTION 1. The said estimates of revenues and expenditures/expenses shown on the accompanying schedules, as now increased, reduced or changed, are hereby adopted and approved as the budget of the Town of Oro Valley for the Fiscal Year 2022-2023 in the amount of \$147,704,287.

SECTION 2. That the Mayor and Council of the Town of Oro Valley are hereby authorized to take such steps as are necessary to execute and implement the budget for the Fiscal Year 2022-2023.

SECTION 3. The Town Manager, Town Clerk, Town Legal Services Director, or their duly authorized officers and agents are hereby authorized and directed to take all steps necessary to carry out the purposes and intent of this resolution.

SECTION 4. All Oro Valley resolutions or motions and parts of resolutions or motions of the Council in conflict with the provision of this Resolution are hereby repealed.

SECTION 5. If any section, subsection, sentence, clause, phrase or portion of this Resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona this 15th day of June 2022.

TOWN OF ORO VALLEY, ARIZONA

E-SIGNED by Joseph C. Winfield
on 2022-06-16 17:41:40 GMT

Joseph C. Winfield, Mayor

ATTEST:

E-SIGNED by Michael Standish
on 2022-06-16 18:34:12 GMT

Michael Standish, Town Clerk

Date: _____

APPROVED AS TO FORM:

E-SIGNED by Tobin Sidles
on 2022-06-16 17:46:51 GMT

Tobin Sidles, Legal Services Director

Date: _____

Town of Oro Valley
Summary Schedule of estimated revenues and expenditures/expenses
Fiscal year 2023

Fiscal year	S c h	Funds									
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total all funds		
2022	Adopted/adjusted budgeted expenditures/expenses*	E	1	58,852,580	12,863,384	21,325,445	42,515,738	-	21,905,045	4,494,317	161,956,509
2022	Actual expenditures/expenses**	E	2	52,867,501	9,989,273	19,498,236	8,666,484	-	20,204,825	3,792,996	115,019,315
2023	Beginning fund balance/(deficit) or net position/(deficit) at July 1***		3	26,364,371	6,912,989	163,661	51,464,177	-	11,499,146	2,404,515	98,808,859
2023	Primary property tax levy	B	4	-	-	-	-	-	-	-	-
2023	Secondary property tax levy	B	5	-	-	-	-	-	-	-	-
2023	Estimated revenues other than property taxes	C	6	50,738,991	22,993,532	130,588	4,160,075	-	20,201,000	3,764,477	101,988,663
2023	Other financing sources	D	7	-	-	-	-	-	-	-	-
2023	Other financing (uses)	D	8	-	-	-	-	-	-	-	-
2023	Interfund transfers in	D	9	-	898,012	4,200,971	16,217,314	-	5,378,000	-	26,694,297
2023	Interfund Transfers (out)	D	10	16,446,977	9,463,380	-	121,500	-	662,440	-	26,694,297
2023	Line 11: Reduction for fund balance reserved for future budget year expenditures										
	Maintained for future debt retirement		11								
	Maintained for future capital projects										
	Maintained for future financial stability										
2023	Total financial resources available		12	60,656,385	21,341,153	4,495,220	71,720,066	-	36,415,706	6,168,992	200,797,522
2023	Budgeted expenditures/expenses	E	13	53,073,483	22,979,140	4,441,059	40,033,234	-	22,912,894	4,264,477	147,704,287

Expenditure limitation comparison		2022	2023
1	Budgeted expenditures/expenses	\$ 161,956,509	\$ 147,704,287
2	Add/subtract: estimated net reconciling items		
3	Budgeted expenditures/expenses adjusted for reconciling items	161,956,509	147,704,287
4	Less: estimated exclusions		
5	Amount subject to the expenditure limitation	\$ 161,956,509	\$ 147,704,287
6	EEC expenditure limitation	\$	\$

The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes expenditure/expense adjustments approved in the current year from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts on this line represent beginning fund balance/(deficit) or net position/(deficit) amounts except for nonspendable amounts (e.g., prepaids and inventories) or amounts legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

**Town of Oro Valley
Revenues other than property taxes
Fiscal Year 2023**

Source of revenues	Estimated revenues 2022	Actual revenues* 2022	Estimated revenues 2023
General Fund			
Local taxes			
Local Sales Tax	\$ 20,542,707	\$ 25,320,335	\$ 24,505,959
Cable Franchise Tax	615,000	750,000	765,000
Licenses and permits			
Licenses	202,500	205,000	202,500
Permits	1,489,000	1,862,500	1,863,824
Fees	157,500	130,000	157,500
Intergovernmental			
State/County Shared	13,729,923	14,271,621	17,605,693
State Grants	75,000	75,000	75,000
Federal Grants	5,990,290	6,068,448	380,000
Reimbursements	1,249,500	1,314,700	1,613,000
Other	95,000	50,000	
Charges for services			
Reimbursements	157,400	155,350	194,400
Fees	854,285	952,280	1,012,932
Other	1,376,091	1,407,103	1,839,183
Fines and forfeits			
Fines	125,000	125,000	125,000
Interest on investments			
Interest Income	150,000	150,000	150,000
Miscellaneous			
Miscellaneous	264,000	248,825	249,000
Total General Fund	\$ 47,073,196	\$ 53,086,162	\$ 50,738,991

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

**Town of Oro Valley
Revenues other than property taxes
Fiscal Year 2023**

Source of revenues	Estimated revenues 2022	Actual revenues* 2022	Estimated revenues 2023
Special revenue funds			
Highway User Revenue Fund			
Highway User Fuel Tax	\$ 3,614,922	\$ 3,870,000	\$ 4,127,100
Permits	25,000	30,000	25,000
Interest Income	6,000	8,000	8,000
Other	2,000	5,069	3,000
	<u>\$ 3,647,922</u>	<u>\$ 3,913,069</u>	<u>\$ 4,163,100</u>
Grants and Contributions Fund			
Federal Grants	\$ 312,250	\$ 383,519	\$ 8,542,000
State Grants	142,000	158,000	179,047
Interest Income		45	50
Miscellaneous	1,500,000		1,500,000
	<u>\$ 1,954,250</u>	<u>\$ 541,564</u>	<u>\$ 10,221,097</u>
Services and Forfeitures			
Seizures and Forfeitures	\$ 325,000	\$ 21,801	\$ 100,000
Interest Income	2,000	1,000	2,000
	<u>\$ 327,000</u>	<u>\$ 22,801</u>	<u>\$ 102,000</u>
Community Center Fund			
Local Sales Tax	\$ 2,932,798	\$ 3,430,364	\$ 3,477,236
Charges for Services	4,339,467	5,396,499	4,868,049
Other	126,000	177,981	162,050
	<u>\$ 7,398,265</u>	<u>\$ 9,004,844</u>	<u>\$ 8,507,335</u>
Total special revenue funds	<u>\$ 13,327,437</u>	<u>\$ 13,482,278</u>	<u>\$ 22,993,532</u>

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

**Town of Oro Valley
Revenues other than property taxes
Fiscal Year 2023**

Source of revenues	Estimated revenues 2022	Actual revenues* 2022	Estimated revenues 2023
Debt service funds			
Municipal Debt Service Fund			
Federal Grants	\$ 34,787	\$ 34,787	\$ 30,088
Interest Income	5,000	100	500
Miscellaneous	100,000	100,000	100,000
	<u>\$ 139,787</u>	<u>\$ 134,887</u>	<u>\$ 130,588</u>
Oracle Road Improvement District			
Special Assessments	\$	\$ 15	\$
	<u>\$</u>	<u>\$ 15</u>	<u>\$</u>
Total debt service funds	<u>\$ 139,787</u>	<u>\$ 134,902</u>	<u>\$ 130,588</u>
Capital projects funds			
Water Resources Development Impact Fee Fund			
Development Impact Fees	\$ 2,059,396	\$ 1,207,865	\$ 1,101,346
Interest Income	200,000	115,000	150,000
	<u>\$ 2,259,396</u>	<u>\$ 1,322,865</u>	<u>\$ 1,251,346</u>
Townwide Roadway Development Impact Fee Fund			
Development Impact Fees	\$ 327,190	\$ 378,585	\$ 388,300
Interest Income	30,000	3,000	4,000
	<u>\$ 357,190</u>	<u>\$ 381,585</u>	<u>\$ 392,300</u>
Parks and Recreation Impact Fee Fund			
Development Impact Fees	\$ 280,442	\$ 139,528	\$ 165,520
Interest Income	5,000	1,500	3,000
	<u>\$ 285,442</u>	<u>\$ 141,028</u>	<u>\$ 168,520</u>
Police Impact Fee Fund			
Development Impact Fees	\$ 82,925	\$ 55,530	\$ 57,700
Interest Income	500	500	500
	<u>\$ 83,425</u>	<u>\$ 56,030</u>	<u>\$ 58,200</u>
Capital Fund			
Miscellaneous	\$ 791,010	\$ 996,237	\$ 1,045,010
State Grants			420,000
	<u>\$ 791,010</u>	<u>\$ 996,237</u>	<u>\$ 1,465,010</u>
PAG/RTA Fund			
State Grants	\$ 675,000	\$	\$ 796,574
Other	28,125	28,125	28,125
Interest Income		1,000	
	<u>\$ 703,125</u>	<u>\$ 29,125</u>	<u>\$ 824,699</u>
Recreation in Lieu Fee Fund			
Miscellaneous	\$	\$ 150	\$
	<u>\$</u>	<u>\$ 150</u>	<u>\$</u>
Total capital projects funds	<u>\$ 4,479,588</u>	<u>\$ 2,927,020</u>	<u>\$ 4,160,075</u>

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

Town of Oro Valley
Revenues other than property taxes
Fiscal Year 2023

Source of revenues	Estimated revenues 2022	Actual revenues* 2022	Estimated revenues 2023
Enterprise funds			
Water Utility Fund			
Water Sales	\$ 13,974,000	\$ 13,913,500	\$ 15,383,000
Charges for Services	3,255,000	3,112,299	3,224,000
Interest Income	100,000	40,000	100,000
Miscellaneous		663,389	
	\$ 17,329,000	\$ 17,729,188	\$ 18,707,000
Stormwater Utility Fund			
Charges for Services	\$ 1,440,100	\$ 1,476,130	\$ 1,492,500
Interest Income	1,500	2,000	1,500
State Grants	300,000	16,906	
Miscellaneous			
	\$ 1,741,600	\$ 1,495,036	\$ 1,494,000
Total enterprise funds	\$ 19,070,600	\$ 19,224,224	\$ 20,201,000
* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.			
Internal service funds			
Benefit Self Insurance Fund			
Interest Income	\$	\$ 5,000	\$ 5,000
Miscellaneous	3,994,317	3,813,492	3,759,477
	\$ 3,994,317	\$ 3,818,492	\$ 3,764,477
Total internal service funds	\$ 3,994,317	\$ 3,818,492	\$ 3,764,477
Total all funds	\$ 88,084,925	\$ 92,673,078	\$ 101,988,663

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

Town of Oro Valley
Other financing sources/(uses) and interfund transfers
Fiscal year 2023

Fund	Other financing 2023		Interfund transfers 2023	
	Sources	(Uses)	In	(Out)
General Fund				
Transfer to Capital Fund	\$	\$	\$	\$ 13,500,000
Transfer to Grants Fund				898,012
Transfer to Debt Service Fund				2,048,965
Total General Fund	\$	\$	\$	\$ 16,446,977
Special revenue funds				
Grants and Contributions Fund	\$	\$	\$ 898,012	\$ 5,378,000
Community Center Fund				4,085,380
Total special revenue funds	\$	\$	\$ 898,012	\$ 9,463,380
Debt service funds				
Municipal Debt Service Fund	\$	\$	\$ 4,200,971	\$
Total debt service funds	\$	\$	\$ 4,200,971	\$
Capital projects funds				
Water Resource Impact Fee Fund	\$	\$	\$ 660,000	\$
Police Impact Fee Fund				121,500
Capital Fund			15,557,314	
Total capital projects funds	\$	\$	\$ 16,217,314	\$ 121,500
Enterprise funds				
Water Utility Fund	\$	\$	\$ 5,378,000	\$ 662,440
Total enterprise funds	\$	\$	\$ 5,378,000	\$ 662,440
Total all funds	\$	\$	\$ 26,694,297	\$ 26,694,297

**Town of Oro Valley
Expenditures/expenses by fund
Fiscal year 2023**

Fund/Department	Adopted budgeted expenditures/expenses 2022	Expenditure/expense adjustments approved 2022	Actual expenditures/expenses* 2022	Budgeted expenditures/expenses 2023
General Fund				
Council	\$ 188,720	\$	\$ 188,109	\$ 199,145
Clerk	383,833		380,230	422,705
Town Manager's Office	1,115,224		1,107,750	1,160,173
Human Resources	535,390		472,390	569,905
Finance	979,655		944,743	1,111,460
Innovation & Technology	4,346,583		4,273,811	4,797,809
General Administration	14,459,559		14,079,934	4,077,234
Legal	902,754		883,661	1,015,753
Community & Economic Development	3,044,614		2,974,807	3,280,764
Parks & Recreation	3,446,361		3,423,479	3,775,162
Police	18,171,000		17,806,223	20,403,472
Town Court	914,796		792,786	1,059,674
Public Works	5,364,091		5,539,578	6,200,227
Contingency Reserve	5,000,000			5,000,000
Total General Fund	\$ 58,852,580	\$	\$ 52,867,501	\$ 53,073,483
Special revenue funds				
Highway User Revenue Fund	\$ 4,290,525	\$	\$ 4,069,678	\$ 4,852,189
Grants and Contributions Fund	2,054,250		90,625	5,841,059
Seizures and Forfeitures	348,000		123,460	200,000
Community Center Fund	6,170,609		5,705,510	12,085,892
Total special revenue funds	\$ 12,863,384	\$	\$ 9,989,273	\$ 22,979,140
Debt service funds				
Municipal Debt Service Fund	\$ 21,325,445	\$	\$ 19,498,236	\$ 4,441,059
Total debt service funds	\$ 21,325,445	\$	\$ 19,498,236	\$ 4,441,059
Capital projects funds				
Water Resources Dev Impact Fee Fund	\$ 6,909,369	\$	\$ 2,773,681	\$ 3,537,005
Townwide Roadway Impact Fee Fund	450,000		46,905	1,015,000
Parks and Recreation Impact Fee Fund	285,442			168,520
Police Impact Fee Fund	50,000			52,000
Recreation in Lieu Fee Fund	16,325			16,560
Capital Fund	33,329,602		5,491,473	33,935,575
PAG/RTA Fund	1,475,000		354,425	1,308,574
Total capital projects funds	\$ 42,515,738	\$	\$ 8,666,484	\$ 40,033,234
Enterprise funds				
Water Utility Enterprise Fund	\$ 19,494,638	\$	\$ 18,886,488	\$ 20,555,870
Stormwater Utility Enterprise Fund	2,410,407		1,318,337	2,357,024
Total enterprise funds	\$ 21,905,045	\$	\$ 20,204,825	\$ 22,912,894
Internal service funds				
Benefit Self Insurance Fund	\$ 4,494,317	\$	\$ 3,792,996	\$ 4,264,477
Total internal service funds	\$ 4,494,317	\$	\$ 3,792,996	\$ 4,264,477
Total all funds	\$ 161,956,509	\$	\$ 115,019,315	\$ 147,704,287

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

Town of Oro Valley
Expenditures/expenses by department
Fiscal year 2023

Department/Fund	Adopted budgeted expenditures/expenses	Expenditure/expense adjustments approved	Actual expenditures/expenses*	Budgeted expenditures/expenses
	2022	2022	2022	2023
Council				
General Fund	\$ 188,720	\$	\$ 188,109	\$ 199,145
Department total	\$ 188,720	\$	\$ 188,109	\$ 199,145
Clerk				
General Fund	\$ 383,833	\$	\$ 380,230	\$ 422,705
Department total	\$ 383,833	\$	\$ 380,230	\$ 422,705
Town Manager				
General Fund	\$ 1,115,224	\$	\$ 1,107,750	\$ 1,160,173
Department total	\$ 1,115,224	\$	\$ 1,107,750	\$ 1,160,173
Human Resources				
General Fund	\$ 535,390	\$	\$ 472,390	\$ 569,905
Department total	\$ 535,390	\$	\$ 472,390	\$ 569,905
Finance				
General Fund	\$ 979,655	\$	\$ 944,743	\$ 1,111,460
Department total	\$ 979,655	\$	\$ 944,743	\$ 1,111,460
Innovation and Technology				
General Fund	\$ 4,346,583	\$	\$ 4,273,811	\$ 4,797,809
Department total	\$ 4,346,583	\$	\$ 4,273,811	\$ 4,797,809
General Administration				
General Fund	\$ 14,459,559	\$	\$ 14,079,934	\$ 4,077,234
General Fund - Contingency Reserve	5,000,000			5,000,000
Grants & Contributions Fund	1,600,000		50,000	5,310,000
Municipal Debt Service Fund	21,325,445		19,498,236	4,441,059
Benefits Self Insurance Fund	4,494,317		3,792,996	4,264,477
Capital Fund	33,114,456		5,379,649	33,673,613
Department total	\$ 79,993,777	\$	\$ 42,800,815	\$ 56,766,383
Legal				
General Fund	\$ 902,754	\$	\$ 883,661	\$ 1,015,753
Department total	\$ 902,754	\$	\$ 883,661	\$ 1,015,753
Community and Economic Development				
General Fund	\$ 3,044,614	\$	\$ 2,974,807	\$ 3,280,764
Department total	\$ 3,044,614	\$	\$ 2,974,807	\$ 3,280,764
Parks and Recreation				
General Fund	\$ 3,446,361	\$	\$ 3,423,479	\$ 3,775,162
Grants & Contributions Fund				40,000
Parks & Recreation Impact Fee Fund	285,442			168,520
Recreation in Lieu Fee Fund	16,325			16,560
Community Center Fund	6,170,609		5,705,510	12,085,892
Department total	\$ 9,918,737	\$	\$ 9,128,989	\$ 16,086,134
Police				
General Fund	\$ 18,171,000	\$	\$ 17,806,223	\$ 20,403,472
Grants & Contributions Fund	454,250		40,625	353,750
Seizures and Forfeitures	348,000		123,460	200,000
Police Impact Fee Fund	50,000			52,000
Department total	\$ 19,023,250	\$	\$ 17,970,308	\$ 21,009,222
Town Court				
General Fund	\$ 914,796	\$	\$ 792,786	\$ 1,059,674
Department total	\$ 914,796	\$	\$ 792,786	\$ 1,059,674
Public Works				
General Fund	\$ 5,364,091	\$	\$ 5,539,578	\$ 6,200,227
Grants & Contributions Fund				137,309
Highway Fund	4,290,525		4,069,678	4,852,189
Stormwater Utility Fund	2,410,407		1,318,337	2,357,024
PAG/RTA Fund	1,475,000		354,425	1,308,574
Townwide Roadway Impact Fee Fund	450,000		46,905	1,015,000
Capital Fund	215,146		111,824	261,962
Department total	\$ 14,205,169	\$	\$ 11,440,747	\$ 16,132,285
Water Utility				
Water Utility Fund	\$ 19,494,638	\$	\$ 18,886,488	\$ 20,555,870
Water Resources Dev Impact Fee Fund	6,909,369		2,773,681	3,537,005
Department total	\$ 26,404,007	\$	\$ 21,660,169	\$ 24,092,875

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

Town of Oro Valley
Full-time employees and personnel compensation
Fiscal year 2023

Fund	Full-time equivalent (FTE) 2023	Employee salaries and hourly costs 2023	Retirement costs 2023	Healthcare costs 2023	Other benefit costs 2023	Total estimated personnel compensation 2023
General Fund	328.89	\$ 23,748,096	\$ 5,638,594	\$ 2,796,804	\$ 2,452,334	\$ 34,635,828
Special revenue funds						
Highway Fund	12.00	\$ 936,671	\$ 109,957	\$ 96,324	\$ 92,786	\$ 1,235,738
Community Center Fund	22.77	853,474	25,047	37,235	67,446	983,202
Total special revenue funds	34.77	\$ 1,790,145	\$ 135,004	\$ 133,559	\$ 160,232	\$ 2,218,940
Capital projects funds						
Capital Fund	2.00	\$ 195,528	\$ 23,119	\$ 34,231	\$ 14,611	\$ 267,489
Total capital projects funds	2.00	\$ 195,528	\$ 23,119	\$ 34,231	\$ 14,611	\$ 267,489
Enterprise funds						
Water Utility Fund	40.48	\$ 2,761,638	\$ 320,298	\$ 425,240	\$ 257,761	\$ 3,764,937
Stormwater Utility Fund	9.73	631,909	71,920	86,531	62,796	853,156
Total enterprise funds	50.21	\$ 3,393,547	\$ 392,218	\$ 511,771	\$ 320,557	\$ 4,618,093
Total all funds	415.87	\$ 29,127,316	\$ 6,188,935	\$ 3,476,365	\$ 2,947,734	\$ 41,740,350

Glossary

Accrual: Accounting method that records revenues and expenses when they are incurred, regardless of when cash is exchanged.

Adopted Budget: Formal action made by Town Council that sets spending limits for the fiscal year.

Allocation: Assigning one or more items of cost or revenue to one or more segments of an organization according to benefits received, responsibilities, or other logical measures of use.

Amortization: The systematic and rational distribution of the cost of an intangible capital asset over its estimated useful life.

Appropriation: a sum of money or total of assets devoted to a special purpose.

Audit: Objective examination and evaluation of the financial statements of an organization by an outside Certified Public Accountant firm to ensure that the financial records are a fair and accurate representation of the transactions.

Balanced Budget: A budget in which recurring revenues equal recurring expenditures.

Bond: A municipality will issue this debt instrument and agree to repay the face amount of the bond on the designated maturity date. Bonds are primarily used to finance capital projects.

Budget: A financial plan consisting of an estimate of proposed expenditures and their purposes for a given period and the proposed means of financing them.

Capital Expenditure: Those items valued over \$1,000 with a life expectancy of at least five years.

Capital Improvement Program (CIP): A comprehensive ten-year plan consisting of items costing \$50,000 or more which will support the continued growth and development of the Town.

Carryforward: Year-end savings that may be re-appropriated in the following fiscal year to cover one-time expenditures.

Central Arizona Project (CAP): The system of aqueducts, tunnels, pumping plants and pipelines responsible for bringing Colorado River water to Arizona's Pima, Pinal, and Maricopa counties.

Central Arizona Water Conservation District (CAWCD): A state agency with the primary responsibility of managing the Central Arizona Project (CAP).

Clean Renewable Energy Bonds (CREBs): Bonds issued to finance certain renewable energy or "clean coal" facilities. Projects funded with CREBs must generate electricity and must be created from clean and/or renewable sources.

Contingency: Monies set aside as carryover to the following fiscal year, but which can be used to finance unforeseen expenditures of the various operating funds.

Debt Service: Principal and interest payments on outstanding bonds.

Debt Service Fund: Fund used to account for accumulation of resources that will be used to pay general long-term debt.

Department: A major administrative division of the Town that indicates overall management responsibility for an operation or group of related operations within a functional area.

Depreciation: The systematic and rational distribution of the cost of a tangible capital asset (less salvage value) over its estimated useful life.

Division: A functional unit of a department.

Enterprise Fund: Accounts for expenses of programs or services, which are intended to be self-sustaining. User fees primarily cover the cost of services.

Estimated Revenue: The amount of projected revenue to be collected during the fiscal year.

Expenditure: The use of government funds to acquire goods or services.

Expenditure Limitation: The Arizona State Legislature imposed constitutional amendment that limits the annual expenditures of all municipalities. The Economic Estimates Commission sets the annual limit based on population growth and inflation. All municipalities have the option of (Home Rule Option) proposing an alternative expenditure limitation to its voters. Oro Valley citizens approved the Home Rule Option in 2018.

Fiscal Year: Any period of twelve consecutive months establishing the beginning and the ending of financial transactions. For the Town of Oro Valley, this period begins July 1 and ends June 30.

Full Accrual: Basis of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

Full Time Equivalent (FTE): A position, permanent or temporary, based on 2,080 hours per year. Part-time positions are converted for budget purposes to a decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time employee working 20 hours per week would be equivalent to a 0.5 FTE.

Fund: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources.

Fund Balance: The difference between assets and liabilities reported in a governmental fund.

General Fund: A fund used to account for all general-purpose transactions of the Town that do not require a special type of fund.

General Obligation Bonds: Bonds that are guaranteed by the full taxing power of a city or town. These bonds are usually retired from property tax funds.

General Plan: A plan approved by Town Council and ratified by the voters that provides the fundamental policy direction and guidance on development decisions in the Town. The General Plan is the “constitution” for growth and development in the community.

GIS: Geographic Information System(s). A geographic information system is an integrated hardware, software and data system that allows for the capturing and analyzing of geographic information in forms such as maps and globes.

Goal: A statement of broad direction, purpose or intent based on the needs of the community.

Governmental Funds: Funds generally used to account for tax-supported activities. Examples include the general fund, special revenue funds, debt service funds, and capital projects funds.

Grant: A contribution by the state or federal government or other agency to support a particular function.

Highway Users Revenue Fund (HURF): This revenue source consists of the gasoline tax collected by the state and distributed to counties and cities based on the county of origin and population. These revenues are to be used for street and highway purposes.

Home Rule Option: An alternative expenditure limitation that allows a municipality to expend what it anticipates in revenues each fiscal year. This limitation must be approved by the voters and is effective for four fiscal years.

Impact Fees: The fees charged to offset the cost of town improvements that are required due to growth-related development.

Improvement District: A special taxing district as a means of financing the construction or improvement of local public infrastructure such as streets, water, and drainage ways.

Infrastructure: Facilities that support the continuance and growth of a community.

Interfund Transfer: Movement of resources between two funds.

Internal Service Fund: Used to report any activity that provides goods or services to other funds, departments, or agencies on a cost-reimbursement basis.

Long Term Debt: Debt with a maturity of more than one year after date of issuance.

Major Fund: As defined by the Government Finance Officers Association budget award criteria, a major fund is any fund whose revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget.

Modified Accrual: Basis of accounting that reports those transactions, events, and interfund activity that affect inflows and outflows of financial resources in the near future.

Non-Major Fund: As defined by the Government Finance Officers Association budget award criteria, a non-major fund is any fund whose revenues or expenditures, excluding other financing sources and uses, constitute less than 10% of the revenues or expenditures of the appropriated budget.

Objective: A statement of specific measurable outcomes that contribute toward accomplishing the departmental goal.

Operating Budget: Appropriations for the day-to-day costs of delivering Town services.

PAG: Pima Association of Governments. Pima County's federally designated metropolitan planning organization that oversees long-range transportation planning and serves as the region's water quality, air quality and solid waste management and planning agency. PAG also manages the RTA of Pima County.

Per Capita: A unit of measure that indicates the amount of some quantity per person.

Performance Measures: Indicators that measure how well an organization is performing on progress towards organizational objectives.

Permanent Base Adjustment: An adjustment to the state imposed an expenditure limitation placed on all cities and towns based upon a 1979 formula to determine expenditure levels.

Program: A group of related functions or activities performed by a division where there is a desire to budget and identify expenditures independently of other activities within the division.

Proprietary Funds: Funds that either (1) operate largely on fees and charges for services to external customers or (2) operate on a cost recovery basis with internal customers, such as other government departments, divisions, or programs. Enterprise Funds and Internal Service Funds are the two types of proprietary funds.

Reserves: To set aside a portion of a fund balance to protect against economic downturns or emergencies.

Revenue: Amounts estimated to be received from taxes and other sources during the fiscal year.

RTA: Regional Transportation Authority. The government entity that manages the \$2.1 billion, 20-year regional transportation plan approved by Arizona's Pima County voters on May 16, 2006.

Special Revenue Fund: Fund used to account for revenues from specific taxes or other earmarked revenue sources that by law are designated to finance particular functions or activities of government.

State Shared Revenue: Includes the Town's portion of state sales tax revenues, state income tax receipts, and motor vehicle taxes.

Strategic Plan: A plan updated and approved every two years by Town Council that provides short-term (2 to 5-year) policy direction and guidance for decision-making and budgeting by the Town and its staff.

User Fees: Fees charged for the direct receipt of a public service to the party or parties who benefit from the service.

Water Infrastructure Finance Authority Bonds (WIFA): WIFA is a state agency that has specific programs that can improve a city or town's ability to use bonding as a revenue source. WIFA is charged to assist smaller to medium sized communities' pool their bond issues together to help lower the costs of issuing debt. They also have monies set aside to help secure the debt and allow the bonds to be issued at the lowest interest rate possible.

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