

TOWN OF ORO VALLEY ANNUAL BUDGET FY 2023/24



Caymin Hannan, "Pusch On Pusch Up"





ORO VALLEY, *it's in our nature*

ANNUAL BUDGET 2023 – 2024

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 2023/24 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 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 department 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 five year forecast discusses the broader economic outlook for the Town and includes five-year forecasts of the Town’s General Fund, Highway Fund, Capital Fund, and Community Center 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 Plan and adopted General Plan
- Performance Measures: Performance indicators that assess progress towards Strategic Plan or General Plan goals and objectives.
- Departmental Budgets: Larger departmental budgets are divided into program areas or divisions, which provide a brief description of each, and the service provided. Department 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



Jeff Wilkins, Town Manager

I am proud to present the Town of Oro Valley balanced budget for Fiscal Year 2023/2024 (FY 23/24). This budget totals \$148.5 million, representing an increase of \$785,000, or 0.5% percent more than the adopted FY 22/23 budget of \$147.7 million. The General Fund budget totals \$55.4 million, a 4.4% increase from the FY 22/23 budget of \$53.1 million. This budget reflects the priorities of the Town Council Strategic Plan. The budget process involves the prudent allocation of resources across Town operations to continue and improve the high service levels Oro Valley residents expect in order to live, work, play and prosper in our community.

The Town actively monitors and assesses current economic conditions during the development of the annual budget. The Town's strong financial position is testament to conservative revenue forecasting and judicious resource allocation. Economic factors that shaped the development of the FY 23/24 budget included risk of mild recession; higher interest rates and the associated impacts on development; and continued, persistently high inflation. While local sales tax and state-shared revenue collections have grown with inflation, the Town has, in some cases, experienced exponential cost increases in capital projects and fleet replacements, which is resulting in some resource strain that is impacting the Town's ability to fund its growing capital needs. The FY 23/24 Adopted Budget includes capital improvements totaling \$47.8 million, making up 32.2% of the overall budget.

During this budget year, the Town will be completing significant additional recreational amenities that expand the offerings provided to both residents and visitors.

The Adopted Budget reflects the following overarching themes, further explained later in this message:

- Addressing notable cost increases in capital projects and sustained high prices in supplies and services.
- Adding personnel to meet growing service demands.
- Implementing a continued, robust capital investment strategy utilizing the remaining Parks and Recreation \$25 million bond proceeds and other one-time revenues.
- Funding step and pay increases per the Town's recently completed classification and compensation pay plan to ensure the organization attracts and retains quality employees.

LOCAL, STATE AND NATIONAL TRENDS

The Town is cautiously optimistic heading into the FY 23/24 economy. Job growth and the labor market remain strong, and recent population growth estimates for Arizona are at their fastest pace since 2007. At the same time, higher interest rates have resulted in a significant slowdown in residential permitting and development activity. Regardless of whether the larger economy experiences a slowdown in growth or a modest recession, Arizona remains poised to endure the coming year with only mild effects.

The outlook for the overall state economy is positive, with the baseline forecast calling for job growth of 1.5% to 1.6% over the next two years and continued personal income and retail sales growth. Inflation in the Phoenix area outpaced the nation for some time. The Town's overall local sales tax collections are expected to grow 4.8% from the FY 22/23 budget. State-shared revenues are expected to grow 25.6%, the bulk of which is attributable to an increase in the allocation of shared income taxes to cities and towns. This increase, however, is temporary and will be offset in coming years with legislative reductions in personal income tax rates. The Town is taking advantage of this temporary increase by investing these additional revenues towards projects in the Capital Fund for one-time needs.

The Town has been analyzing potential impacts of future residential buildout within existing incorporated boundaries, as remaining developable land continues to shrink. The march towards buildout increased during the COVID-19 pandemic, as the Town saw explosive growth in single family residential (SFR) permits, hitting a 15-year high of 497 in FY 20/21. This permitting acceleration, coupled with rising interest rates, is having an impact on current permitting activity. The Town is forecasting 116 and 119 SFR permits for FY 22/23 and FY 23/24, respectively, reflecting 10-plus year lows. Increased construction valuations are muting what would typically be larger reductions in revenue from the reduced permitting activity. The Town relies upon this activity to help fund capital projects. Any large commercial projects are

also considered one-time, generating critical funding for Town capital project needs as well. A buildout analysis is underway, intended to provide Town management and Council with data and projections necessary to further address and plan for the fiscal impacts of buildout.

MAJOR BUDGET CHANGES EXPLAINED

O&M Cost Increases

The Adopted Budget reflects an increase of 6.3% percent, or \$2.2 million, in O&M costs. In FY 22/23, the Town experienced considerable cost inflation in areas such as gasoline, public safety equipment, field supplies, technology, professional services and more across the organization. The Town has yet to see any measurable relief of inflationary pressures. For FY 23/24, areas of further increase include software and technology, medical claims costs and Central Arizona Project water costs. Revenue increases due to inflation have helped to relieve some of this pressure, but nonetheless, it does place strain on resource allocation during the budget process.

Capital Investments

As mentioned previously, costs for capital projects are higher than predicted just a year ago. Asphalt-related projects have seen exponential cost growth. The state's shared gas taxes are not sufficient to cover these increases. Infusion of General Fund resources will eventually be necessary, should high costs continue. Availability of contractors and subcontractors continues to be unpredictable, which can significantly impact the timing and cost of capital investments. The FY 23/24 Adopted Budget includes additional project contingency funds budgeted in the Capital Fund and Water Utility Fund to ensure capital projects can still move forward should the Town's updated estimates not align with future market conditions.

In keeping with the Town Council's financial policies, the Adopted Budget includes a transfer of \$10 million in excess General Fund reserves to the Capital Fund to fund capital projects included in the current and future budgets.

New Positions

The Town continues to maintain a conservative approach to adding new personnel, but workload increases have necessitated the addition of five new full-time and two part-time positions.

Innovation and Technology – The Adopted Budget includes two new full-time positions in the Innovation & Technology Department. An additional business systems analyst is necessary to support the growing use of technology in Town operations, with special emphasis on the needs of the Police Department. A security and compliance administrator will protect the organization by implementing and managing cybersecurity tools, as well as respond to and remediate cybersecurity incidents and threats. This position will also ensure the Town's IT systems are compliant with recommended best practices and that action plans are completed for all regulatory agencies.

Public Safety – The Adopted Budget includes an additional police officer in the Police Department, which will allow the Police Chief to keep up with increases in calls for service in the community and maintain overall response times.

Parks and Recreation – In Parks and Recreation, a new full-time parks maintenance worker II will accommodate the addition of the Vistoso Trails Nature Preserve, while a part-time park monitor will accommodate new acreage and facilities coming online with the completion of the latest phase of the Naranja Park improvements.

Public Works – The Adopted Budget also includes a new full-time transit supervisor to assist in driver management and review, service scheduling, and operations and program compliance, ensuring we continue meeting the needs of our community for this critical service. This position will be 85% funded through the Regional Transportation Authority (RTA).

Town Court – The Adopted Budget includes a new part-time Court security manager to replace the phased-out security services provided by Arizona Rangers. Savings from the phase-out of these services will help offset the cost of the new

position. This higher-level position is needed to assist the Court in keeping the building, court staff and patrons safe, as well as maintaining compliance with the security standards set by the Arizona Supreme Court.

Staff Retention and Attraction

The nation's labor market remains tight and, since the Town is a service-based organization, recruiting and retaining top talent is foundational to our ability to provide quality public services. Last year, the Town finalized a comprehensive classification and compensation study that adjusted employee pay grades to remain competitive. The FY 23/24 Adopted Budget continues this commitment to employees with step increases for sworn Police Department staff and annual pay adjustments for all eligible Town employees.

The Town has experienced recent growth in claims costs in the employee health self-insurance fund. Fortunately, positive trends in claims costs in years prior have resulted in a healthy, stable reserve balance in the fund. In addition, an ongoing emphasis on wellness and early detection for Town employees and their dependents encourages a proactive approach to managing personal health. As a result, the Town will see only a minimal increase in premiums for FY 23/24. The Town's benefit advisor has expressed that the self-insurance fund reserves remain healthy and are adequate to address any unexpected claims.

SUPPORTING THE TOWN COUNCIL FY 23/24 – FY 24/25 STRATEGIC PLAN

The leadership of the Mayor and Town Council provide the foundation and direction for the work of Town staff. 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. The priorities of the FY 23/24 - FY 24/25 Council Strategic Plan reflect the following overarching strategic focus areas:

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

Under the guidance of the Mayor and Town Council, the Town of Oro Valley has a demonstrated history of responsible budgets, strong reserve funds, conservative financial projections and continuous improvement. The FY 23/24 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 is balanced.

Strategic Investments

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

Economic Vitality – The adopted Community and Economic Development (CED) budget focuses on continued support of the department's OVNextSteps initiatives with the Business Retention and Expansion program and includes continued capacity for targeted tourism attraction and sponsorship opportunities. The budget also includes a rollover of the \$25,000 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.

Culture and Recreation – The Adopted Budget focuses on (1) investing in and maintaining Oro Valley recreational assets, (2) investing in and maintaining the Oro Valley trail system, and (3) increasing resident involvement in multi-generational recreation opportunities and programming.

The Town will spend the remaining proceeds from its \$25 million Parks and Recreation bond issuance in the coming fiscal year. Supplemented with Capital Fund reserves, Community Center Fund reserves, parks impact fees and federal funding, amenities include additional multi-purpose fields, a splash pad, pickleball courts, skate park and pump track, golf course irrigation replacement, multi-use path connections, and Community Center parking lot reconstruction and expansion.

The master plan process continues for the 202-acre Vistoso Trails Nature Preserve acquired in July 2022. Significant community input has been part of the process, which will be the foundation of future investment priorities for the property. The preserve provides an abundance of wildlife and nature viewing for residents and visitors of all ages who can look forward to expanded opportunities to enjoy the property in the coming fiscal year and into the future. The addition of ADA restrooms and other capital improvements for the preserve total \$330,000 in the Adopted Budget.

One of the most visited recreation and historic properties, Steam Pump Ranch, will see continued investments with the restoration and preservation of the BBQ and Bunk Houses, located within the historic core of the property. Design will also commence on the Tack Building renovation. This project will provide indoor storage space for historically significant artifacts and collections. Completion of the Garage renovation during FY 22/23 has allowed the Recreation and Culture Division to move into the building and begin expanding programming for visitors, including targeted programs for seniors.

Contractor operations at the Community Center have been in the black since FY 21/22, which has allowed the Town to direct unencumbered resources in the Community Center Fund to partially offset the costs of the golf course irrigation project that will be completed in FY 23/24. The Adopted Budget also includes 36-hole turf reduction around the greens, lifecycle replacement of bunker sand, Cañada Course pathway improvements, Pusch Ridge facility ADA and code compliance updates.

The Community Center continues to grow in membership. Members as well as visitors will benefit from continued improvements in the facility. ADA improvements and installation of an elevator are included in the Adopted Budget, as well as replacement of cardio equipment and completion of a recreation lounge geared towards teenage patrons. Additional facility improvements include roof replacement, restaurant cooler/freezer improvements, and fire alarm system upgrades.

The Town will be celebrating its 50th anniversary in 2024. Included in the Adopted Budget is capacity of \$35,000 to celebrate this exciting milestone throughout the year.

Public Safety – The Adopted Budget continues to prioritize funding for the health, wellness, and safety of Town first responders, including ample training, up-to-date equipment, health and wellness investments, as well as a focus on community education and awareness.

Another area of focus for our Police Department is accreditation, which furthers the department's implementation of best practices and ensures continued checks and balances in operations and processes. Included in the Adopted Budget is an investment in our Police evidence facility to gain Property and Evidence accreditation from the Arizona Law Enforcement Accreditation Program (ALEAP). This accreditation establishes best practices for evidence storage and will eventually be a required state accreditation. The department is taking a proactive approach to earning the accreditation this fiscal year. Also included in the budget is a reclassification of a current records specialist to an accreditation, audits and inspections coordinator. This position will be responsible for managing the department's ALEAP accreditation, Property and Identification Accreditation through the International Association for Property and Evidence, and Public Safety Answering Points (PSAP) accreditation.

Planning and discussions have been set in motion to address the Police Department's need for an improved main station. The department has outgrown the current facility, and it is ill-suited to meet the requirements and demands of the current workforce. This project is of utmost importance, and a plan with options will be forthcoming to address challenges as well as recommend potential funding for the new or improved facility.

Part of the overall public safety ecosystem includes the Town Court and Legal Services. The Adopted Budget includes \$1.6 million for an expansion and improvement of the Town's Court building. This project will address critical lobby

deficiencies and space constraints that will vastly improve the overall efficiency and safety of Court operations. An additional \$1.5 million will be budgeted in FY 24/25 to complete the project.

Roads, Water and Town Assets – The Adopted Budget includes resources to continue funding the Town’s highly successful Pavement Preservation Program at \$2.5 million, ensuring the Town continues to maintain its overall pavement condition (OCI) index of 76. This amount is a \$650,000 increase over FY 22/23, mainly due to increasing asphalt costs. As roads continue to age, these investments are crucial to managing long-term pavement investments. Several major road repairs and intersection improvements are included, which are noted below under the capital overview.

The operating budget for the Water Utility Fund is increasing 4.0%, or roughly \$710,000, due primarily to increases in Central Arizona Project (CAP) water delivery costs related to the Colorado River Tier 2a shortage. Water system capital improvements total \$14.1 million in the Adopted Budget, which includes \$7.2 million for partnered and independent components of the Northwest Recharge, Recovery and Delivery System (NWRDSD) project, a partnership with the Town of Marana and Metro Water District. The NWRDSD 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. Of the \$7.2 million budgeted for the NWRDSD project, \$4.3 million is funded from water impact fees. Water impact fees will also fund \$3.7 million in the Adopted Budget for the La Cañada booster station expansion, a project that will improve the delivery of CAP water to northern areas of the Water Utility’s system. In total for FY 23/24, the Water Utility has budgeted \$5.1 million for CAP water.

In addition, maintaining Town facilities remains a continuing priority. Emergency generator replacements at Town Hall will be completed in the Adopted Budget. The Facilities Division of Public Works also includes \$362,000 for a variety of smaller projects not included in the Capital Fund, such as facility painting, electrical and lighting work, ADA improvements, flooring replacement and restroom refurbishment. These projects are tasks identified in the Facilities 10-year Maintenance and ADA Plan.

Land Use and Design – Nearly \$300,000 is included in the Adopted Budget to begin the process of updating the Town’s General Plan, which includes contract personnel, consulting, interactive website costs and community engagement efforts. The Adopted Budget includes funding to complete the housing study that began in FY 22/23, which will help determine the types of residential opportunities necessary to successfully promote a thriving and diverse economic base. In addition, funding of annexation efforts continues in the Adopted Budget.

Efficient and Effective Government – Funds are included in the Adopted Budget to implement digital dashboard and information-sharing platforms to enhance community engagement and understanding of Town operations and resource allocation. The Town continues to apply Peak Performance process improvement tools to daily tasks and projects. These tools, training, and methodologies touch all Town departments. Resources are again included in the Adopted Budget to continue this highly effective initiative. Since inception, the Peak Performance initiative has resulted in a wide range of implemented process improvements across the organization, resulting in considerable savings in ongoing time and materials.

Financial Stability and Sustainability – As noted earlier, the Adopted Budget includes a transfer of \$10 million in excess General Fund reserves to the Capital Fund, providing needed resources for Council priorities as well as normal maintenance and replacement projects. The Town is experiencing higher costs and some resource strain for capital projects, and will continue the approach of conservative revenue forecasting and mindful allocation of resources. Such an approach has served the Town well and resulted in regular outperformance to budget and healthy reserve levels. Also noted previously is the residential buildout analysis that will be completed in 2023, providing the Town with critical planning data and projections. Revenue diversification is a key component to financial stability and sustainability, and staff is in the process of reviewing recreation fees, which for the Aquatic Center in particular, have not increased in ten years. Staff intends to present proposed increases to Council in FY 23/24.

Other Regional Partnerships

The Adopted Budget includes funds to continue Town partnerships with the Oro Valley Chamber of Commerce (\$42,500), the Children’s Museum Oro Valley (\$75,000), the Southern Arizona Arts and Cultural Alliance (\$50,000) 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 23/24.

With the Town's partnership with the Regional Transportation Authority (RTA), the Adopted Budget provides the necessary local match to acquire seven replacement busses for the Sun Shuttle Dial-a-Ride system. The transit system ridership continues to grow, and the \$211,200 match will facilitate the purchase of more than \$1,056,000 worth of vehicles through the ADOT grant program.

CAPITAL INVESTMENTS

Capital Fund

With more than \$300 million in Town assets, continuing investments in existing infrastructure is vital. The Adopted Budget includes a robust Capital Improvement Program to address roadway repair and maintenance, building maintenance, infrastructure improvements and water system enhancements. The Town Council's financial policies include a requirement that the Town set aside at least five (5) percent of sales tax revenues for the Capital Fund annually, which is projected at approximately \$1.5 million for FY 23/24. An additional \$8.5 million is included in the Adopted Budget, for a total amount of \$10 million. Expenditures in the Capital Fund total \$23.4 million for FY 23/24, which includes \$13.0 million for Council-approved investments in Naranja Park.

The following descriptions are highlights of some of the Capital Fund projects. Those that include carryover from the previous 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*	\$13.0 million	Continued master plan implementation
Golf Course Irrigation Replacement	\$2.0 million	La Cañada Course
Community Center Elevator and ADA Improvements*	\$1.6 million	Full elevator and lowered entrance to the facility
Town Court Expansion*	\$1.6 million	Building expansion and space improvements
Vehicles – New and Replacements* required for added staff	\$1.2 million	Non-Enterprise Fund vehicle replacements and new vehicles
Multi-Use Paths (MUPs)*	\$877,590	Installation of the La Cañada and Naranja Drive MUPs
Community Center Parking Lot*	\$589,920	Community Center parking lot reconstruction and expansion
Emergency Generators*	\$364,384	Town Hall emergency generator replacements
Public Works Laydown Yard*	\$200,000	Laydown yard improvements previously located at Naranja Park

The Capital Fund has a contingency of \$2.5 million budgeted this year to ensure there is capacity to respond to the continuing uncertainty and volatility of the construction market.

Community Center Fund

The Adopted Budget includes \$1.7 million in capital projects proposed in the Community Center Fund. The following are highlights of those capital projects. The rest can be found in the CIP section of the budget. Those that include carryover from the previous budget are noted with an asterisk (*).

Cañada Course Pathway Improvements	\$550,000	Crack-seal, skin patch and surface treatment for Cañada Course cart paths
Vistoso Preserve Improvements*	\$330,000	Master plan and restroom refurbish for the Vistoso Trails Nature Preserve
Pusch Ridge Facility ADA/Code Compliance*	\$285,000	ADA improvements at the Pusch Ridge facility to include tennis restrooms
Community Center Roof Replacement	\$198,000	Replacement of flat roofing material at the Community Center
Bunkers and Turf Reduction	\$100,000	Addition of bunker sand and reduced turf landscaping with irrigation project

The Community Center Fund also includes several necessary operating capital projects for the Community Center building and Pusch Ridge facility, including Pusch Ridge tennis bleacher demolition, facility landscaping and safety improvements, as well as pool lighting and deck maintenance.

Transportation and Drainage Infrastructure

The Adopted Budget includes significant funding of \$5.4 million for numerous road projects. As mentioned previously, the cost of most roadway projects has grown exponentially due to asphalt price increases, which is placing some strain on the Town's available resources to fund all roadway project needs. The Pavement Preservation Program is included at \$2.5 million, an increase of \$650,000 over FY 22/23. Also included is a \$1 million mill and overlay for Rancho Vistoso Boulevard from Vistoso Highlands Drive to the Honey Bee bridge; carryover of the Westward Look improvements at approximately \$845,000; and Lambert Lane reconstruction from La Cholla Boulevard to the western Town limits for \$388,000. Details on other projects can be found in the CIP section of the budget.

Fleet

Vehicle costs are another area that has seen notable increases with inflation. Fortunately, the annual reserve program that the Town began nearly ten years ago provides considerable continued funding for a majority of the Town's vehicle replacements. The Town exercises prudent and mindful consideration for the remaining additional needs beyond what the reserve program currently provides. The FY 23/24 Adopted Budget in the Capital Fund includes funding of \$1.2 million for routine replacements and includes carryover of \$244,000 for four vehicles that could not be purchased this fiscal year due to supply chain issues. Of the \$1.2 million, \$800,000 is for replacement and outfitting of 11 Police vehicles. The remaining funding of \$158,000 is for two Parks and Recreation vehicles, one Street Maintenance vehicle and one Inspection and Compliance vehicle. Capacity for Transit vehicles is included in the Grants and Contributions Fund, as 80% of the replacement costs for these vehicles is funded through federal grants. The total for Transit vehicle replacements is \$1.5 million, with \$1.2 million in grant funding. The budget for Transit vehicles includes carryover of \$450,000 for expected delivery delays with supply chain constraints. Water Utility vehicle replacements total \$110,000 and include carryover of one vehicle from FY 22/23. Finally, \$118,000 is included for new vehicles for the additional police officer and parks maintenance worker II in the Adopted Budget.

Water Utility

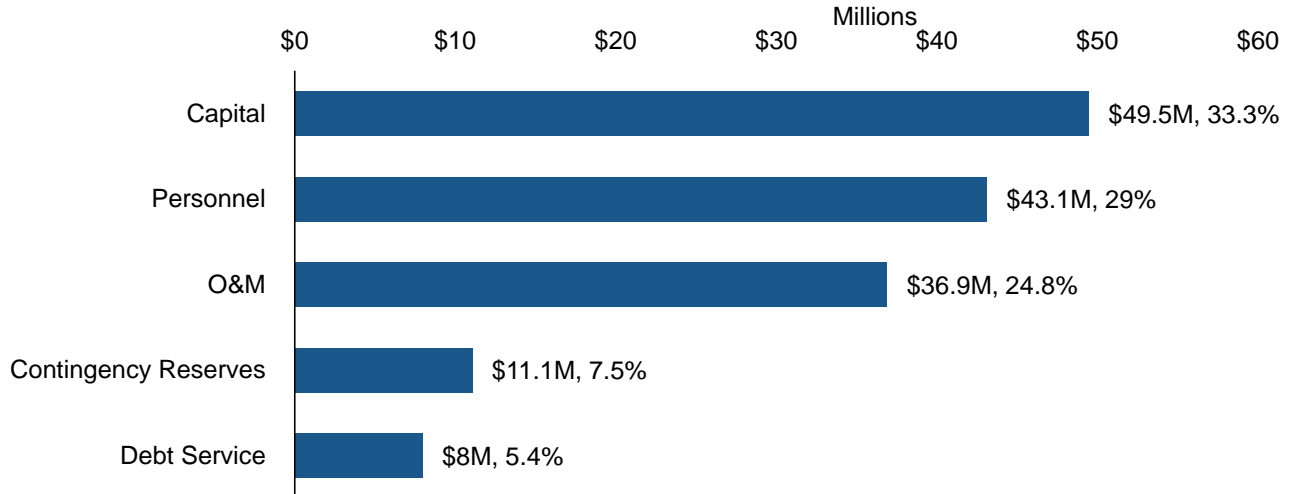
The Adopted Budget includes \$14.2 million for Water Utility capital projects. Of this amount, \$9.1 million is funded with Water Utility impact fees, while \$5.1 million is funded with revenues from the Water Utility operating fund. The FY 23/24 budget for the partnered portion of the Northwest Recharge Recovery and Delivery System (NWRDRS) totals \$3 million, and is included in the Impact Fee Fund to begin the forebay and reservoir construction. A total of \$4.2 million is included

in the budget for the independent portion of the NWRRDS project. The Adopted Budget in the Water Utility Impact Fee Fund also includes \$3.7 million for expansion of the La Cañada booster station and \$1.1 million to complete the equipping of the La Posada and Steam Pump wells. Details can be found in the CIP section.

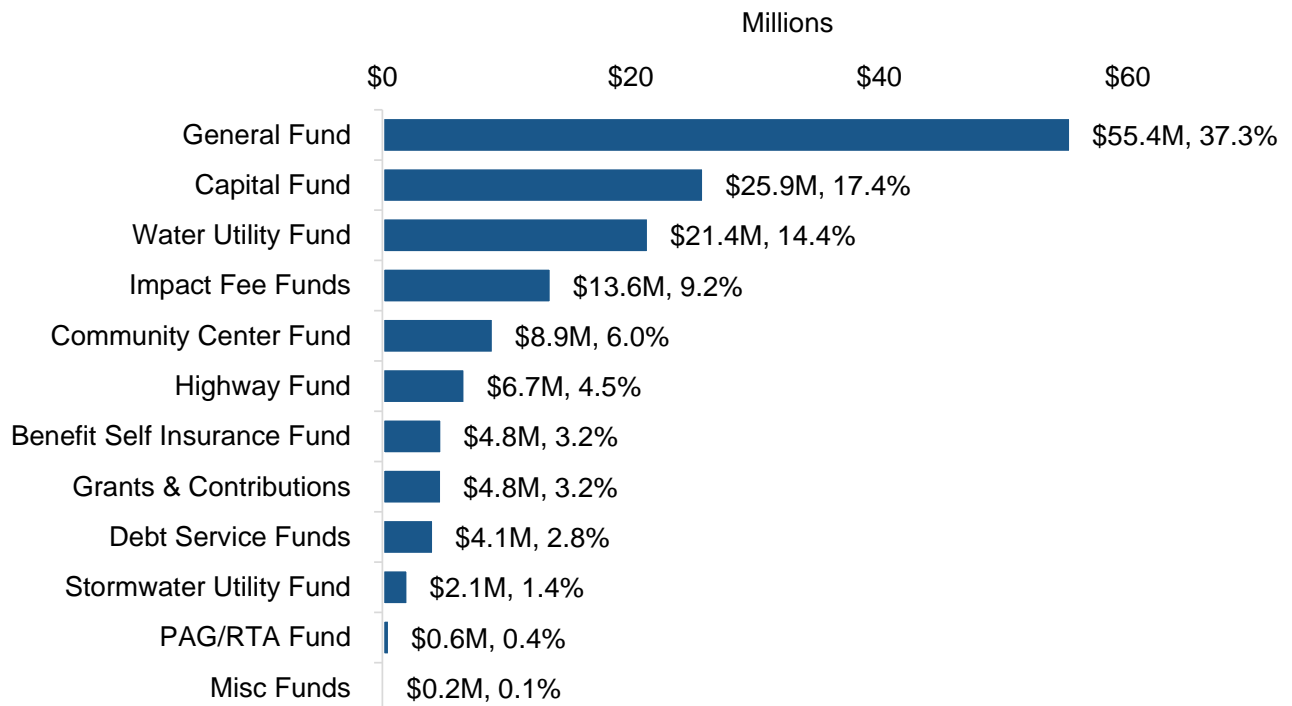
FINANCIAL OVERVIEW

Below are two charts depicting the total FY 23/24 Adopted Budget of \$148.5 million by category and fund.

FY 23/24 Adopted Budget by Category



FY 2023/24 Adopted Budget by Fund



General Fund

The General Fund budget totals \$55.4 million (including contingency reserves of \$5 million and excluding interfund transfers of \$12.3 million), and overall is \$2.3 million or 4.4% more than the current year budget of \$53.1 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 23/24 General Fund revenues are \$6.7 million or 13.3% higher than FY 22/23 budgeted General Fund revenues.
- FY 23/24 local sales tax collections in the General Fund are \$1.1 million or 4.5% higher than FY 22/23 budget figures, which is due largely to price inflation and the economic recovery from the pandemic.
- State-shared revenues are \$5.3 million or 30.4% higher than FY 22/23 amounts. These revenue sources are impacted by state revenue collections, legislative actions and population figures.
- Licenses and permit revenues are \$507,000 or 22.8% less than the adopted FY 22/23 budget due to less commercial building activity projected for the coming year.
- Charges for Services are \$158,000 or 5.2% higher than the adopted FY 22/23 budget. Primary drivers for this increase are 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:

- Personnel costs for FY 23/24 total \$35.7 million, which is \$776,000 or 2.2% higher than the FY 22/23 budget. This figure includes new positions, step increases for sworn Police positions, and 4.25% pay increases for all eligible Town positions.
- Department O&M budgets increased about \$1.6 million or 13.4%, a combination of increased prices for technology, supplies, and vehicle maintenance. Additionally, there is about \$300,000 budgeted for costs related to development of the Town's new General Plan.
- There is a budgeted transfer of \$10 million to the Capital Fund. This amount reflects 5% of estimated General Fund sales tax collections, plus an additional \$8.5 million, per Town policy.

The estimated year-end reserve balance in the General Fund (excluding contingency) for FY 23/24 is \$17.7 million or 35.2% of the expenditure budget. The Town's adopted policy level is 30%.

Water Utility Fund

Revenues for the Water Utility Fund are budgeted at \$19.4 million, which is a \$654,000 or 3.5% increase from the adopted FY 22/23 budget, due to a projected increase in water sales, including a 5% approved increase in potable water rates.

Expenses for the Water Utility Fund are budgeted at \$24.9 million, which is a \$1.1 million, or 4.6% increase from the adopted FY 22/23 budget. This increase is primarily due to operating cost increases, including 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 \$320.6 million in funding through FY 32/33. Total funding allocated to CIP projects for FY 23/24 is \$47.8 million, \$10.4 million of which is funding carried forward from the prior year for ongoing budgeted projects. Highlights of the 10-year CIP plan include \$78.6 million for potential new municipal facilities and equipment, \$59.1 million for Parks and Recreation related amenities, \$29.6 million for the Water Utility NWRD project, \$29.3 million in continued pavement management and preservation, \$60.9 million for various road widening projects, \$19.4 million for bridge deck repairs, and \$20.6 million for

road reconstruction and/or improvements. Additional details regarding CIP projects and project funding are included in the CIP section.

CONCLUSION

This Adopted Budget document is a direct reflection of the efforts and many hours contributed by staff from all Town departments, as well as from the Town Council and residents. There is significant cross-departmental collaboration that occurs to work towards building a budget that strives to meet community and organizational needs, while also bearing in mind the resource challenges we face. It is this exceptional collaboration and effort from our staff and the support of our Executive Leadership Team that results in an adopted budget that hopefully reflects the desires and expectations of the Town Council and Oro Valley community. I especially want to recognize my budget team for their extraordinary work and countless hours in preparing the budget: Senior Budget Analyst Christopher Hutchison, Deputy Finance Director Wendy Gomez, Chief Financial Officer David Gephart, Management Analyst Karl Shaddock and Chief Innovation Officer Chuck Boyer.

Respectfully submitted,



Jeff Wilkins
Town Manager

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Oro Valley
Arizona**

For the Fiscal Year Beginning

July 01, 2022

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, 2022.

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

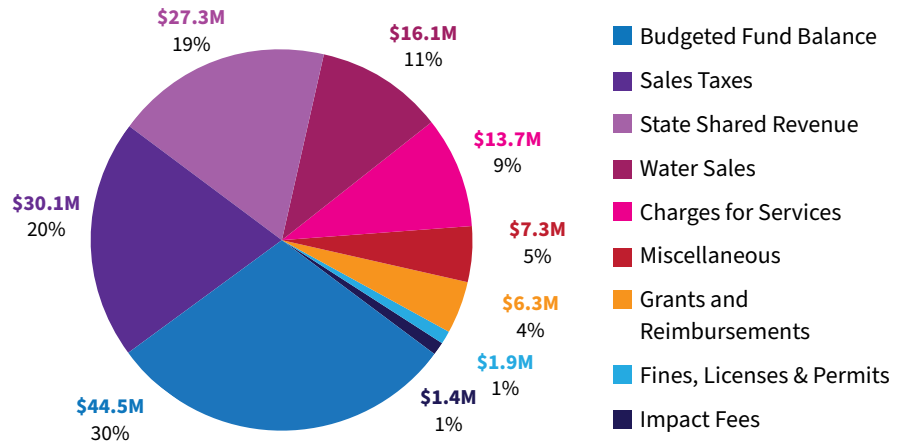
TOWN OF ORO VALLEY | FY 2023/24 BUDGET

Fiscal Year 2023/24 budget is in the amount of \$148.5 million; a \$785,000, or 0.5% increase from the adopted FY 2022/23 budget totaling \$147.7 million.

TOTAL SOURCES

TOWN-WIDE BY CATEGORY

	FY24 Budget	Millions	
Budgeted Fund Balance	44,462,876	\$44.5M	29.9%
Sales Taxes	30,124,334	\$30.1M	20.3%
State Shared Revenue	27,287,830	\$27.3M	18.4%
Water Sales	16,060,000	\$16.1M	10.8%
Charges for Services	13,719,757	\$13.7M	9.2%
Miscellaneous	7,265,241	\$7.3M	4.9%
Grants and Reimbursements	6,339,761	\$6.3M	4.3%
Fines, Licenses & Permits	1,867,118	\$1.9M	1.3%
Impact Fees	1,362,473	\$1.4M	0.9%
	148,489,391	\$148.5M	

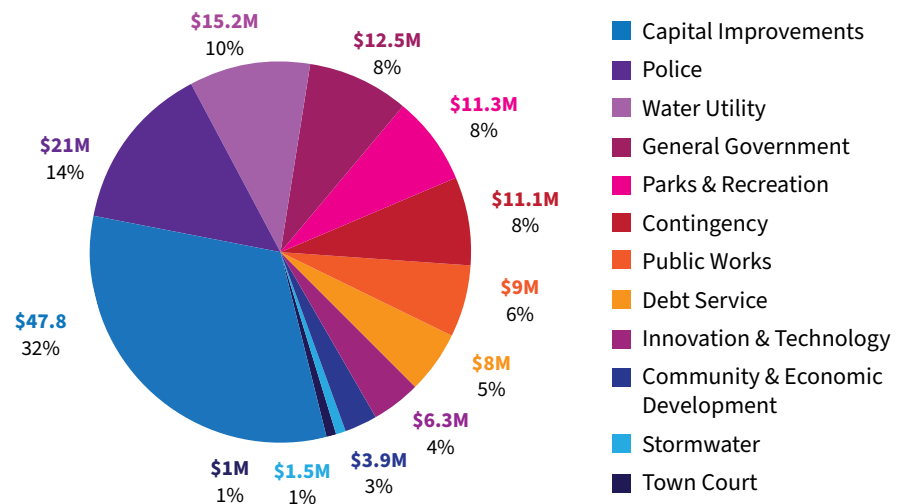


THE TOWN DOES NOT LEVY A PROPERTY TAX

TOTAL USES

TOWN-WIDE BY CATEGORY

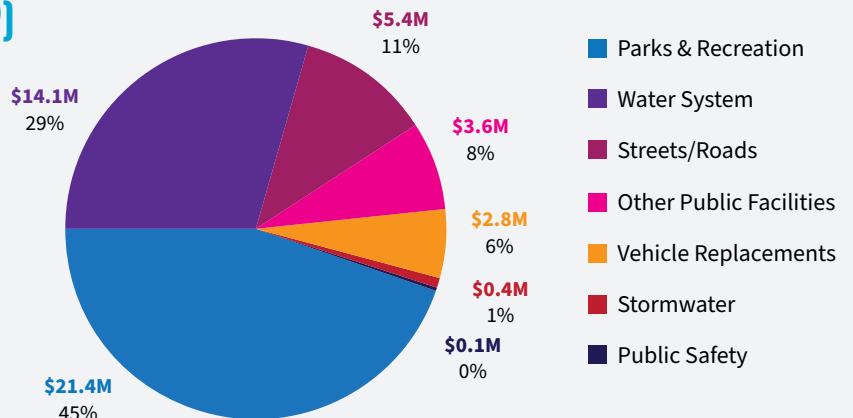
	FY24 Budget	Millions	
Capital Improvements	47,771,435	\$47.8M	32.2%
Police	21,001,948	\$21.0M	14.1%
Water Utility	15,236,316	\$15.2M	10.3%
General Government	12,537,682	\$12.5M	8.4%
Parks & Recreation	11,255,838	\$11.3M	7.6%
Contingency	11,071,610	\$11.1M	7.5%
Public Works	9,035,121	\$9.0M	6.1%
Debt Service	7,957,564	\$8.0M	5.4%
Innovation & Technology	6,271,309	\$6.3M	4.2%
Community & Economic Development	3,882,445	\$3.9M	2.6%
Stormwater	1,457,461	\$1.5M	1.0%
Town Court	1,010,662	\$1.0M	0.7%
	148,489,391	\$148.5M	



CAPITAL IMPROVEMENT PROGRAM (CIP)

FY24 CIP BUDGET BY CATEGORY

	FY24 Budget	Millions	
Parks & Recreation	21,441,089	\$21.4M	44.9%
Water System	14,069,792	\$14.1M	29.5%
Streets/Roads	5,427,534	\$5.4M	11.4%
Other Public Facilities	3,569,820	\$3.6M	7.5%
Vehicle Replacements	2,818,200	\$2.8M	5.9%
Stormwater	365,000	\$0.4M	0.8%
Public Safety	80,000	\$0.1M	0.2%
FY2023/24 Total CIP	\$47,771,435	\$47.8M	



THE TOWN BUDGET: PLANNING FOR THE FUTURE

The budget reflects the careful allocation of available resources towards the services our residents, businesses and visitors value and deserve. The budget is also 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.

CAPITAL INVESTMENTS

The Town's budget once again reflects a robust capital investment strategy using one-time revenues to complete the Parks and Recreation bond-funded projects, fund the Town's highly successful Pavement Preservation Program that maintains our high-quality roads, deliver additional CAP water to residents and businesses, and ensure Town facilities are in optimal condition for public use and safety.

RECREATION AND CULTURE

The Town will spend the remaining proceeds from its \$25 million Parks and Recreation bond issuance in FY 2023/24. Supplemented with Capital Fund reserves, Community Center Fund reserves, parks impact fees and federal funding, Naranja Park amenities include additional multi-purpose fields, a splash pad, pickleball courts, skate park and pump track. Community Center improvements include golf course irrigation replacement, multi-use path connections, and parking lot and tennis court reconstruction and expansion.

The master plan process continues for the 202-acre Vistoso Trails Nature Preserve acquired in July 2022. ADA restrooms and other capital improvements for the preserve are included in the FY 2023/24 budget. Continued investment in the historical Steam Pump Ranch property will include the completion of the BBQ and Bunk House restoration and design of the Tack Building renovation. The Community Center, Aquatic Center, and golf courses will also see numerous equipment and facility upgrades and replacements to enhance and improve residents' experience.

PUBLIC SAFETY

Funding public safety continues to be one of the Town's top priorities, with capacity included in the budget for training, up to date equipment and vehicles, health and wellness investments, and a focus on community education and awareness. The Police Department will proactively further best practices by achieving accreditation from the Arizona Law Enforcement Accreditation Program in the FY 23/24 for the Town's evidence facility. Part of the overall public safety ecosystem includes the Town Court and Legal Services, and FY 23/24 will see the commencement of a \$3.1 million expansion and improvement of the Town's Court building to address critical lobby deficiencies and space constraints and vastly improve the efficiency and safety of Court operations.

GENERAL PLAN UPDATE

Nearly \$300,000 is included in the FY 2023/24 budget to begin the process of updating the Town's General Plan, including contract personnel, consulting, interactive website costs and community engagement efforts. Following an extensive and inclusive process, the updated plan will be brought to voters in the fall of 2026.

FINANCIAL STABILITY AND SUSTAINABILITY

The Town is primarily supported by sales tax collections and state-shared revenues, and does not levy a property tax. Long-standing conservative and structurally sound budget practices contribute to healthy reserves, safeguarding the Town and allowing it to continue providing the high level of services our residents expect and deserve. The Town's AA+ debt rating saves the Town and its residents money on debt issuances. Strategic Plan objectives include prioritizing financial stability by evaluating costs, as well as current and potential new revenue sources, and an update of the Town's annexation strategies.

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 \$31 million every year in property taxes to Pima County and other taxing districts (school districts, fire districts, etc.).

Town residents and visitors pay approximately \$30 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 (~\$11 million/year)**
- **2.5% + 6.0% hotel and bed tax (~\$3 million/year)**
- **4.0% construction tax (~\$4-7 million/year)**
- **All other categories (~\$2 million/year)**

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

The FY 2023/24 Adopted Budget of \$148.5 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 2023/24, the Town plans to spend approximately \$33.4 million from its overall beginning fund balance total of \$87 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 2023/24, the Town is planning to utilize a fund balance of about \$5.2 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.



2nd Safest City in Arizona

SafeWise, 2023

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	19,591	19,873
Unemployed	389	1,233	1,251	718
Unemployment Rate	2.6%	6.8%	6.4%	3.6%

Source: U.S. Bureau of Labor Statistics | Local Area Unemployment Survey (LAUS)

Age & Gender Composition

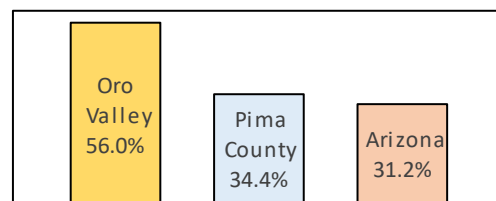
Male	48.4%
Female	51.9%
Median Age	53.9

Under 5 years	3.3%
5 to 9 years	5.6%
10 to 14 years	5.6%
15 to 19 years	4.7%
20 to 34 years	12.4%
35 to 44 years	9.3%
45 to 54 years	10.2%
55 to 64 years	14.5%
65 + years	34.6%

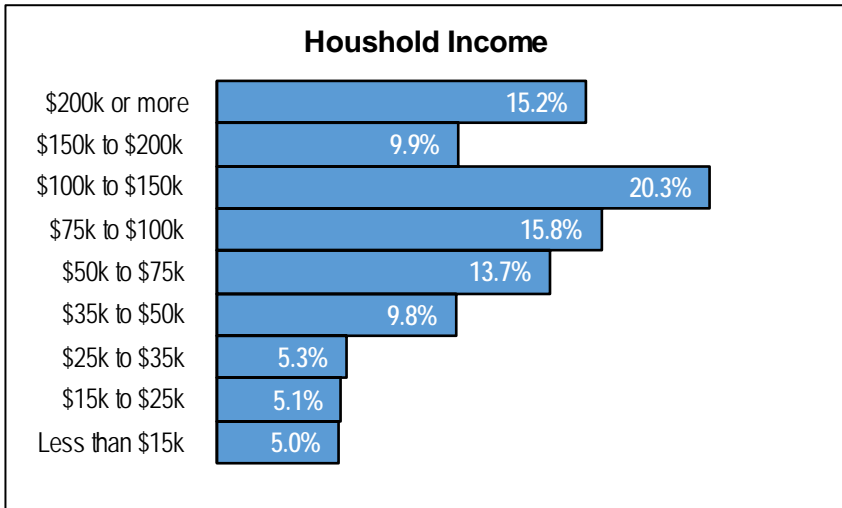
Source: US Census Bureau 2021 ACS

Education Attainment

Bachelor's Degree or Higher



Source: US Census Bureau



Source: US Census Bureau 2021 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	\$5.16
Countywide	\$6.54
Fire District	\$2.61
Town of Oro Valley	\$0.00
Total	\$14.31

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.

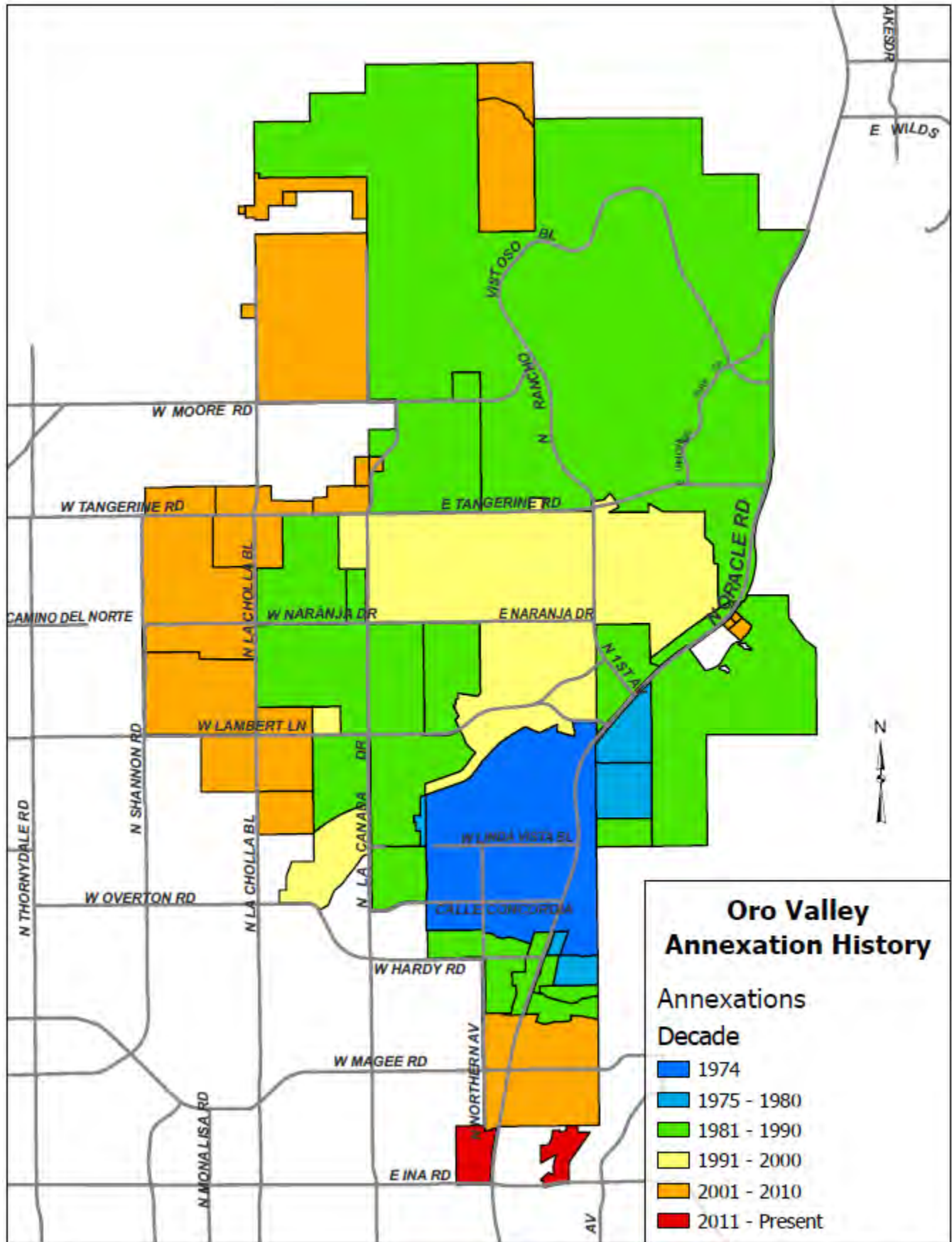
Post-World War II Period

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

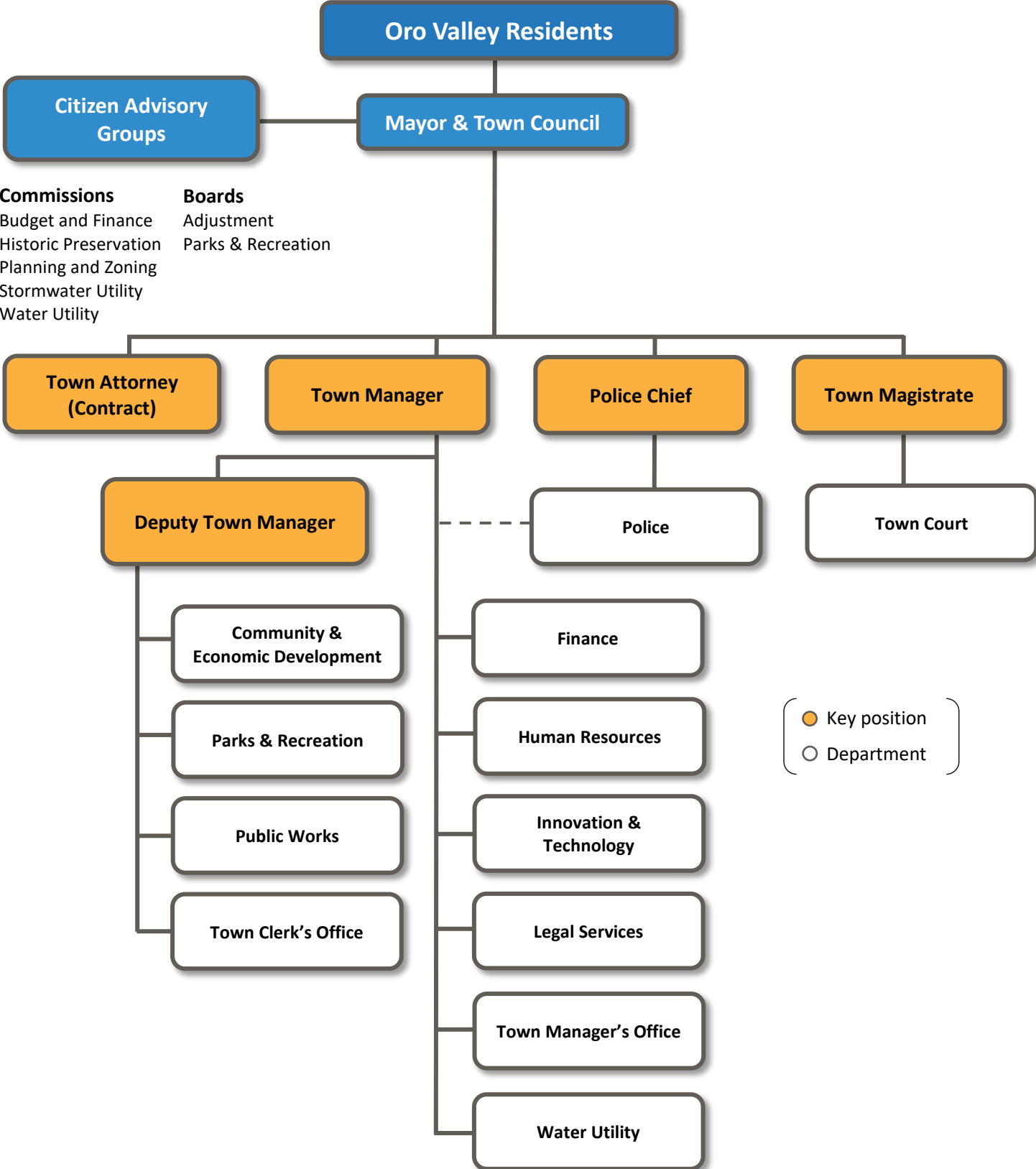


Harry "Mo" Green II,
Councilmember
Term Expires: Nov 2024



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:

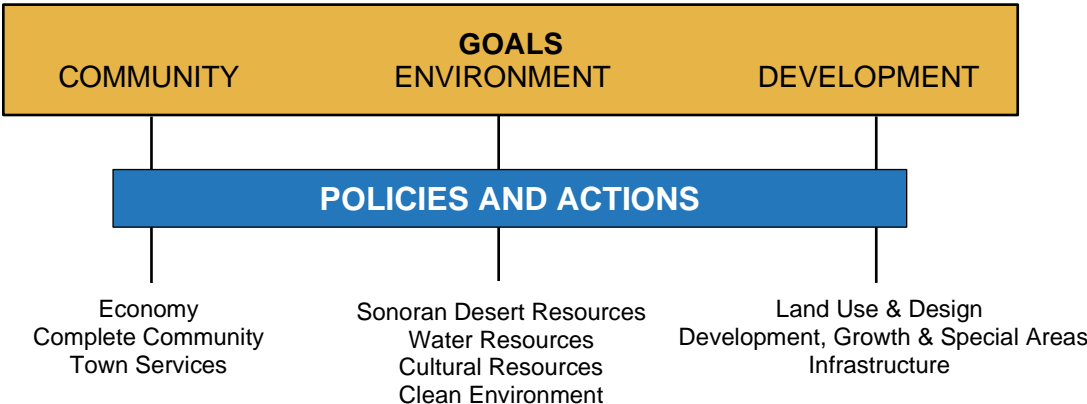
VISION AND GUIDING PRINCIPLES

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 PLAN
FY 23/24 - FY 24/25





OVERVIEW

The Council-adopted Strategic Plan for fiscal years 2023/24 through 2024/25 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 Plan provides organizational direction in seven focus areas:

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

Within these focus areas are 19 goals and 55 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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Effective and Efficient Government	34
Financial Stability and Sustainability	35

Note: Page numbers have been changed to the budget document page numbers

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 with scenic views.



FOCUS AREA 1: ECONOMIC VITALITY



GOAL 1.1

Strengthen assistance to support and retain local businesses.

OBJECTIVES

- 1.1.1 In coordination with the Oro Valley Chamber of Commerce, co-sponsor the Oro Valley Annual Business Summit in 2024.
- 1.1.2 Continue and/or expand Oro Valley's business retention, expansion, and enhancement programs.

GOAL 1.2

Attract, expand, and retain primary employers to encourage growth and development of job opportunities.

OBJECTIVES

- 1.2.1 Support and encourage the current key economic sectors in Oro Valley while exploring opportunities for new growth.
- 1.2.2 Host three start-up business classes to educate and support prospective entrepreneur prospects with support from Startup Tucson and/or the Pima County Small Business Development Center.
- 1.2.3 Develop a strategy to identify, engage, and support community-based "solopreneurs" (i.e., consultants, early retirees, freelancers, etc.) and others who want to create new businesses.



GOAL 1.3

Attract, expand, and retain retail, food service, and hospitality opportunities in commercial centers.

OBJECTIVES

- 1.3.1 Implement the Comprehensive Economic Development Strategy and provide suggested updates to Town Council.

GOAL 1.4

Increase the number of residents and visitors who choose Oro Valley as a premier place to dine, shop, play, and stay.

OBJECTIVES

- 1.4.1 Complete a comprehensive analysis of the return on investment and benefits derived from the Town's partnership with Visit Tucson and bring options to Council regarding the Town's tourism and attraction plans.
- 1.4.2 Analyze Town-owned special event venues to increase their usage and make them easier for businesses and members of the public to utilize.

FOCUS AREA 2: CULTURE AND RECREATION



GOAL 2.1

Invest in and maintain OV recreational assets that provide opportunities for residents to connect with each other, nature, and their community (i.e., Aquatic Center, Community Center, golf courses, historic sites, parks, trails, etc.).

OBJECTIVES

- 2.1.1 Improve parking and ADA accessibility at the Community Center by paving the dirt lot and installing a ramp and elevator.
- 2.1.2 Evaluate the purpose and utility of the Community Center in order to generate options for improvements.
- 2.1.3 Complete council direction regarding the Parks Bond amenities.
- 2.1.4 Begin phased implementation of the Vistoso Trails Nature Preserve Master Plan.
- 2.1.5 Work with stakeholders including the Oro Valley Historical Society to consolidate Steam Pump Ranch plans (i.e., 2008, 2015, 2020) into one comprehensive updated plan.

GOAL 2.2

Invest in and maintain the OV trail system for accessibility, to best serve the needs of the community, and as a way to connect with neighbors and nature.

OBJECTIVES

- 2.2.1 Create a Trails Plan (i.e., multi-use paths, natural surfaces, paved surfaces, etc.) with an emphasis on access, connectivity, maintenance, mapping, promotions, and signage.
- 2.2.2 Pursue recognition, certifications, and awards for the Town's bike friendly network.
- 2.2.3 Create special events and programs to promote the Town's current trail systems.



GOAL 2.3

Increase Oro Valley residents' involvement in multi-generational recreation opportunities and programming.

OBJECTIVES

- 2.3.1 Plan for, promote, and engage the community in Oro Valley's 50th anniversary celebration throughout 2024.
- 2.3.2 Implement Senior Taskforce recommendations for non-traditional activities, such as lifelong learning and health education.
- 2.3.3 Provide opportunities for arts, cultural projects, and performing arts.
- 2.3.4 Evaluate opportunities (i.e., discounts, reservation availability, etc.) that would benefit Oro Valley residents in recreational amenities and activities.





FOCUS AREA 3: PUBLIC SAFETY



GOAL 3.1

Strengthen strategies that keep Oro Valley as one of the safest communities in Arizona.

OBJECTIVES

- 3.1.1 Deploy high visibility police resources in high crime and high traffic crash areas.
- 3.1.2 Continue to provide education and awareness to the entire community on the latest illicit drug trends to include the opioid/fentanyl epidemic.
- 3.1.3 Develop and implement strategies with partners to address mental health and other quality of life issues affecting our community.
- 3.1.4 Continue to improve traffic safety (i.e., bicycle, multi-use path, pedestrian, vehicle, etc.) through education, engineering, and enforcement.
- 3.1.5 Maintain risk assessment and prevention and emergency response plans for community assets and the Town overall.
- 3.1.6 Strengthen the School Resource Officer program through resources and training to prepare for modern threats.

GOAL 3.2

Invest in the health and wellness of OVPD employees.

OBJECTIVES

- 3.2.1 Focus on programs and education related to physical health, mental health, nutrition, and financial health.

GOAL 3.3

Strengthen the OV justice system, including coordination between the OVPD, Legal Services, and the Town Court.

OBJECTIVES

- 3.3.1 Evaluate the feasibility of improved Police and Court facilities and develop a project proposal with options.
- 3.3.2 Continue to focus on efficient and effective criminal justice processes to ensure prompt services are provided.



FOCUS AREA 4: ROADS, WATER, AND TOWN ASSETS



GOAL 4.1

Invest in current and future OV transportation networks and quality infrastructure (i.e., bridges, Dial-a-Ride, roads, Sun Shuttle, etc.).

OBJECTIVES

- 4.1.1 Create a Transportation Infrastructure Plan that establishes sustainable construction, operation, level of service, and maintenance strategies.
- 4.1.2 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.
- 4.1.3 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 4.2

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

OBJECTIVES

- 4.2.1 Develop and evaluate strategies to reduce the use of potable water in OV (i.e., golf courses, parks, residential, etc.).
- 4.2.2 Identify and evaluate potential new water sources for the Town.
- 4.2.3 Begin phased construction of the Northwest Recharge Recovery and Distribution System project.

GOAL 4.3

Maintain and improve the community's infrastructure by ensuring the effective utilization of Town and regional resources.

OBJECTIVES

- 4.3.1 Evaluate the cost/benefit analysis of all currently available pavement mill and replacement strategies, materials, and longevity.
- 4.3.2 Improve and evaluate opportunities for sustainable infrastructure (i.e., alternative transportation, electric vehicles, natural ecosystems, etc.) that demonstrates financial viability.
- 4.3.3 Implement a Town-owned public art maintenance plan.
- 4.3.4 Develop a comprehensive, organization-wide facility space plan that maximizes efficiencies and reflects the best use of Town properties for current and future needs.
- 4.3.5 Analyze and provide options for potential uses for the Rooney Ranch property.



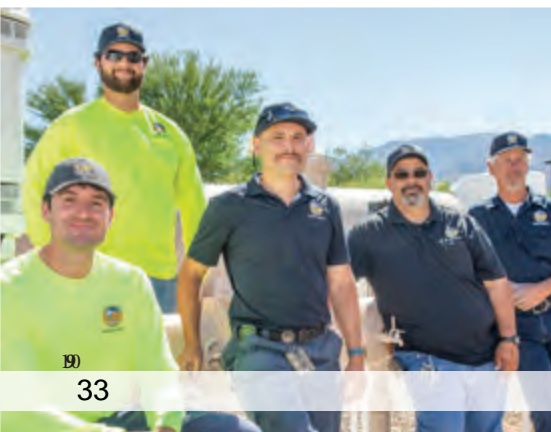
FOCUS AREA 5: LAND USE AND DESIGN

GOAL 5.1

Maintain and enhance the character of the community regarding development, recognizing the importance of natural and open spaces.

OBJECTIVES

- 5.1.1 Develop a Tree Master Plan to include 50 trees in 2024 as part of Oro Valley's 50th Anniversary Celebration.
- 5.1.2 Advance and support the 2026 General Plan.
- 5.1.3 Analyze and update impact fees to ensure all Town services are included.





FOCUS AREA 6: EFFECTIVE & EFFICIENT GOVERNMENT

GOAL 6.1

Strengthen community engagement with a focus on clear and accessible information.

OBJECTIVES

- 6.1.1 Work to ensure the Town's digital platforms provide meaningful online engagement opportunities and easy access to important information.
- 6.1.2 Implement dashboards with the status of the Council's Strategic Plan.

GOAL 6.2

Foster and cultivate the Town's culture of continuous improvement to enhance customer experience, improve organizational efficiency, and increase value through innovation.

OBJECTIVES

- 6.2.1 Support, challenge, and engage employees at all levels of the organization.
- 6.2.2 Strengthen the Town's continuous improvement acumen by developing Lean Six Sigma skills among Town employees.

GOAL 6.3

Attract and retain skilled and knowledgeable employees.

OBJECTIVES

- 6.3.1 Continue to evaluate and monitor the current Town Compensation Plan.
- 6.3.2 Establish a supervisory training program.
- 6.3.3 Foster and promote a safe and engaging culture.
- 6.3.4 Promote employee recognition.

GOAL 6.4

Invest in the health and wellness of Town employees.

OBJECTIVES

- 6.4.1 Focus on programs and education related to physical, mental, nutritional, and financial health.

FOCUS AREA 7: FINANCIAL STABILITY AND SUSTAINABILITY



GOAL 7.1

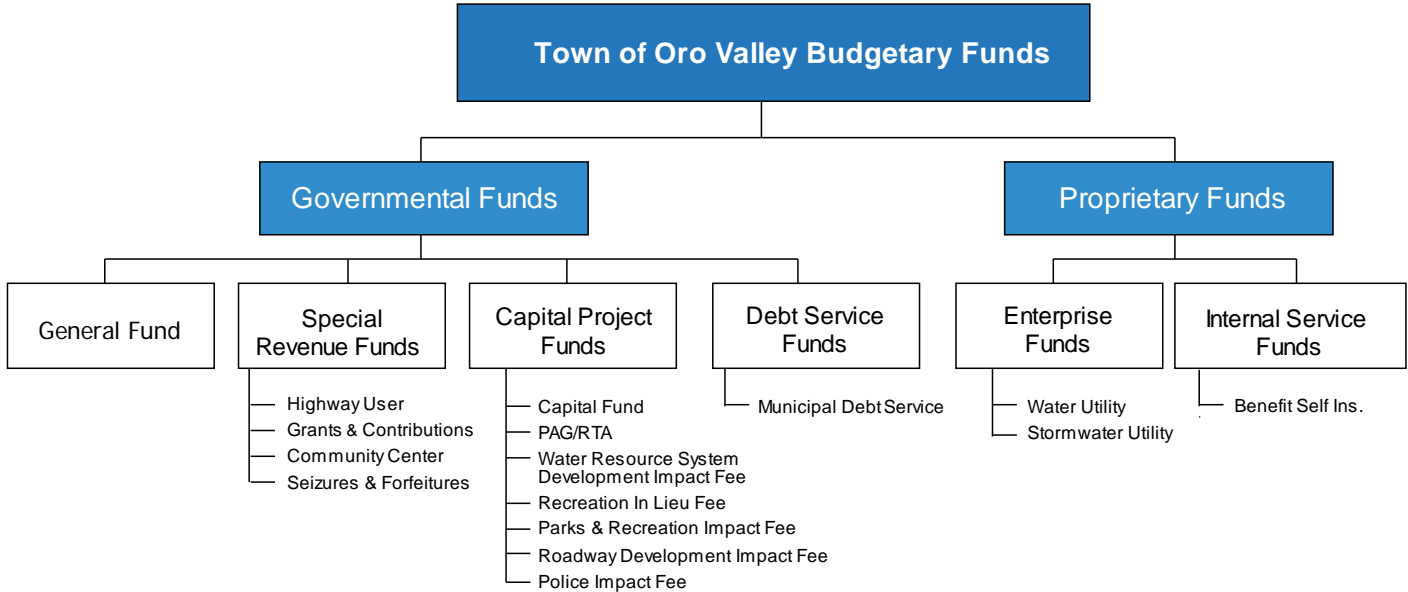
Safeguard the Town's financial resources to ensure high service levels are met and maintained for current and future residents.

OBJECTIVES

- 7.1.1 Prioritize financial stability by evaluating current revenue sources and exploring new opportunities annually.
- 7.1.2 Evaluate current costs to control expenditures.
- 7.1.3 Update the Annexation Strategy to include revisiting the Tangerine/ Thornydale Arizona State Land Department annexation and further efforts at the Ina/Oracle area.



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 of Accounting

The Town's budget basis of accounting is based on the modified accrual basis. This method recognizes revenues in the period that they become available and measurable, and expenditures are recognized in the period the associated liability is incurred.

The Town's **governmental funds** consist of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds. Governmental fund type budgets are developed using the modified accrual basis of accounting. Under the modified accrual basis, revenues are accrued if they are earned and will be collected within 60-days after the fiscal year-end. This method differs from Generally Accepted Accounting Principles (GAAP) used for preparing government-wide financial statements in the Town's Annual Comprehensive Financial Report (ACFR).

The Town's **proprietary fund budgets** consist of the Water, Stormwater, and Benefit Self-insurance Funds and are adopted using the full accrual basis of accounting.

The major differences between the budget and the Annual Comprehensive Financial Report are:

- Certain revenues, expenditures and transfers are not included in the budget, but are accrued and reported in the Annual Comprehensive Financial Report. For example, increases or decreases in compensated absences, payroll accruals and changes in fair market value are not included for budget purposes but are presented in the Annual Comprehensive Financial Report.
- Grant revenues are budgeted on a modified cash basis. GAAP recognizes grant revenues on an accrual basis.
- Capital outlays in the Enterprise Funds are fully expenses in the year acquired in the budget but are recorded as assets along with associated depreciation expenses in the Annual Comprehensive Financial Report.
- Debt service principal payments in the Enterprise Funds are expenses in the budget but reported as reduction of long-term debt liability in the Annual Comprehensive Financial Report.
- For budget purposes the Benefit Self Insurance Fund presents claim expenditures on a short-term basis while in the Annual Comprehensive Financial Report, the claim expenditures also include a long-term accrual for "incurred, but not reported" (IBNR) claims.

All actual amounts in the budget document are shown on the budgetary basis to facilitate meaningful comparisons. The differences between modified accrual basis and GAAP accounting listed above are similar to those of many other local governments. These differences exist largely because they provide a more conservative view of revenues and expenditures and because they provide greater administrative controls.

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 ensure the Town's capability to adequately fund and provide 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 re-adoption of the policies occurred on January 4, 2023 per Resolution (R)23-01. 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, 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. The monthly reports shall also contain forecasts, updated on a quarterly basis, projecting expenditures and revenues through the end of the fiscal year.
- 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 that are treasury-based 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 Leases – Leased assets subject to GASB Statement No.87 shall be amortized over the shorter of the lease term or the asset useful life. The threshold for capitalizing lessor leases shall be \$125,000. The threshold for capitalizing lessee leases shall be \$75,000.

- 4.0 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.
- 5.0 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.
- 6.0 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.
- 7.0 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.
- 8.0 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.
- 9.0 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 Annual Comprehensive 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. The Town shall only issue additional non-enterprise fund debt should its excise taxes equal or exceed three times the annual debt service requirement of all its current and proposed annual debt obligations.
- 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 30% of regular General Fund operating expenditures. After completion of the annual audit, if the fund balance exceeds 30%, 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 Unassigned Fund Balance – The Town shall strive to always maintain a positive unassigned fund balance.
- 3.0 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.
- 4.0 Governmental Accounting Standards Board (GASB) Statement No.54 – In accordance with GASB Statement No.54, fund balances will be classified in the following components:
 - 4.1 Nonspendable Fund Balance
 - 4.2 Restricted Fund Balance
 - 4.3 Committed Fund Balance
 - 4.4 Assigned Fund Balance
 - 4.5 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
Grant/Contracts Fund	X				Restricted by Grantor/Donor
Community Center Fund		X			Committed by Town Council
Capital Fund			X		
<u>General Fund</u>					
Council 30% 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	

- 5.0 Town Council Authorization – Fund balance reserves may only be appropriated by authorization of the Town Council.
- 6.0 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.
- 7.0 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.

8.0 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 Annual Comprehensive Financial Report (ACFR), 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 ACFR 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 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 typically 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 planning retreat is held with Councilmembers to update the Town's Strategic Plan, discuss preliminary revenue projections and the CIP program for the upcoming fiscal year. The Strategic 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 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, Deputy Town Manager, Chief Financial Officer, Chief Information Officer, Deputy Finance Director, 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

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. The FY 23/24 expenditure limitation for Oro valley is \$148,489,391

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 2023/24 (July 1, 2023 - June 30, 2024)

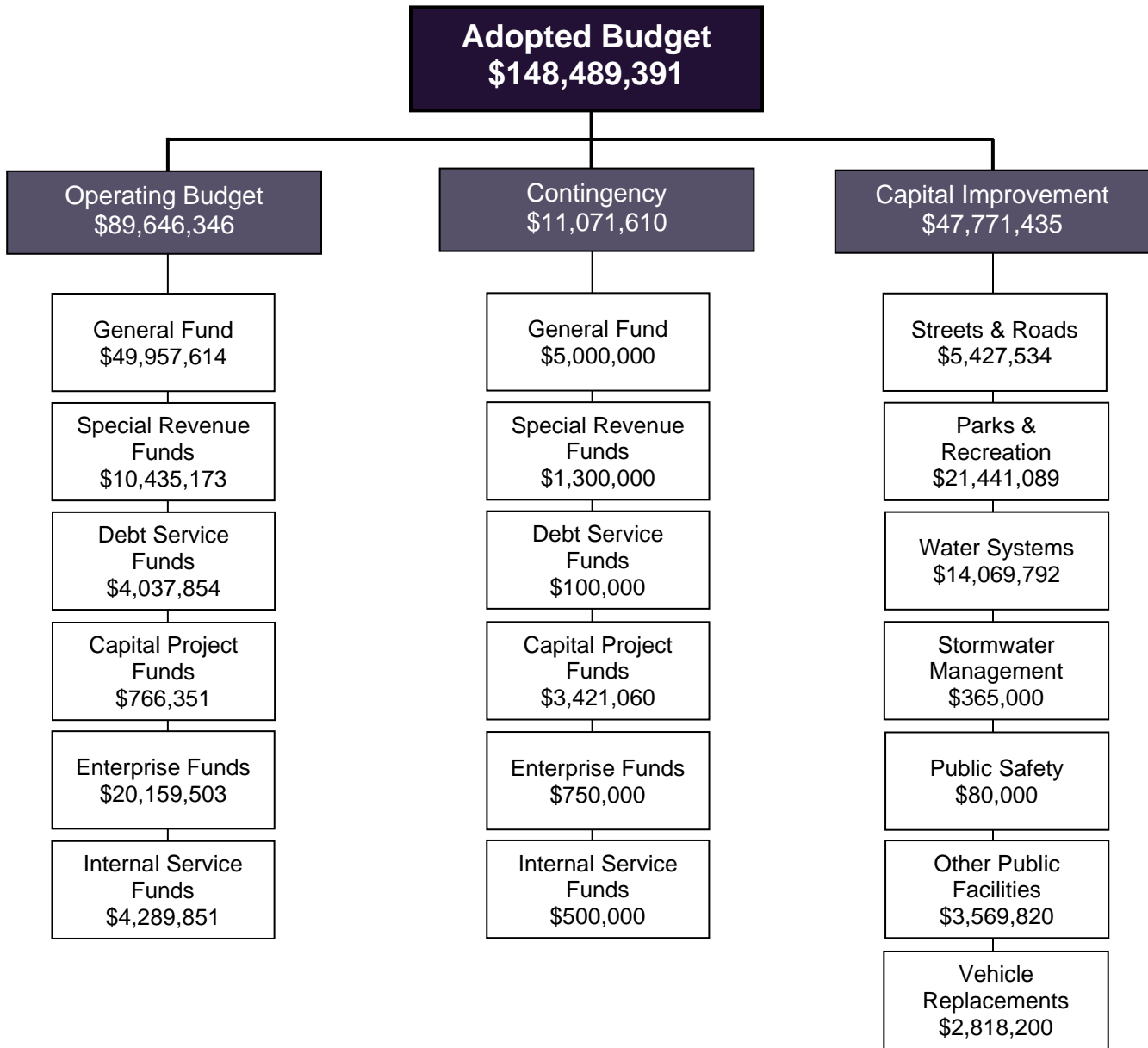
Strategic Planning	November - January
CIP request process open for departments to submit initial project requests	Dec 5, 2022
Senior Management Team meeting - discuss budget timeline and department requests	Dec 15, 2022
New budget year planning meeting with Budget Steering Committee	Jan 31, 2022
Budget Development Process	January - April
Budget Kick Off. Preliminary outlook, operating budget formation & entry.	Jan 30, 2023
Department budget request submission	Jan 30 – Feb 24, 2023
Final revenue estimates prepared	Jan 31 – Mar 3, 2023
Town Council Retreat: discussion of strategic plan, revenue projections, CIP, and budget	Feb 10, 2022
Final CIP requests due	Feb 28, 2023
Water Rates Analysis - Council adoption of notice of intent	Mar 1, 2023
Budget Steering Committee reviews department budget requests	Mar 1 – Mar 10, 2023
Finance prepares Town Manager Recommended Budget	Mar 15 – Apr 14, 2023
Council Budget Review	April – May
Town Manager's Recommended Budget distributed to Council and Budget & Finance Commission	Apr 14, 2023
Town Council Review - Staff meetings with Councilmembers	Apr 17 – Apr 21, 2023
Budget & Finance Commission review of Town Manager's Recommended Budget	Apr 18, 2023
Town Council Study Session, Budget work session, CIP presented	May 10 – May 11, 2023
Budget Adoption	June
Adoption of Proposed Water Rates, Public Hearing	Jun 7, 2023
Tentative Budget Adoption, Public Hearing	Jun 7, 2023
Final Budget Adoption, Public Hearing; presentation of five-year forecast	Jun 21, 2023



FINANCIAL OVERVIEW

- Budget Overview
- Fund Balances
- Budget Summary
- Revenue Summary
- Expenditure Summary
- Revenue Schedule by Fund
- Revenue Sources
- Expenditure Schedule by Fund
- Expenditures by Department
- Personnel Summary
- FTE Summary by Fund
- Personnel Schedule
- Debt Service
- Debt Service Schedules
- Five Year Forecast





Budget Overview

The budget for FY 2023/24 totals \$148.5 million, which includes a \$89.6 million operating budget and \$47.8 million for capital projects, and represents a \$785,000, or 0.5% increase from the previous fiscal year budget of \$147.7 million.

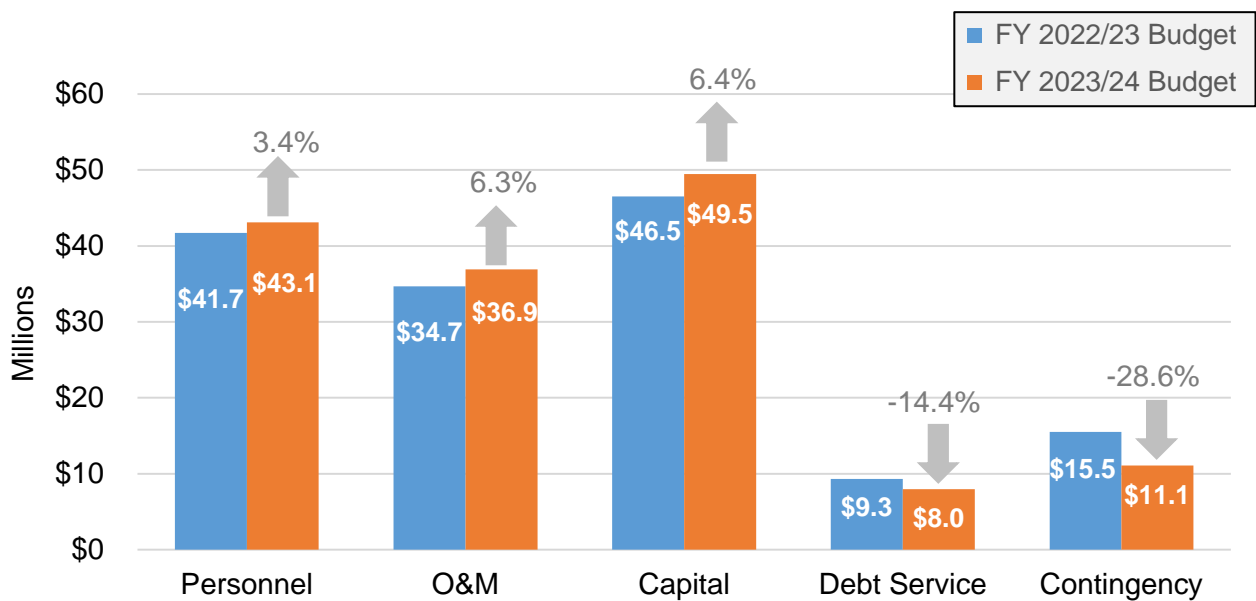
Budgeted capital for FY 23/24 is a significant portion of the budget at \$47.8 million and includes capacity for roadway improvements, water system improvements, parks and recreation amenities and improvements, public safety facilities and equipment, and fleet and technology replacements. Please refer to the Capital Improvement Program (CIP) for additional detail on budgeted projects.

The FY 23/24 personnel budget provides funding for five new full-time and two part-time positions, several position reclassifications. Refer to the personnel summary section of the budget for further discussion and details regarding personnel changes.

The O&M budget is increasing by approximately \$2.2 million, or 6.3%, due to cost inflation in areas such as software and technology, medical claims costs and Central Arizona Project water costs.

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

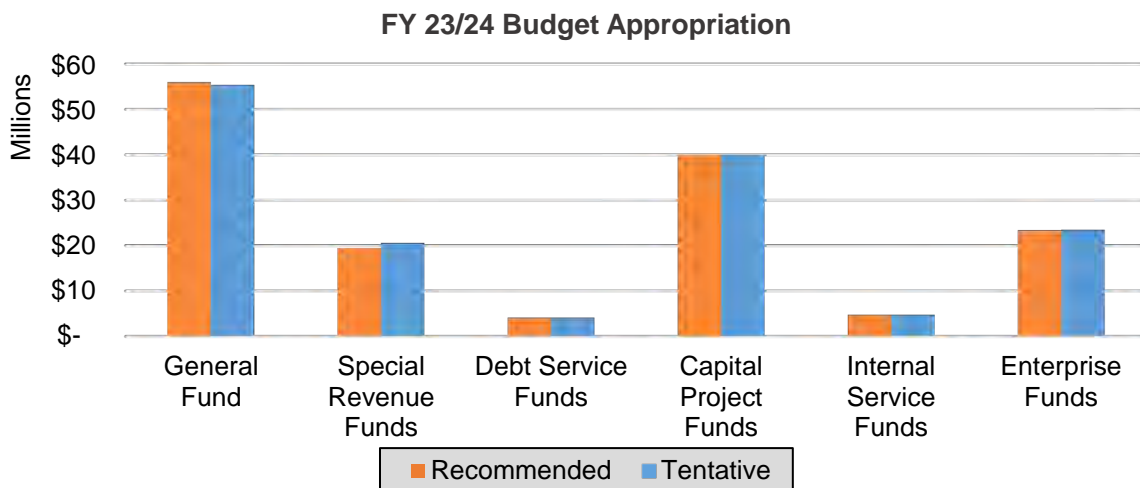


Changes Between Recommended to Adopted

The Town Manager’s recommended balanced budget for FY 23/24 was prepared and delivered to the Town Council and made public in April 2023. The budget process is typically underway for several months leading up to this point, and Town Council, as well as the public are 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 23/24, several significant changes were made from the recommended budget delivered in April, to the final adopted budget in June. The largest of these changes was the cost increase for the NWRRDS (Northwest Recharge, Recovery, and Delivery System) capital project, an ongoing collaborative water infrastructure effort by Oro Valley, Marana, and Metro Water District. In total, the overall budget increased \$600,170 or 0.4% from the recommended amount of \$147.9 million to the adopted amount of \$148.5 million. A summary of the major changes is listed below.

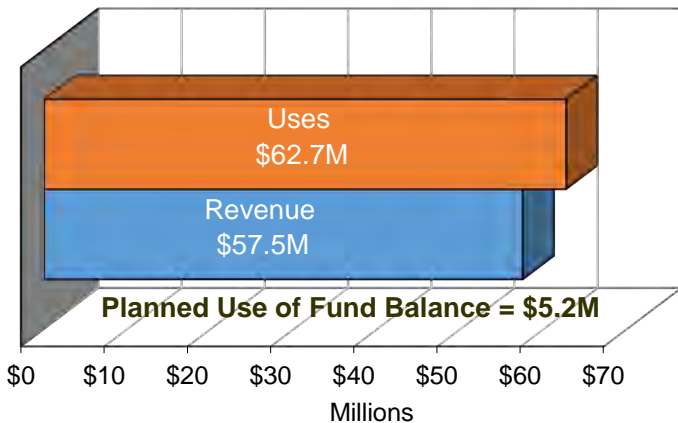
<i>Personnel</i>	
Refinement of wages and benefits projection	+114,852
<i>Operations & Maintenance</i>	
Increased grant funded travel and training for the Police Department	+110,000
Software cost adjustments	+65,000
Capacity for consulting fees for space needs	+50,000
Carryover of Rooney Master Plan	+35,000
Carryover of impact fee study	+30,000
Reduced AZ Rangers court security hours	-5,000
<i>Capital Outlay</i>	
Adjustment to NWRRDS Projects	+2,200,000
Refinement of project carryover from FY 22/23	-1,299,482
Rancho Vistoso & Woodburne Intersection CIP project moved to FY 24/25	-750,000
<i>Contingency</i>	
Roadway Impact Fee Fund	+50,000
Rec in Lieu Fund	-200



Balanced Budget

In accordance with the Town’s adopted Financial and Budgetary Policies, 1-1 – 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.”

FY 2024 General Fund Expenditures and Revenue



Revenues	\$ 57,487,819
Expenditures	<u>62,674,258</u>
Surplus/(Deficit)	(\$5,186,439)

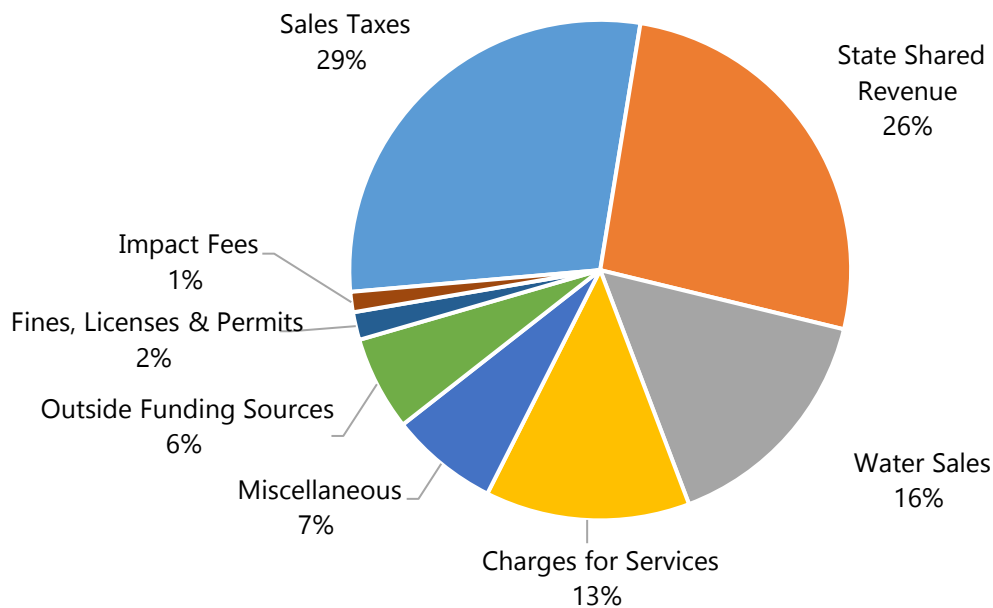
The budget is structurally balanced, that is all recurring expenditures are expected to be covered with recurring revenues. The planned use of fund balance will go towards funding of one-time expenditures in the budget.

Revenues

Budgeted revenue for FY 23/24 totals \$104 million and represents a \$2 million, or 2% increase from FY 22/23. The 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 23/24, the Town has budgeted revenues from sales taxes, which is a major funding source (29% of the total), state shared revenues (26% of total) and water sales (16% of total).

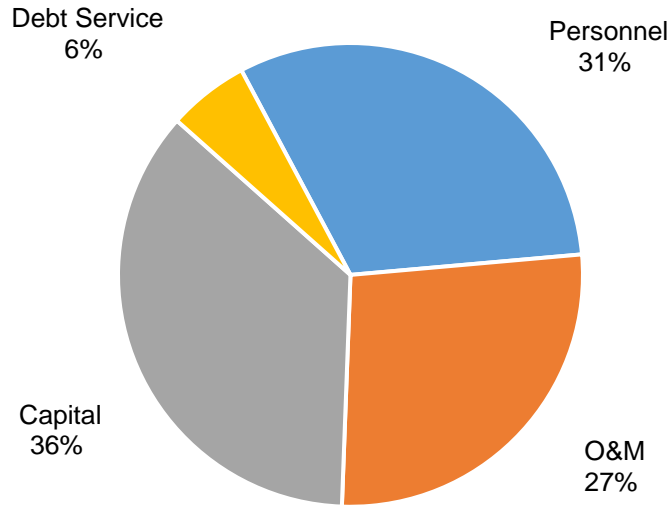
FY 23/24 Budgeted Revenue Sources



Expenditures

Budgeted expenditures (excluding contingency) for FY 23/24 total \$137.4 million and represent a 3.9% increase from FY 22/23. The budget includes approximately \$89.6 million to support daily operations and services and \$47.8 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 2023/24 Budgeted Uses



	SOURCES		USES					
	Revenue	Transfers In	Personnel	O&M	Capital	Debt Service	Contingency*	Transfers Out
General Fund	57,487,819	-	35,652,260	13,386,754	1,360,600	-	5,000,000	12,274,644
Special Revenue Funds								
Highway Fund	4,432,608	1,500,000	1,262,861	1,003,930	4,202,000	-	200,000	-
Grants & Contributions	3,412,700	138,000	-	1,044,400	3,224,752	-	500,000	-
Seizures & Forfeitures	103,000	-	-	100,000	-	-	100,000	-
Community Center Fund	9,708,452	-	1,114,639	5,294,659	1,820,500	210,684	500,000	1,717,203
Debt Service Funds								
Municipal Debt Svc Fund	185,146	3,902,708	-	10,000	-	4,027,854	100,000	-
Capital Project Funds								
WRSDIF Fund	1,053,349	2,880,000	-	178,714	11,950,000	74,586	250,000	-
TWDIF Fund	301,810	-	-	6,429	-	-	300,000	-
PAG/RTA Fund	65,125	-	-	30,000	438,000	-	120,000	-
Parks & Rec Impact Fee Fund	137,780	-	-	3,000	600,000	-	185,000	-
Police Impact Fee Fund	39,234	-	-	857	-	-	50,000	46,553
Rec In Lieu Fee Fund	100	-	-	-	-	-	16,610	-
Capital Fund	1,727,540	10,000,000	254,765	-	23,121,391	-	2,500,000	1,500,000
Internal Service Funds								
Benefit Self Insurance Fund	4,289,851	-	-	4,289,851	-	-	500,000	-
Enterprise Funds								
Water Utility Fund	19,360,500	-	3,870,809	11,176,793	2,239,792	3,644,440	500,000	2,882,308
Stormwater Utility Fund	1,721,500	-	947,302	369,159	506,000	-	250,000	-
	104,026,514	18,420,708	43,102,636	36,894,546	49,463,035	7,957,564	11,071,610	18,420,708

Total Budget Appropriation 148,489,391**

* 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)		Capital Project Funds (4)	Internal Service Funds (5)	Debt Service Funds (6)	2023-2024 Total
			Water Utility Fund	Non-Major Enterprise Fund				
Revenues and Other Sources								
Taxes	\$ 26,398,318	\$ 3,726,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,124,334
Licenses and Permits	1,717,118	25,000	-	-	-	-	-	1,742,118
Fines	125,000	-	-	-	-	-	-	125,000
Water Sales	-	-	16,060,000	-	-	-	-	16,060,000
Charges for Services	3,204,246	5,785,386	3,200,500	1,501,500	28,125	-	-	13,719,757
State Shared Revenue	22,953,222	4,334,608	-	-	-	-	-	27,287,830
Intergovernmental	1,869,500	-	-	-	-	-	-	1,869,500
Grants	657,415	2,827,700	-	210,000	650,000	-	25,146	4,370,261
Seizures & Forfeitures	-	100,000	-	-	-	-	-	100,000
Impact Fees	-	-	-	-	1,362,473	-	-	1,362,473
Interest Income	300,000	133,000	100,000	10,000	276,800	-	60,000	879,800
Miscellaneous	263,000	725,050	-	-	1,007,540	4,289,851	100,000	6,385,441
Other Financing Sources	-	138,000	-	-	12,880,000	-	3,902,708	16,920,708
Total	\$ 57,487,819	\$ 17,794,760	\$ 19,360,500	\$ 1,721,500	\$ 16,204,938	\$ 4,289,851	\$ 4,087,854	\$ 120,947,222
Expenditures and Other Uses								
General Government								
<i>Town Council</i>	\$ 209,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,203
<i>Town Manager's Office</i>	1,638,716	-	-	-	-	-	-	1,638,716
<i>Clerk</i>	419,897	-	-	-	-	-	-	419,897
<i>Human Resources</i>	590,520	-	-	-	-	-	-	590,520
<i>Finance</i>	850,456	-	-	-	-	-	-	850,456
<i>Innovation & Technology</i>	6,271,309	-	-	-	-	-	-	6,271,309
<i>Legal</i>	1,132,503	-	-	-	-	-	-	1,132,503
<i>Town Court</i>	1,010,662	-	-	-	-	-	-	1,010,662
<i>General Administration</i>	2,555,536	600,000	-	-	10,286	4,289,851	10,000	7,465,673
Debt Service								
Principal	-	-	-	-	-	-	2,668,242	2,668,242
Interest	-	-	-	-	-	-	1,359,612	1,359,612
<i>Capital Projects</i>	-	-	-	-	23,121,391	-	-	23,121,391
Comm. & Economic Dev.	3,882,445	-	-	-	-	-	-	3,882,445
Parks and Recreation	4,664,040	9,114,200	-	-	600,000	-	-	14,378,240
Police	20,410,591	590,500	-	-	-	-	-	21,001,091
Public Works	6,763,736	8,973,725	-	1,822,461	254,765	-	-	17,814,687
Water Utility								
<i>Personnel</i>	-	-	3,870,809	-	-	-	-	3,870,809
<i>Operations & Maintenance</i>	-	-	11,176,793	-	-	-	-	11,176,793
<i>Capital Outlay</i>	-	-	2,239,792	-	12,128,714	-	-	14,368,506
Debt Service								
Principal	-	-	3,300,830	-	71,424	-	-	3,372,254
Interest	-	-	343,610	-	3,162	-	-	346,772
Roadway Improvements	-	-	-	-	468,000	-	-	468,000
Other Financing Uses	12,274,644	1,717,203	2,882,308	-	1,546,553	-	-	18,420,708
Total	\$ 62,674,258	\$ 20,995,628	\$ 23,814,142	\$ 1,822,461	\$ 38,204,295	\$ 4,289,851	\$ 4,037,854	\$ 155,838,489
Increase/(Decrease)	(5,186,439)	(3,200,868)	(4,453,642)	(100,961)	(21,999,357)	-	50,000	(34,891,267)
Beginning Fund Balance	\$ 22,921,554	\$ 2,864,261	\$ 12,437,412	\$ 750,548	\$ 44,974,453	\$ 2,869,952	\$ 207,718	\$ 87,025,897
Ending Fund Balance	\$ 17,735,115	\$ (336,607)	\$ 7,983,770	\$ 649,587	\$ 22,975,096	\$ 2,869,952	\$ 257,718	\$ 52,134,631

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 on July 1, 2023, the budgeted revenues and expenditures for FY 23/24 and the projected ending fund balance on June 30, 2024.

- 1) The General Fund is planned to decrease by \$5,186,439 due to a \$10 million transfer of fund balance to the Capital Fund.
- 2) Special Revenue Funds are planned to decrease by \$3,200,868 for planned capital projects.
- 3) The fund balance in the Water Utility Enterprise Fund is decreasing \$4,453,642 due to one-time capital projects. The fund balance in the Stormwater Utility Fund is decreasing \$100,961 due to one-time capital projects.
- 4) Capital Project Funds are planned to decrease by \$21,999,357 due to one-time capital projects and equipment.
- 5) Fund balance is expected to remain unchanged at \$2,869,952 for the Benefit Self Insurance Fund.
- 6) Fund balances in the Debt Service Funds are increasing \$50,000 due to interest income.

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Financial Overview | Budget Summary

	FY 2021	FY 2022	FY 2023		FY 2024
	Actual		Budget	Projected	Budget
Personnel FTE					
General Fund	310.69	313.31	328.89	331.99	336.48
Special Revenue Funds	37.55	33.55	34.77	33.55	35.02
Capital Project Funds	-	2.00	2.00	2.00	2.00
Enterprise Funds	50.73	51.21	50.21	50.21	50.21
TOTAL PERSONNEL FTE	398.97	400.07	415.87	417.75	423.71
Expenditures by Fund ⁽¹⁾					
General Fund	39,532,747	51,204,588	48,073,483	45,777,577	50,399,614
Special Revenue Funds	9,045,776	10,262,969	19,579,140	16,331,553	19,278,425
Debt Service Funds	1,397,720	19,499,044	4,341,059	4,340,559	4,037,854
Capital Project Funds	9,886,602	12,552,077	34,305,154	22,400,337	36,657,742
Enterprise Funds	20,323,213	19,568,698	22,162,894	21,324,090	22,754,295
Internal Service Funds	3,561,013	3,269,744	3,764,477	4,218,658	4,289,851
TOTAL EXPENDITURES	83,747,071	116,357,121	132,226,207	114,392,774	137,417,781
Expenditures by Category ⁽¹⁾					
Personnel	33,970,613	36,234,387	41,740,350	40,151,271	43,102,636
Operations & Maintenance	27,386,557	56,792,475	34,705,814	32,913,541	37,105,230
Capital Outlay	15,812,322	17,026,291	46,468,412	32,016,331	49,463,035
Debt Service	6,577,579	6,303,969	9,311,631	9,311,631	7,746,880
TOTAL EXPENDITURES	83,747,071	116,357,121	132,226,207	114,392,774	137,417,781
Operating Results					
Total Revenues ⁽²⁾	97,612,952	120,619,446	101,988,663	101,723,352	104,026,515
Total Expenditures ⁽¹⁾	83,747,071	116,357,121	132,226,207	114,392,774	137,417,781
NET OPERATING RESULTS ⁽³⁾	13,865,881	4,262,325	(30,237,544)	(12,669,422)	(33,391,266)

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 23/24 is estimated to total \$104,026,515. In comparison to the FY 22/23 budget, revenue is projected to increase by approximately \$2.0 million, or 2.0%. This increase is mainly attributable to state shared revenues.

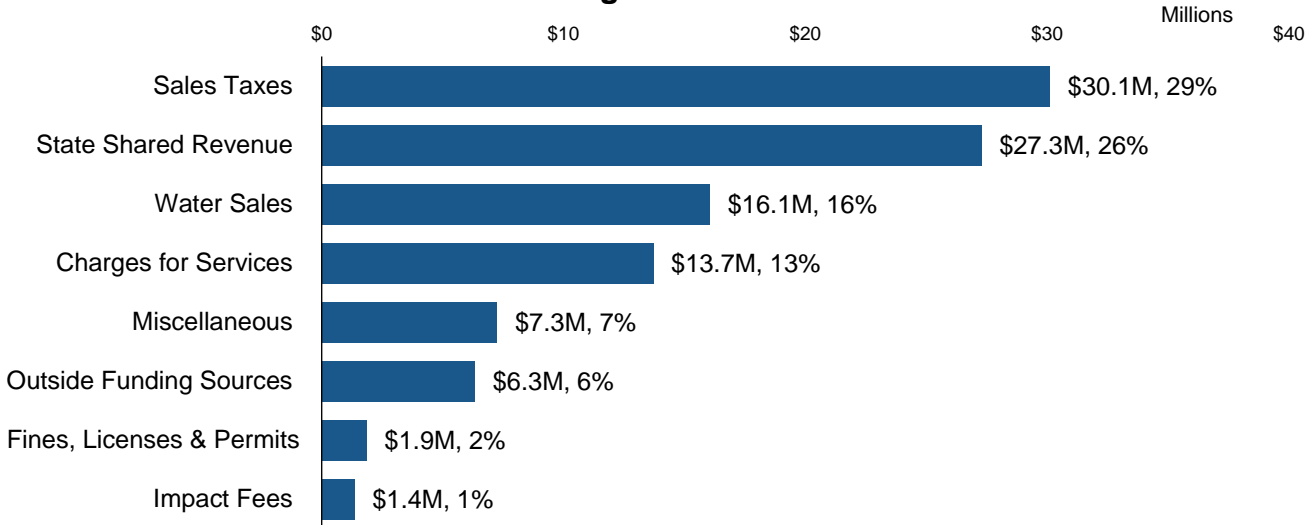
Revenues remain difficult to forecast due to the many uncertainties that still exist in the national economy and high inflation. With that in mind, projections remain conservative while still attempting to be as accurate as possible. The Town expects a mild recession in the U.S. economy and low growth in the Arizona economy over the next fiscal year. Revenues related to consumer spending are expected to see modest growth for FY 23/24. Local sales tax revenues are expected to increase \$1.4 million, or 4.8% when compared to FY 22/23. The bulk of these increases are anticipated in retail, contracting, restaurant & bar, as well as hotel/bed tax categories.

Revenues associated with commercial development are projected to decrease in the upcoming fiscal year based on the expected timing of known projects.

Overall, state shared revenues are anticipated to increase approximately \$5.6 million or 25.6% compared to the prior fiscal year. State shared income tax revenues are expected to increase 41.3%, state sales tax revenues are expected to increase 24.7%, highway user fund revenues are forecasted to increase slightly at 5%, and vehicle license tax is expected to increase 11% over the prior year. The increase in state shared income tax revenues is due to attributable to a statutory change in the state allocation rate from 15% to 18% to cities and towns.

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 70 for detailed changes in revenue from year to year.

FY 23/24 Budgeted Revenue Sources



Revenue Sources

	FY 2022	FY 2022/23		FY 2023/24	Variance	
	Actual	Budget	Projected	Budget	to Budget	%
Sales Taxes	31,340,309	28,748,195	30,745,680	30,124,334	1,376,139	4.8%
Charges for Services	13,414,864	12,659,189	13,104,452	13,719,757	1,060,568	8.4%
State Shared Revenue	19,297,511	21,732,793	22,630,352	27,287,830	5,555,037	25.6%
Fines, Licenses & Permits	2,551,554	2,373,824	2,748,461	1,867,118	(506,706)	-21.3%
Miscellaneous	4,103,320	7,243,087	7,372,386	7,265,241	22,154	0.3%
Impact Fees	1,772,492	1,712,866	1,978,812	1,362,473	(350,393)	-20.5%
Water Sales	14,406,542	15,383,000	14,186,000	16,060,000	677,000	4.4%
Outside Funding Sources	33,732,854	12,135,709	8,957,209	6,339,761	(5,795,948)	-47.8%
Total Revenue	\$ 120,619,446	\$ 101,988,663	\$ 101,723,352	\$ 104,026,515	\$ 2,037,851	2.0%

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 +\$1.4M</p>	<ul style="list-style-type: none"> 3.6% increase in retail collections 10.3% increase in restaurant & bar collections 24.8% increase in hotel related collections 11.4% decrease in construction related collections 6.3% increase in utility sales tax collections 17.7% increase in remote seller tax collections
<p>Charges for Services +\$1.1M</p>	<ul style="list-style-type: none"> 5.2% increase in the General Fund due mainly to administrative charges to the enterprise funds 18.8% increase in Community Center Fund from golf and recreation programs
<p>State Shared Revenues +\$5.6M</p>	<ul style="list-style-type: none"> 24.7% increase in state shared sales taxes 5.0% increase in HURF revenues 41.3% increase in state income taxes 11.5% increase in vehicle license tax
<p>Fines, Licenses & Permits -\$0.5M</p>	<ul style="list-style-type: none"> \$566K decrease in commercial building permit revenues, based on projected activity \$67K increase in residential building permit revenues, based on projected activity
<p>Outside Funding -\$5.8M</p>	<ul style="list-style-type: none"> \$5.8M decrease in federal grants mainly related to the American Rescue Plan Act of 2021 (ARPA) and Arizona Broadband Development Grant (ABDG) capacity for installation of fiber optic infrastructure
<p>Impact Fees -\$0.3M</p>	<ul style="list-style-type: none"> 20.5% decrease based on anticipated commercial and residential building activity
<p>Water Sales +\$0.7M</p>	<ul style="list-style-type: none"> 4.4% increase based on demand and scheduled rates
<p>Miscellaneous +\$0.2M</p>	<ul style="list-style-type: none"> 0.3% increase based on anticipated investment income earnings and revenues related to the Benefit Self Insurance Fund

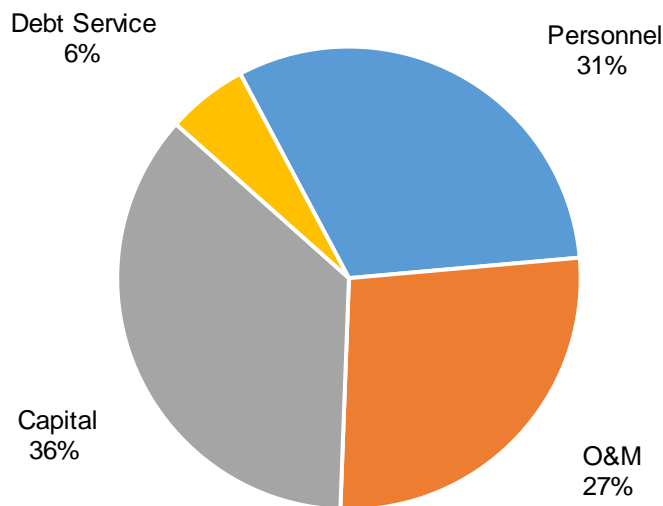
Expenditure Summary

The expenditure budget for FY 23/24 totals \$137,417,781 and represents a \$5.2 million, or 3.9% increase over the prior fiscal year budgeted expenditures. The budget includes \$89.6 million to support daily operations and services and \$47.8 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 22/24 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 2023/24 Budgeted Uses



Budgeted Uses

	FY 2022	FY 2022/23		FY 2023/24	Variance	
	Actual	Budget	Projected	Budget	to Budget	%
Personnel	36,234,387	41,740,350	40,151,271	43,102,636	1,362,286	3.3%
O&M	56,792,475	34,705,814	32,913,541	37,105,230	2,399,416	6.9%
Capital	17,026,291	46,468,412	32,016,331	49,463,035	2,994,623	6.4%
Debt Service	6,303,969	9,311,631	9,311,631	7,746,880	(1,564,751)	-16.8%
Total Expenditures	\$ 116,357,121	\$ 132,226,207	\$ 114,392,774	\$ 137,417,781	\$ 5,191,574	3.9%

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 +\$1.4M	<ul style="list-style-type: none"> \$798K for employee step increases and 4.25% pay adjustments \$646K increase for seven new positions and various position reclassifications
O&M +\$2.4M	<ul style="list-style-type: none"> \$580K for outside professional services \$432K for Central Arizona Project water charges \$454K for software licenses and subscriptions \$375K for estimated Insurance claims \$286K for contract personnel services \$242K for golf operating expenditures \$145K for telecommunications (\$237K) reduced gasoline budget
Capital +\$3.0M	<ul style="list-style-type: none"> \$6.4M increase in capital outlay on the NWRDSD project
Debt Service -\$1.6M	<ul style="list-style-type: none"> Decrease in accordance with schedule of principal and interest payments Payoff of Series 2012 senior lien water bonds

Capital Improvement Program

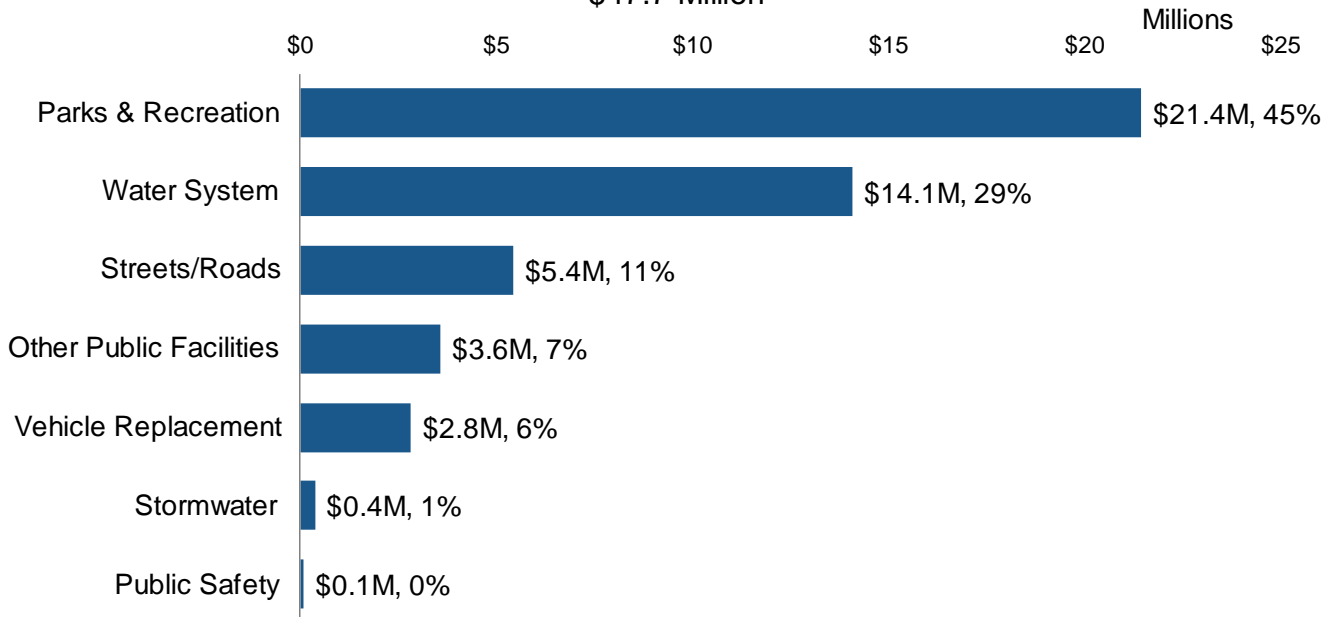
The Capital Improvement Program (CIP) is a comprehensive, ten-year plan of capital projects that identifies priorities, methods of financing, costs, and associated revenues. It includes a one-year recommendation for the Town’s capital budget. The CIP is one of the mechanisms that implements the Town’s 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 23/24 adopted budget includes \$47.8 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 23/24 Capital Improvement Projects

\$47.7 Million



Revenue Schedule by Fund

Major Revenue Accounts	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget	% to Budget
General Fund						
Local Sales Tax:						
Local Sales Tax	21,109,373	27,048,414	24,505,959	26,266,462	25,633,318	4.6%
Cable Franchise Fees	722,700	756,388	765,000	765,000	765,000	0.0%
Total Local Sales Tax	21,832,073	27,804,802	25,270,959	27,031,462	26,398,318	4.5%
License & Permit Fees:						
Business Licenses & Permits	201,157	211,085	202,500	200,000	205,000	1.2%
Residential Building Permits	2,110,300	1,414,601	1,023,494	1,074,931	1,090,118	6.5%
Commercial Building Permits	715,612	594,623	816,330	1,066,330	250,000	-69.4%
Sign Permits	20,995	24,925	20,000	23,000	20,000	0.0%
Special Inspection Fees	5,460	10,230	8,000	12,500	8,000	0.0%
Grading Permit Fees	183,924	59,337	84,500	110,000	65,000	-23.1%
Road Permits	50	(50)	-	-	-	0.0%
Floodplain Use Permits	3,700	2,235	4,000	5,200	4,000	0.0%
Fire Permits & Fees	84,628	73,094	65,000	145,000	75,000	15.4%
Total License & Permit Fees	3,325,826	2,390,080	2,223,824	2,636,961	1,717,118	-22.8%
Federal Grants:						
DEA Overtime Reimbursement	32,875	28,045	40,000	25,000	41,415	3.5%
Miscellaneous Federal Grants	9,619,409	5,592,372	-	112,000	-	0.0%
HIDTA-DEA	116,830	96,218	80,000	115,000	90,000	12.5%
GOHS	186,936	42,101	45,000	102,000	71,000	57.8%
Homeland Security	139,768	177,764	215,000	215,000	380,000	76.7%
Total Federal Grants	10,095,818	5,936,500	380,000	569,000	582,415	53.3%
State Grants:						
Misc State Grants	214,154	69,413	75,000	90,000	75,000	0.0%
Total State Grants	214,154	69,413	75,000	90,000	75,000	0.0%
State/County Shared:						
State Income	6,580,331	6,174,401	9,084,919	9,082,717	12,839,525	41.3%
State Sales	5,462,343	6,637,079	5,780,575	6,737,363	7,207,659	24.7%
Vehicle License Tax	2,392,664	2,270,326	2,315,524	2,315,524	2,582,388	11.5%
Smart & Safe	-	235,954	324,675	270,000	323,650	-0.3%
Opioid Settlement	-	-	100,000	97,648	-	-100.0%
Total State/County Shared	14,435,338	15,317,760	17,605,693	18,503,252	22,953,222	30.4%
Other Intergovernmental:						
School Resource Officers	64,122	61,209	65,000	65,000	90,000	38.5%
RTA Reimbursements	1,004,664	1,518,846	1,530,000	1,530,000	1,774,000	15.9%
PCLD Reimbursements	8,223	6,178	18,000	5,500	5,500	-69.4%
Animal Control Revenues	115,410	88,586	-	-	-	0.0%
Total Other Intergovernmental	1,192,419	1,674,819	1,613,000	1,600,500	1,869,500	15.9%
Charges for Services:						
Court Costs	140,218	157,338	135,000	137,000	135,000	0.0%
Public Defender Fees	2,416	200	2,400	-	2,400	0.0%
Zoning & Subdivision Fees	121,973	83,601	65,000	89,000	65,000	0.0%
User Fees - Swimming Pool	405,834	545,171	496,000	362,540	466,000	-6.0%
User Fees - Fields & Courts	109,137	149,438	122,032	175,000	186,840	53.1%
User Fees - Miscellaneous	71,442	201,057	159,000	228,407	144,000	-9.4%
Copy Services	523	227	350	350	350	0.0%
General Government Other	3,719	1,833	7,000	800	800	-88.6%
Police Report Copying	5,652	6,519	6,500	7,000	6,500	0.0%
Police Other	15,071	4,114	5,000	14,000	5,000	0.0%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget	% to Budget
Engineer Plan Review Fees	24,800	20,750	51,000	25,000	51,000	0.0%
Farebox	463	(1,676)	80,000	-	40,000	-50.0%
Administrative Services	729,048	1,284,684	1,718,960	1,648,960	1,897,065	10.4%
Financial Services	197,952	-	-	-	-	0.0%
Real Property Rental Income	102,691	104,136	101,223	101,223	101,223	0.0%
Maps	80	50	250	80	80	-68.0%
Impound Processing	22,950	18,925	19,000	19,000	19,000	0.0%
Pawn Slips	750	-	300	300	300	0.0%
Police Fingerprinting	1,650	9,670	9,000	10,000	9,000	0.0%
Concession Sales	82	353	-	250	-	0.0%
Public Record Request Fees	1,412	1,412	1,500	1,700	1,400	-6.7%
Court Security Fee	20,000	58,759	57,000	57,000	57,000	0.0%
Public Art In Lieu Fees	-	-	-	-	16,288	0.0%
Facility Maintenance Services	14,024	12,291	10,000	-	-	-100.0%
Total Charges for Services	1,991,887	2,658,852	3,046,515	2,877,610	3,204,246	5.2%
Fines:						
Fines	135,547	132,636	125,000	85,000	125,000	0.0%
Total Fines	135,547	132,636	125,000	85,000	125,000	0.0%
Interest Income:						
Interest - Investments	123,041	(754,525)	150,000	300,000	300,000	100.0%
Total Interest Income	123,041	(754,525)	150,000	300,000	300,000	100.0%
Miscellaneous:						
Donations	11,648	6,825	-	12,900	-	0.0%
Miscellaneous	28,160	27,655	15,000	340,000	15,000	0.0%
Special Events	370	1,740	4,000	8,000	4,000	0.0%
Insurance Recoveries	4,849	-	-	-	-	0.0%
In-Lieu Income	220,921	224,391	220,000	234,000	234,000	6.4%
Sale of Assets	16,241	8,731	10,000	17,000	10,000	0.0%
Total Miscellaneous	282,189	269,342	249,000	611,900	263,000	5.6%
		1.6%		4.3%		
TOTAL GENERAL FUND	53,628,292	55,499,679	50,738,991	54,305,685	57,487,819	13.3%
Highway Fund						
License & Permit Fees:						
Road Permits	37,108	28,838	25,000	26,500	25,000	0.0%
Total License & Permit Fees	37,108	28,838	25,000	26,500	25,000	0.0%
State Grants:						
RTA Reimbursements	16,588	-	-	-	-	0.0%
Total State Grants	16,588	-	-	-	-	0.0%
State/County Shared:						
Highway User	3,714,572	3,979,751	4,127,100	4,127,100	4,334,608	5.0%
Total State/County Shared	3,714,572	3,979,751	4,127,100	4,127,100	4,334,608	5.0%
Interest Income:						
Interest - Investments	1,022	(16,303)	8,000	110,000	70,000	775.0%
Total Interest Income	1,022	(16,303)	8,000	110,000	70,000	775.0%
Miscellaneous:						
Miscellaneous	2,658	102	2,000	5,925	2,000	0.0%
Insurance Recoveries	4,696	7,158	1,000	1,900	1,000	0.0%
Sale of Assets	188	-	-	-	-	0.0%
Total Miscellaneous	7,542	7,260	3,000	7,825	3,000	0.0%
TOTAL HIGHWAY FUND	3,776,832	3,999,546	4,163,100	4,271,425	4,432,608	6.5%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget	% to Budget
Grants & Contributions Fund						
Federal Grants:						
GOHS	-	94,730	130,000	130,000	127,000	-2.3%
Miscellaneous Federal Grants	-	1,150	8,277,000	5,417,000	2,463,800	-70.2%
Homeland Security	-	105,207	135,000	135,000	13,500	-90.0%
Total Federal Grants	-	201,087	8,542,000	5,682,000	2,604,300	-69.5%
State Grants:						
Miscellaneous State Grants	-	-	179,047	179,047	123,400	-31.1%
Opioid Settlement	-	-	-	-	100,000	0.0%
Total State Grants	-	-	179,047	179,047	223,400	24.8%
Interest Income:						
Interest - Investments	-	(2,262)	50	25,000	25,000	49900.0%
Total Interest Income	-	(2,262)	50	25,000	25,000	49900.0%
Miscellaneous:						
Donations	-	-	-	-	13,000	0.0%
Miscellaneous	-	-	1,500,000	-	547,000	-63.5%
Total Miscellaneous	-	-	1,500,000	-	560,000	-62.7%
TOTAL GRANTS & CONTRIBUTIONS FUND	-	198,825	10,221,097	5,886,047	3,412,700	-66.6%
Seizures & Forfeitures Funds						
Interest Income:						
Interest - Investments	2,610	1,422	2,000	5,000	3,000	50.0%
Total Interest Income	2,610	1,422	2,000	5,000	3,000	50.0%
Miscellaneous:						
Forfeitures	97,784	100,592	100,000	10,000	100,000	0.0%
Total Miscellaneous	97,784	100,592	100,000	10,000	100,000	0.0%
TOTAL SEIZURES & FORFEITURES FUNDS	100,394	102,014	102,000	15,000	103,000	1.0%
Community Center Fund						
Local Sales Tax:						
Local Sales Tax	2,947,420	3,535,507	3,477,236	3,714,218	3,726,016	7.2%
Total Local Sales Tax	2,947,420	3,535,507	3,477,236	3,714,218	3,726,016	7.2%
Charges for Services:						
User Fees - Daily Drop-In	31,289	52,777	30,000	50,500	50,500	68.3%
User Fees - Member Dues	343,628	672,816	620,500	670,000	660,000	6.4%
User Fees - Recreation Programs	86,696	410,986	170,000	405,000	380,000	123.5%
Rental Income	70,717	101,660	67,300	99,402	85,300	26.7%
Concession Sales	129	143	100	100	100	0.0%
Management Contract Revenues	3,970,865	4,726,345	3,980,149	4,550,938	4,609,486	15.8%
Total Charges for Services	4,503,324	5,964,727	4,868,049	5,775,940	5,785,386	18.8%
Interest Income:						
Interest - Investments	4,454	(165,041)	3,000	35,000	35,000	1066.7%
Total Interest Income	4,454	(165,041)	3,000	35,000	35,000	1066.7%
Miscellaneous:						
Donations	5,200	-	-	-	-	0.0%
Miscellaneous	125,000	160,533	159,050	159,050	159,050	0.0%
Special Events	-	-	-	3,000	3,000	0.0%
Sale of Assets	2,060	-	-	11,293	-	0.0%
Insurance Recoveries	-	7,261	-	-	-	0.0%
Total Miscellaneous	132,260	167,794	159,050	173,343	162,050	1.9%
TOTAL COMMUNITY CENTER FUND	7,587,458	9,502,987	8,507,335	9,698,501	9,708,452	14.1%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget	% to Budget
Municipal Debt Service Fund						
Interest Income:						
Interest - Investments	89	7,225	500	60,000	60,000	11900.0%
Total Interest Income	89	7,225	500	60,000	60,000	11900.0%
Federal Grants:						
Miscellaneous Grants	43,773	33,289	30,088	30,088	25,146	-16.4%
Total Federal Grants	43,773	33,289	30,088	30,088	25,146	-16.4%
Miscellaneous:						
Miscellaneous	97,536	95,776	100,000	93,082	100,000	0.0%
Total Miscellaneous	97,536	95,776	100,000	93,082	100,000	0.0%
TOTAL MUNICIPAL DEBT SERVICE FUND	141,398	136,290	130,588	183,170	185,146	41.8%
Oracle Road Debt Service Fund						
Interest Income:						
Special Assessments	4,340	20	-	-	-	0.0%
Penalties	387	-	-	-	-	0.0%
Total Interest Income	4,727	20	-	-	-	0.0%
Principal Repayments:						
Principal Repayments	168,464	-	-	-	-	0.0%
Total Principal Repayments	168,464	-	-	-	-	0.0%
TOTAL ORACLE RD DEBT SERVICE FUND	173,191	20	-	-	-	0.0%
Townwide Roadway Development Impact Fee Fund						
Impact Fees:						
Residential Impact Fees	505,460	251,914	338,300	150,000	236,810	-30.0%
Commercial Impact Fees	161,651	62,498	50,000	63,366	50,000	0.0%
Total Impact Fees	667,111	314,412	388,300	213,366	286,810	-26.1%
Interest Income:						
Interest - Investments	(7,068)	(61,177)	4,000	15,000	15,000	275.0%
Total Interest Income	(7,068)	(61,177)	4,000	15,000	15,000	275.0%
TOTAL ROADWAY IMPACT FEE FUND	660,043	253,235	392,300	228,366	301,810	-23.1%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget	% to Budget
PAG/RTA Fund						
State Grants:						
PAG Reimbursements	-	70,000	75,000	75,000	30,000	-60.0%
RTA Reimbursements	1,947,977	-	721,574	721,574	-	-100.0%
Total State Grants	1,947,977	70,000	796,574	796,574	30,000	-96.2%
Interest Income:						
Interest - Investments	12,556	(25,729)	-	7,000	7,000	0.0%
Total Interest Income	12,556	(25,729)	-	7,000	7,000	0.0%
Miscellaneous:						
Miscellaneous	216,069	11,218	-	-	-	0.0%
Total Miscellaneous	216,069	11,218	-	-	-	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	2,204,727	83,614	824,699	831,699	65,125	-92.1%
Parks & Recreation Development Impact Fee Fund						
Impact Fees:						
Residential Impact Fees	423,720	206,112	165,520	129,920	133,280	-19.5%
Total Impact Fees	423,720	206,112	165,520	129,920	133,280	-19.5%
Interest Income:						
Interest - Investments	(5,940)	(13,283)	3,000	4,500	4,500	50.0%
Total Interest Income	(5,940)	(13,283)	3,000	4,500	4,500	50.0%
TOTAL PARKS IMPACT FEE FUND	417,780	192,829	168,520	134,420	137,780	-18.2%
Police Development Impact Fee Fund						
Impact Fees:						
Residential Impact Fees	153,450	74,210	52,700	33,141	34,034	-35.4%
Commercial Impact Fees	12,145	10,672	5,000	16,920	5,000	0.0%
Total Impact Fees	165,595	84,882	57,700	50,061	39,034	-32.4%
Interest Income:						
Interest - Investments	(228)	(3,337)	500	200	200	-60.0%
Total Interest Income	(228)	(3,337)	500	200	200	-60.0%
TOTAL POLICE IMPACT FEE FUND	165,367	81,545	58,200	50,261	39,234	-32.6%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget	% to Budget
Capital Fund						
State Grants:						
Misc State Grants	119,868	-	420,000	-	620,000	47.6%
Total State Grants	119,868	-	420,000	-	620,000	47.6%
Federal Grants:						
Misc Federal Grants	-	263,024	-	-	-	0.0%
Total Federal Grants	-	263,024	-	-	-	0.0%
Other Financing Sources:						
Bond Proceeds	-	25,367,224	-	-	-	0.0%
Total Other Financing Sources	-	25,367,224	-	-	-	0.0%
Interest Income:						
Interest - Investments	1,444	(57,628)	25,000	350,000	100,000	300.0%
Total Interest Income	1,444	(57,628)	25,000	350,000	100,000	300.0%
Miscellaneous:						
Vehicle Reserves	633,012	741,012	820,010	820,010	892,540	8.8%
Insurance Recoveries	37,417	13,695	30,000	40,000	15,000	-50.0%
Donations	163,605	147,314	-	-	-	0.0%
Miscellaneous	92,485	150,797	170,000	100,000	100,000	-41.2%
Total Miscellaneous	926,519	1,052,818	1,020,010	960,010	1,007,540	-1.2%
TOTAL CAPITAL FUND	1,047,831	26,625,438	1,465,010	1,310,010	1,727,540	17.9%
Benefit Self Insurance Fund						
Interest Income:						
Interest - Investments	4,416	(89,992)	5,000	20,000	25,000	400.0%
Total Interest Income	4,416	(89,992)	5,000	20,000	25,000	400.0%
Miscellaneous:						
Self Insurance Premiums - Employer	2,831,442	2,794,220	2,820,956	2,816,388	2,886,798	2.3%
Self Insurance Premiums - Employee	586,627	634,581	636,173	682,431	699,492	10.0%
COBRA Premiums	31,611	23,375	25,000	68,000	68,000	172.0%
Retiree Premiums	53,469	47,761	46,000	46,000	46,000	0.0%
UHC Wellness Program	20,000	20,000	20,000	20,000	20,000	0.0%
Miscellaneous	323,642	330,732	211,348	565,839	544,561	157.7%
Total Miscellaneous	3,846,791	3,850,669	3,759,477	4,198,658	4,264,851	13.4%
TOTAL BENEFIT SELF INSURANCE FUND	3,851,207	3,760,677	3,764,477	4,218,658	4,289,851	14.0%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget	% to Budget
Water Utility Fund						
Water Sales:						
Residential Water Sales	10,394,919	10,287,597	11,300,000	10,300,000	11,700,000	3.5%
Commercial Water Sales	902,536	974,823	1,000,000	995,000	1,080,000	8.0%
Irrigation Water Sales	1,579,055	1,388,934	1,465,000	1,316,000	1,669,000	13.9%
Turf Related Water Sales	1,565,038	1,367,924	1,384,000	1,275,000	1,386,000	0.1%
Construction Water Sales	237,525	387,264	234,000	300,000	225,000	-3.8%
Total Water Sales	14,679,073	14,406,542	15,383,000	14,186,000	16,060,000	4.4%
Charges for Services:						
Engineer Plan Review Fees	1,186	1,779	5,000	2,837	2,000	-60.0%
Construction Inspection Fees	6,056	44,798	20,000	4,920	10,000	-50.0%
Misc Service Revenue	26,358	33,102	25,000	30,000	25,000	0.0%
Backflow-Install Permit Fee	2,847	2,080	3,000	2,210	2,500	-16.7%
Sewer Fees	381,534	388,564	390,000	380,000	390,000	0.0%
Late Fees	43,765	95,666	90,000	73,000	90,000	0.0%
NSF Fees	2,146	2,033	2,000	2,500	2,000	0.0%
Rain Sensors	23	23	-	-	-	0.0%
Meter Income	164,917	46,949	55,000	58,000	45,000	-18.2%
New Service Establish Fees	112,055	100,960	100,000	73,000	100,000	0.0%
Reconnect Fees	12,328	16,253	16,000	10,000	16,000	0.0%
Groundwater Preservation Fee	2,617,452	2,413,719	2,400,000	2,200,000	2,400,000	0.0%
Other	119,251	122,055	118,000	126,000	118,000	0.0%
Total Charges for Services	3,489,918	3,267,981	3,224,000	2,962,467	3,200,500	-0.7%
Interest Income:						
Interest - Investments	(14,911)	(350,975)	100,000	100,000	100,000	0.0%
Total Interest Income	(14,911)	(350,975)	100,000	100,000	100,000	0.0%
Miscellaneous:						
Miscellaneous	19,029	660,332	-	121,786	-	0.0%
Insurance Recoveries	20,744	12,404	-	2,982	-	0.0%
Sale of Assets	4,555	15,404	-	11,000	-	0.0%
Total Miscellaneous	44,328	688,140	-	135,768	-	0.0%
TOTAL WATER UTILITY FUND	18,198,408	18,011,688	18,707,000	17,384,235	19,360,500	3.5%
Water Resources Development Impact Fee Fund						
Impact Fees:						
Residential Impact Fees	3,746,803	1,089,528	958,050	1,400,000	760,053	-20.7%
Non-Residential Impact Fees	353,753	77,558	143,296	185,465	143,296	0.0%
Total Impact Fees	4,100,556	1,167,086	1,101,346	1,585,465	903,349	-18.0%
Interest Income:						
Interest - Investments	13,700	(479,186)	150,000	150,000	150,000	0.0%
Total Interest Income	13,700	(479,186)	150,000	150,000	150,000	0.0%
TOTAL WRSDIF FUND	4,114,256	687,900	1,251,346	1,735,465	1,053,349	-15.8%

Financial Overview | Revenue Schedule by Fund

Major Revenue Accounts	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget	%
						to Budget
Stormwater Utility Fund						
Federal Grants:						
Miscellaneous Federal Grants				-	210,000	0.0%
Total Federal Grants	-	-	-	-	210,000	0.0%
State Grants:						
Miscellaneous State Grants	152,152	16,906	-	-	-	0.0%
Total State Grants	152,152	16,906	-	-	-	0.0%
Charges for Services:						
Late Fees	635	1,155	-	310	1,500	0.0%
Stormwater Utility Fee	1,473,177	1,494,024	1,492,500	1,460,000	1,500,000	0.5%
Total Charges for Services	1,473,812	1,495,179	1,492,500	1,460,310	1,501,500	0.6%
Interest Income:						
Interest - Investments	1,270	(31,272)	1,500	10,000	10,000	566.7%
Total Interest Income	1,270	(31,272)	1,500	10,000	10,000	566.7%
Miscellaneous:						
Miscellaneous	8,735	2,774	-	-	-	0.0%
Total Miscellaneous	8,735	2,774	-	-	-	0.0%
TOTAL STORMWATER UTILITY FUND	1,635,969	1,483,587	1,494,000	1,470,310	1,721,500	15.2%
Recreation In Lieu Fee Fund						
Charges for Services:						
Recreation In Lieu Fees	712	-	-	-	-	0.0%
Total Charges for Services	712	-	-	-	-	0.0%
Interest Income:						
Interest - Investments	233	(428)	-	100	100	0.0%
Total Interest Income	233	(428)	1,500	100	100	-93.3%
TOTAL REC IN LIEU FEE FUND	945	(428)	-	100	100	0.0%
TOTAL REVENUE - ALL FUNDS	\$ 97,704,098	\$ 120,619,446	\$ 101,988,663	101,723,352	\$ 104,026,515	2.0%

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

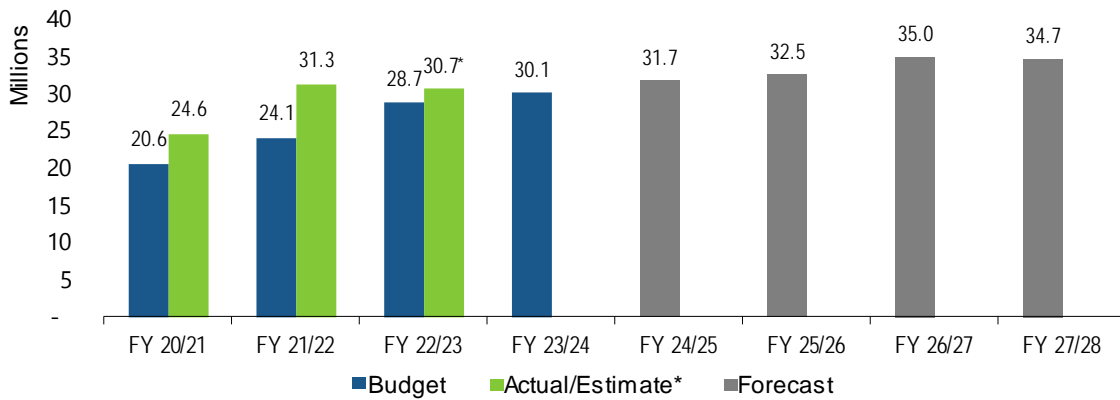
Revenue Sources

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 slow 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, hotel/bed tax modest 5% growth
- Development at the Oro Valley Marketplace; conservative levels of one-time, non-specific commercial development

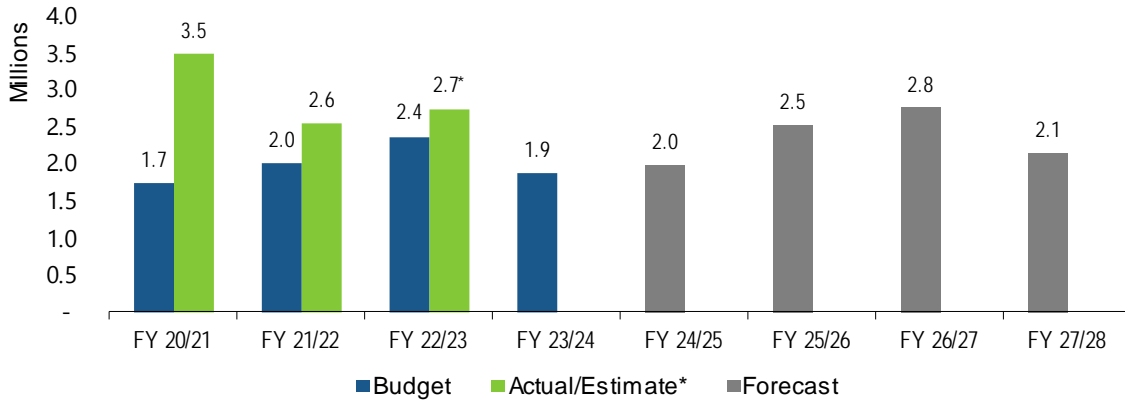
Category (in millions)	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Est. Actual	FY 23/24 Adopted	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast
Construction	4.93	7.01	6.00	5.20	5.21	5.24	6.73	5.55
Utilities	3.26	3.47	3.65	3.50	3.81	3.90	3.98	4.05
Retail	9.97	11.21	11.13	11.28	12.45	13.45	14.85	13.84
Hotel/Motel	1.34	3.42	2.74	2.74	3.79	3.98	4.18	4.38
Restaurant & Bar	2.20	3.06	2.94	2.94	3.29	3.37	3.44	3.51
Other	2.22	2.42	2.29	2.33	2.35	1.85	1.05	2.64
Cable Franchise	0.72	0.76	0.75	0.77	0.77	0.77	0.76	0.75
Total	24.64	31.34	30.67	30.12	31.68	32.54	34.98	34.73

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 23/24 revenue budget of \$1.87 million is \$0.5 million less than the FY 22/23 adopted budget due to lower 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 119 for FY 23/24, projected at 138 for FY 24/25, 197 for FY 25/26, 210 for FY 26/27, and begin declining in FY 27/28 to 133
- Forecast for commercial building activity includes one-time projects subject to fluctuation
- Conservative commercial permitting activity forecast, with 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

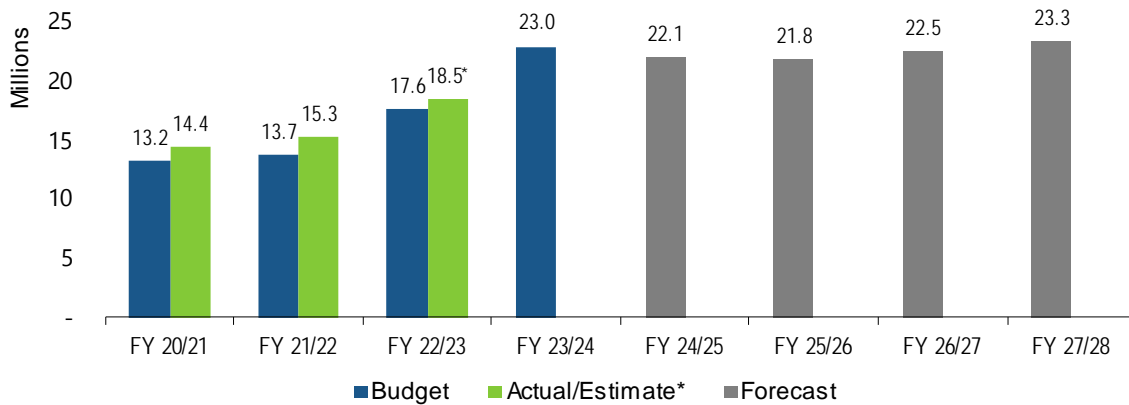
Category (in millions)	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Est. Actual	FY 23/24 Adopted	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast
Residential Building Permits	2.11	1.41	1.07	1.09	1.17	1.32	1.34	1.14
Commercial Building Permits	0.72	0.59	1.07	0.25	0.26	0.26	0.27	0.27
Business Licenses, Fines, & Other	0.67	0.54	0.61	0.53	0.56	0.93	1.15	0.73
Total	3.50	2.55	2.75	1.87	1.98	2.51	2.76	2.14

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. Smart & Safe revenues are 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 40% of General Fund budgeted revenue for FY 23/24.

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 30.4% for FY 23/24 which is attributable 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.

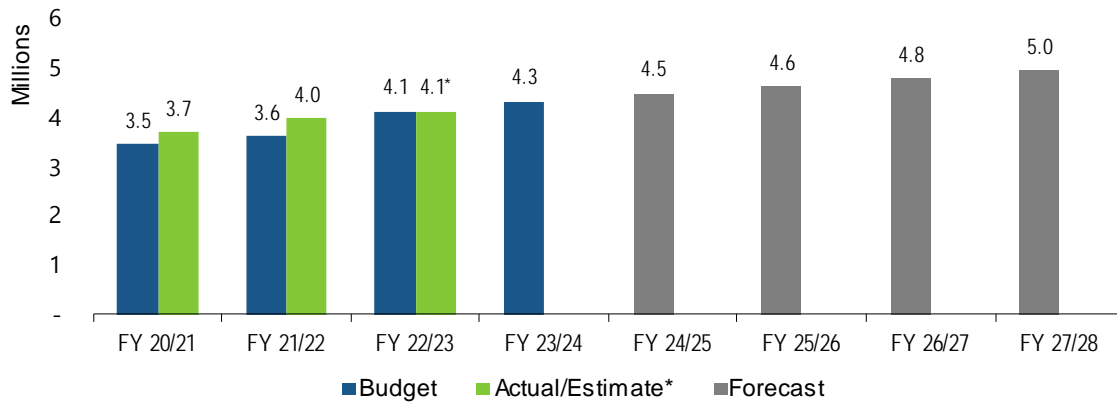
Category (in millions)	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Est. Actual	FY 23/24 Adopted	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast
State Income Tax	6.58	6.17	9.08	12.84	11.46	10.65	10.86	11.08
State Sales Tax	5.46	6.64	6.74	7.21	7.50	7.88	8.19	8.52
Vehicle License Tax	2.39	2.27	2.32	2.58	2.73	2.88	3.04	3.22
Other	-	0.24	0.37	0.32	0.37	0.41	0.45	0.49
Total	14.44	15.32	18.50	22.95	22.05	21.82	22.55	23.30

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 23/24. 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 3.4-3.6% per year over the next four years 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

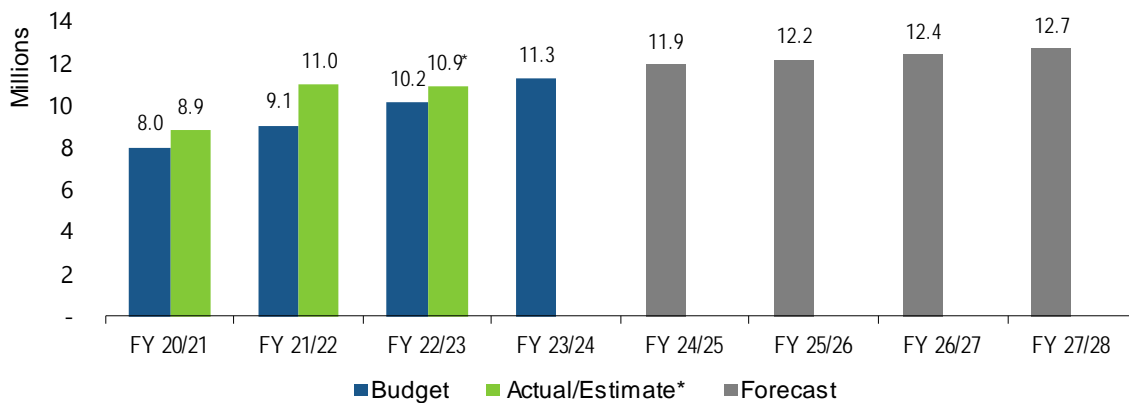
Category (in millions)	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Est. Actual	FY 23/24 Adopted	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast
HURF Revenue	3.71	3.98	4.13	4.33	4.49	4.65	4.80	4.97
Total	3.71	3.98	4.13	4.33	4.49	4.65	4.80	4.97

Charges for Services

Charges for Services are fees charged for specific services provided by the Town. They include internal administrative services provided to enterprise funds (i.e., water and stormwater), 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

For FY 23/24 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
- 3% growth rate for administrative services charged to enterprise funds
- 2.7-2.9% growth rate for 36-hole golf revenue beyond FY 24/25
- 3-4% annual growth in recreation fee revenues

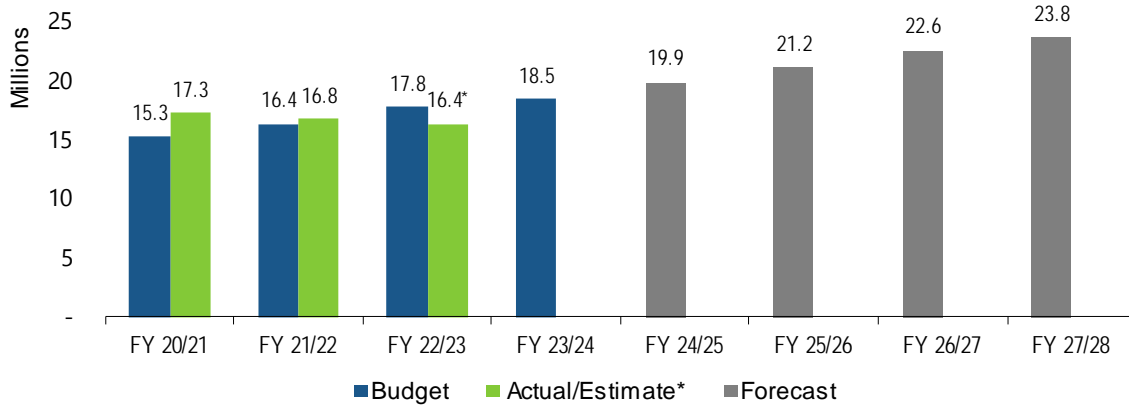
Category (in millions)	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Est. Actual	FY 23/24 Adopted	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast
General Services	1.29	1.69	2.03	2.28	2.34	2.40	2.47	2.53
Development Services	0.15	0.10	0.12	0.12	0.12	0.12	0.12	0.12
Recreation Fees	5.09	6.86	6.54	6.58	7.12	7.29	7.48	7.67
Transit	0.00	(0.00)	-	0.04	0.04	0.04	0.04	0.04
Water	0.87	0.85	0.76	0.80	0.81	0.82	0.82	0.83
Stormwater	1.47	1.50	1.46	1.50	1.50	1.51	1.52	1.52
Total	8.87	11.00	10.91	11.32	11.93	12.17	12.45	12.72

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:

- 4.8% potable water rate increase effective in FY 23/24
- 1% annual growth in fees, 6-10% annual growth in water sales
- Growth is estimated at 150 new connections annually through FY 27/28
- No groundwater preservation fee increases over the next five years

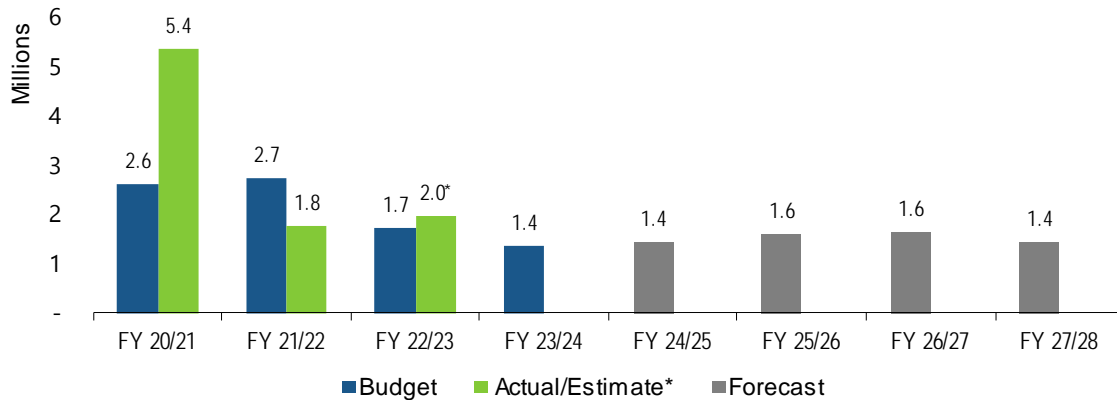
Category (in millions)	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Est. Actual	FY 23/24 Adopted	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast
Water Sales	14.68	14.41	14.19	16.06	17.46	18.75	20.14	21.26
Groundwater Preservation Fee	2.62	2.41	2.20	2.40	2.42	2.45	2.47	2.50
Total	17.30	16.82	16.39	18.46	19.89	21.20	22.61	23.76

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 119 for FY 23/24, projected at 138 for FY 24/25, 197 for FY 25/26, 210 for FY 26/27, and begin declining in FY 27/28 to 133
- Conservative commercial building activity

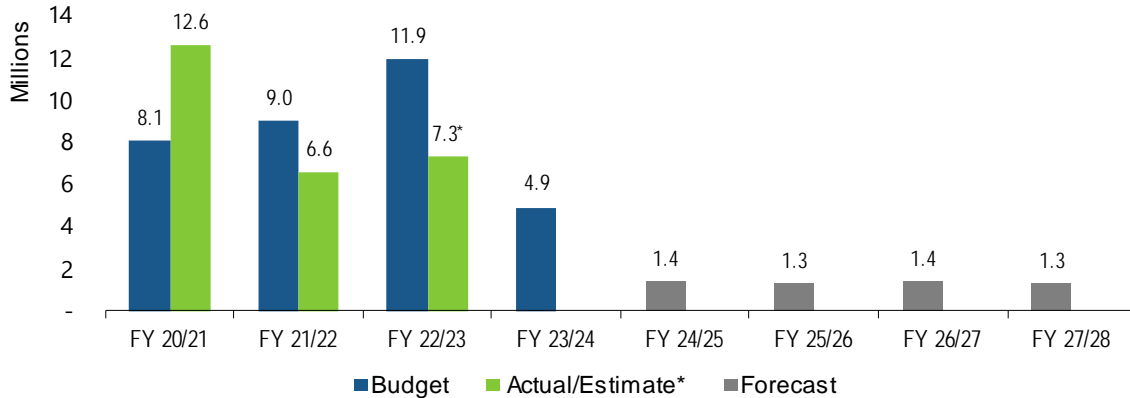
Category (in millions)	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
	Actual	Actual	Est. Actual	Adopted	Forecast	Forecast	Forecast	Forecast
Residential Fees	0.86	1.62	1.71	1.16	1.25	1.41	1.43	1.21
Commercial Fees	4.50	0.15	0.27	0.20	0.20	0.21	0.21	0.21
Total	5.36	1.77	1.98	1.36	1.45	1.62	1.64	1.43

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 regard 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.



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. 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 20/21 Actual	FY 21/22 Actual	FY 22/23 Est. Actual	FY 23/24 Adopted	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast
Roadway Projects	12.38	0.07	0.80	0.03	0.08	0.00	0.08	0.00
Public Safety	0.40	0.61	1.07	1.06	0.66	0.67	0.68	0.68
Stormwater	-	0.02	-	-	-	-	-	-
Federal	0.16	5.59	5.38	2.41	-	-	-	-
Other	(0.35)	0.30	0.10	1.43	0.62	0.61	0.61	0.60
Total	12.59	6.59	7.35	4.93	1.36	1.29	1.36	1.29

Expenditure Schedule by Fund

Major Expenditure Accounts	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget	% to Budget
General Fund						
Clerk	400,344	375,414	422,705	431,246	419,897	-0.7%
Community & Economic Development	2,696,251	2,902,055	3,280,764	3,064,158	3,882,445	18.3%
Council	161,901	192,014	199,145	199,145	209,203	5.1%
Finance	836,613	936,561	1,111,460	880,810	850,456	-23.5%
General Administration	5,008,788	12,922,034	4,077,234	3,306,623	2,555,536	-37.3%
Human Resources	437,350	480,631	569,905	547,534	590,520	3.6%
Innovation & Technology	3,578,668	3,992,280	4,797,809	4,486,939	6,271,309	30.7%
Legal	863,783	894,601	1,015,753	1,023,542	1,132,503	11.5%
Parks and Recreation	3,130,364	3,460,952	3,775,162	3,699,552	4,664,040	23.5%
Police	16,602,097	17,531,660	20,403,472	20,089,276	20,410,591	0.0%
Public Works	4,067,848	5,580,572	6,200,227	5,818,436	6,763,736	9.1%
Town Court	802,123	861,186	1,059,674	959,785	1,010,662	-4.6%
Town Manager's Office	946,617	1,074,627	1,160,173	1,270,531	1,638,716	41.2%
Subtotal	39,532,747	51,204,588	48,073,483	45,777,577	50,399,614	4.8%
Special Revenue Funds						
Highway User Revenue Fund	3,352,817	4,035,539	4,652,189	4,604,011	6,468,791	39.0%
Grants & Contributions Fund	-	90,575	5,741,059	3,193,724	4,269,152	0.0%
Community Center Fund	5,615,181	6,005,895	9,085,892	8,453,818	8,440,482	-7.1%
Seizures & Forfeitures Funds	77,778	130,961	100,000	80,000	100,000	0.0%
Subtotal	9,045,776	10,262,969	19,579,140	16,331,553	19,278,425	-1.5%
Debt Service Funds						
Municipal Debt Service Fund	1,221,882	19,499,044	4,341,059	4,340,559	4,037,854	-7.0%
Oracle Road Improvement District Fund	175,838	-	-	-	-	0.0%
Subtotal	1,397,720	19,499,044	4,341,059	4,340,559	4,037,854	-7.0%
Capital Project Funds						
Parks and Recreation Impact Fee Fund	880,708	-	7,000	4,000	603,000	100.0%
Police Impact Fee Fund	-	-	2,000	1,143	857	100.0%
Capital Fund	2,725,682	10,191,746	28,935,575	19,273,708	23,376,156	-19.2%
Water Resources Dev. Impact Fee	3,294,230	1,609,040	3,287,005	1,908,291	12,203,300	271.3%
PAG/RTA Fund	1,338,628	458,866	1,308,574	1,204,624	468,000	-64.2%
Roadway Impact Fee Fund	1,647,354	292,425	765,000	8,571	6,429	-99.2%
Subtotal	9,886,602	12,552,077	34,305,154	22,400,337	36,657,742	6.9%
Enterprise Funds						
Water Utility	19,125,991	18,444,270	20,055,870	19,479,187	20,931,834	4.4%
Stormwater Utility	1,197,222	1,124,429	2,107,024	1,844,903	1,822,461	-13.5%
Subtotal	20,323,213	19,568,698	22,162,894	21,324,090	22,754,295	2.7%
Internal Service Funds						
Benefit Self Insurance	3,561,013	3,269,744	3,764,477	4,218,658	4,289,851	14.0%
Subtotal	3,561,013	3,269,744	3,764,477	4,218,658	4,289,851	14.0%
Total Expenditures - All Funds	\$ 83,747,071	\$ 116,357,121	\$ 132,226,207	\$ 114,392,774	\$ 137,417,781	3.9%

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

Expenditures by Department

This table represents a summary of the adopted FY 2023/24 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	6.20	850,456						850,456
	6.20	850,456	-	-	-	-	-	850,456
Human Resources	4.00	590,520						590,520
	4.00	590,520	-	-	-	-	-	590,520
Innovation & Technology	18.80	6,271,309						6,271,309
	18.80	6,271,309	-	-	-	-	-	6,271,309
Clerk	3.96	419,897						419,897
	3.96	419,897	-	-	-	-	-	419,897
Community & Economic Dev.								
Administration	2.00	354,184						354,184
Permitting	9.48	1,160,335						1,160,335
Planning	7.30	1,190,567						1,190,567
Inspection and Compliance	8.00	777,800						777,800
Economic Development	2.00	399,559						399,559
	28.78	3,882,445	-	-	-	-	-	3,882,445
Council	7.00	209,203						209,203
	7.00	209,203	-	-	-	-	-	209,203
General Administration								
	-	2,555,536	600,000	10,000	10,286		4,289,851	7,465,673
	-	2,555,536	600,000	10,000	10,286	-	4,289,851	7,465,673
Legal	7.00	1,132,503						1,132,503
	7.00	1,132,503	-	-	-	-	-	1,132,503
Town Court	9.46	1,010,662						1,010,662
	9.46	1,010,662	-	-	-	-	-	1,010,662
Town Manager's Office								
Administration	7.38	1,075,811						1,075,811
Communications	4.00	562,905						562,905
	11.38	1,638,716	-	-	-	-	-	1,638,716
Parks and Recreation								
Administration	3.00	564,730						564,730
Parks Maintenance	13.92	1,861,981	(A)					1,861,981
Recreation & Culture	6.70	716,400	40,000					756,400
Aquatics	22.17	1,520,929	(D)					1,520,929
Community Center	23.02		8,229,798					8,229,798
	68.81	4,664,040	8,269,798	-	-	-	-	12,933,838

Financial Overview | Expenditures by Department

Department/Program	FTE	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Total
Police	139.73	20,410,591	590,500 (A,E)					21,001,091
	139.73	20,410,591	590,500	-	-	-	-	21,001,091
Public Works								
Administration	15.75	1,710,872	150,000 (A)		254,765 (G)			2,115,637
Transportation Engineering	12.00		5,719,291 (F)					5,719,291
Street Maintenance	-		749,500 (F)					749,500
Fleet & Facility Management	9.00	3,090,096						3,090,096
Stormwater Utility	9.73					1,822,461 (H)		1,822,461
Transit Services	31.63	1,717,768	1,509,400 (A)					3,227,168
	78.11	6,518,736	8,128,191	-	254,765	1,822,461	-	16,724,153
Water Utility								
Administration	9.48					3,302,375 (I)		3,302,375
Engineering & Planning	6.00					8,022,087 (I)		8,022,087
Operations	25.00					5,962,932 (I)		5,962,932
Water Resource Development	-				12,128,714 (J)			12,128,714
	40.48	-	-	-	12,128,714	17,287,394	-	29,416,108
Debt Service								
			210,684 (D)	4,027,854 (B)	74,586 (J)	3,644,440 (I)		7,957,564
	-	-	210,684	4,027,854	74,586	3,644,440	-	7,957,564
Capital Improvements								
		245,000	1,479,252 (A)		24,189,391 (K)			25,913,643
	-	245,000	1,479,252	-	24,189,391	-	-	25,913,643
FY 2023/24 Adopted Budget	423.71	50,399,614	19,278,425	4,037,854	36,657,742	22,754,295	4,289,851	137,417,781

- (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, Parks & Rec Impact Fee Fund
- (L) Roadway Dev. Impact Fee Fund, Parks & Rec Impact Fee Fund, Police Impact Fee Fund

Personnel Summary

Personnel and Employee Compensation

Personnel service represents 48% 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 budget 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 22/23 Budget	FY 23/24 Budget	+/-
Clerk	3.73	3.96	+0.23
Town Court	8.98	9.46	+0.48
Finance	9.20	6.20	-3.00
Innovation & Technology	16.80	18.80	+2.00
Town Manager’s Office	8.38	11.38	+3.00
Parks & Recreation	67.08	68.81	+1.73
Police	138.73	139.73	+1.00
Public Works	63.71	66.11	+2.40
Total	415.87	423.71	+7.84

The FY 23/24 budget includes five new full-time and two part-time positions, as well as various position reclassifications.

The Clerk’s office increased the hours of a part-time office assistant.

The Town Court added a new part-time court security manager position and reclassified a deputy court administrator to a court administrator.

In Community and Economic Development (CED), a senior code compliance specialist was reclassified to a zoning inspection technician.

In the Finance department, the procurement positions were reclassified to the Town Manager’s Office. This includes the chief procurement officer, contract specialist, and procurement specialist positions.

Within the Innovation & Technology department a new cybersecurity analyst position was added to maintain a focus on cybersecurity and a business systems analyst was added to assist the Police Department in IT oriented software projects, upgrades, and improvements.

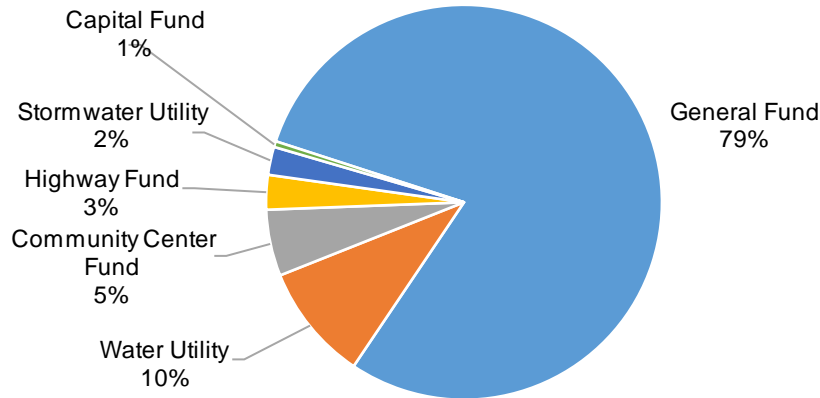
In Parks and Recreation, an additional full-time park maintenance worker II will support new acreage and facilities associated with the Naranja Park expansion. An additional park monitor will help cover after hours and special events at Town parks as they continue to grow. A part-time recreation supervisor position was reclassified to a full-time position.

The Town’s Police department added a police officer and reclassified a police records specialist to a new accreditation, audits, and inspections coordinator, a civilian position, to manage the reoccurring accreditation program.

In Public Works, a new transit supervisor position was added. 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 23/24 Personnel by Fund



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 23/24 have increased 6.92% for the PPO health plan.

The contribution rate for the Arizona State Retirement System (ASRS) will increase slightly from 12.03% to 12.14%. The rate for Public Safety Personnel Retirement System (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 continue budgeting a higher rate to maintain its funding ratio in the plan. The Correction Officers Retirement Plan (CORP) rate is projected to decrease given the payment of the unfunded liability; the Town is choosing to keep the rate the same as PSPRS. The table below illustrates the changes to employee benefit rates over the last several years.

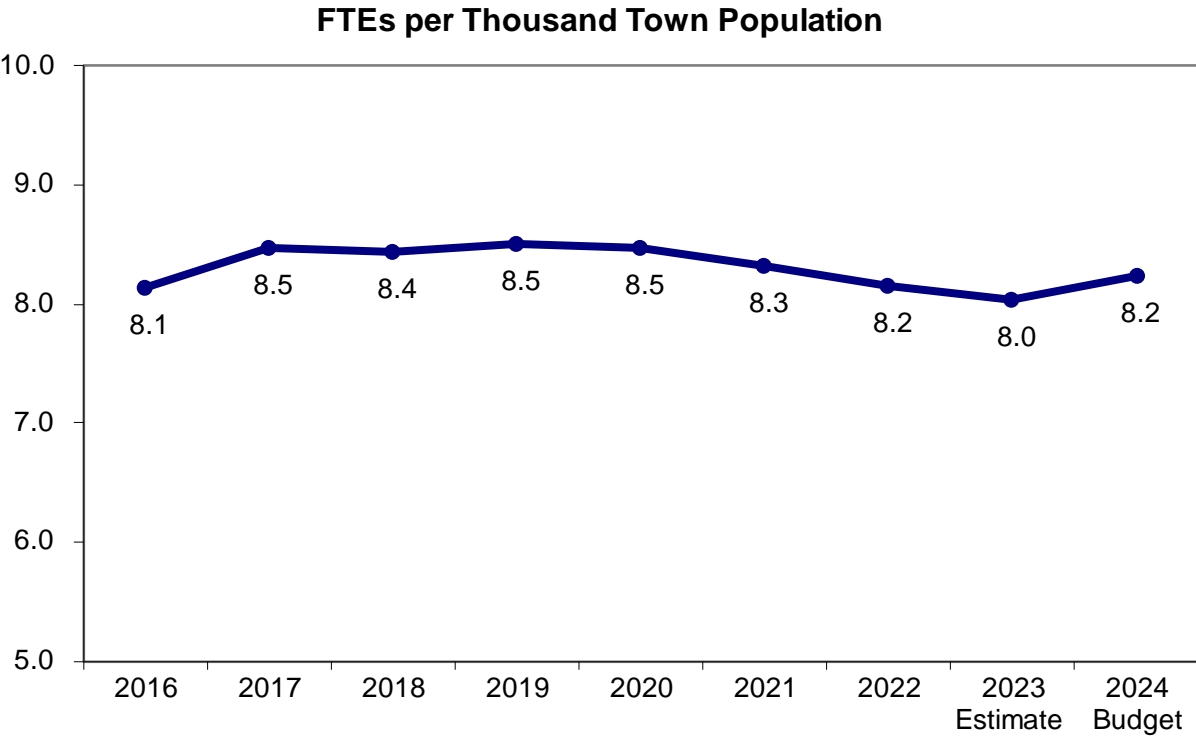
	Employer Matching Rates			
	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Arizona State Retirement System (ASRS)	12.22%	12.22%	12.03%	12.14%
Public Safety Personnel Retirement System (PSPRS)	41.65%	41.65%	41.65%	43.47%
Correction Officers Retirement Plan (CORP)	75.53%	79.23%	118.45%	43.47%
Medical Premiums (per year)*	\$4,132	\$4,492	\$4,492	\$4,803
Dental Premiums (per year)**	\$300	\$314	\$314	\$314

* single (employee-only) PPO coverage

** single (employee-only) base plan coverage

Employees per Capita

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.



Full-Time Equivalent (FTE) Summary by Fund

	FY 2021	FY 2022	FY 2023		FY 2024	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
General Fund						
Clerk	4.73	4.73	3.73	3.96	3.96	0.23
Community & Economic Dev.	27.78	27.78	28.78	28.78	28.78	-
Council	7.00	7.00	7.00	7.00	7.00	-
Town Court	8.48	8.50	8.98	8.98	9.46	0.48
Finance	7.20	8.20	9.20	6.20	6.20	(3.00)
Human Resources	4.00	4.00	4.00	4.00	4.00	-
Innovation & Technology	14.80	15.80	16.80	16.80	18.80	2.00
Legal	6.00	6.00	7.00	7.00	7.00	-
Town Manager's Office	8.38	8.38	8.38	11.38	11.38	3.00
Parks and Recreation	41.55	41.55	44.31	45.78	45.79	1.48
Police	135.13	134.73	138.73	138.73	139.73	1.00
Public Works	45.64	46.64	51.98	53.38	54.38	2.40
General Fund Personnel	310.69	313.31	328.89	331.99	336.48	7.58
Special Revenue Funds						
Highway Fund	15.00	12.00	12.00	12.00	12.00	-
Community Center Fund	21.55	21.55	22.77	21.55	23.02	0.25
Seizure Funds	1.00	-	-	-	-	-
Special Revenue Funds Personnel	37.55	33.55	34.77	33.55	35.02	0.25
Capital Project Funds						
Capital Fund	-	2.00	2.00	2.00	2.00	-
Capital Projects Funds Personnel	-	2.00	2.00	2.00	2.00	-
Enterprise Funds						
Water Utility	40.48	40.48	40.48	40.48	40.48	-
Stormwater Utility	10.25	10.73	9.73	9.73	9.73	-
Enterprise Funds Personnel	50.73	51.21	50.21	50.21	50.21	-
Total Town FTEs	398.97	400.07	415.87	417.75	423.71	7.84

Personnel Schedule

	FY 2021	FY 2022	FY 2023		FY2024	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
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	0.73	0.96	0.96	0.23
Communications Intern	0.25	0.25	-	-	-	-
Total Clerk	4.73	4.73	3.73	3.96	3.96	0.23

Full-time employees: 3
Part-time employees: 2

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	-
Senior Code Compliance Specialist	-	-	-	1.00	1.00	1.00
Code Compliance Specialist	1.00	1.00	1.00	1.00	1.00	-
Zoning Inspection Technician	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	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	-
Intern	0.30	0.30	0.30	0.30	0.30	-
Total CED	27.78	27.78	28.78	28.78	28.78	-

Full-time employees: 28
Part-time employees: 2

Council

Mayor	1.00	1.00	1.00	1.00	1.00	-
Councilmember	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

Financial Overview | Personnel Schedule

	FY 2021	FY 2022	FY 2023		FY2024	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Finance						
Chief Financial Officer	1.00	1.00	1.00	1.00	1.00	-
Deputy Finance Director	-	-	-	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	1.00	-
Senior Accountant	1.00	2.00	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	1.00	-
Senior Office Specialist	0.20	0.20	0.20	0.20	0.20	-
Total Finance	7.20	8.20	9.20	6.20	6.20	(3.00)

Full-time employees: 6
Part-time employees: -

Human Resources						
Human Resources Director	1.00	1.00	1.00	1.00	1.00	-
Human Resources Analyst	2.00	3.00	3.00	3.00	3.00	-
Human Resources Assistant	1.00	-	-	-	-	-
Total Human Resources	4.00	4.00	4.00	4.00	4.00	-

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

Innovation & Technology						
Chief Innovation Officer	1.00	1.00	1.00	1.00	1.00	-
Network Manager	1.00	1.00	1.00	1.00	1.00	-
Applications Manager	1.00	1.00	1.00	1.00	1.00	-
Network Administrator	1.00	1.00	2.00	2.00	2.00	-
Cybersecurity Analyst	-	-	-	-	1.00	1.00
Business Systems Analyst	2.00	3.00	2.00	2.00	3.00	1.00
IT Analyst	1.00	1.00	1.00	1.00	1.00	-
Database Analyst	1.00	1.00	1.00	1.00	1.00	-
Senior GIS Administrator	1.00	1.00	1.00	1.00	1.00	-
GIS Analyst	1.00	1.00	1.00	1.00	1.00	-
IT Technician	1.00	1.00	2.00	2.00	2.00	-
Strategic Initiatives Manager	1.00	1.00	-	-	-	-
Management Analyst	-	-	1.00	1.00	1.00	-
Constituent Services Coordinator	1.00	1.00	1.00	1.00	1.00	-
Emergency Mgmt. & Safety Coordinator	1.00	1.00	1.00	1.00	1.00	-
Senior Office Specialist	0.80	0.80	0.80	0.80	0.80	-
Total Innovation & Technology	14.80	15.80	16.80	16.80	18.80	2.00

Full-time employees: 19
Part-time employees: -

Financial Overview | Personnel Schedule

	FY 2021	FY 2022	FY 2023		FY2024	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
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	2.00	2.00	2.00	-
Senior Paralegal	1.00	1.00	1.00	-	-	(1.00)
Paralegal I	1.00	1.00	1.00	2.00	2.00	1.00
Legal Secretary	1.00	1.00	1.00	1.00	1.00	-
Total Legal	6.00	6.00	7.00	7.00	7.00	-

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	2.00	-	1.00	(1.00)
Deputy Court Administrator	-	1.00	-	2.00	1.00	1.00
Court Compliance Specialist	-	-	-	1.00	1.00	1.00
Courtroom Clerk	1.00	1.00	1.00	-	-	(1.00)
Senior Court Clerk	3.00	3.00	1.00	1.00	1.00	-
Court Clerk	1.48	1.00	3.00	3.00	3.00	-
Probation Compliance Officer	-	-	0.48	0.48	0.48	-
Court Security Manager	-	-	-	-	0.48	0.48
Court Security Officer	1.00	-	-	-	-	-
Court Security Coordinator	-	0.50	0.50	0.50	0.50	-
Total Town Court	8.48	8.50	8.98	8.98	9.46	0.48

Full-time employees: 8
Part-time employees: 3

Town Manager's Office						
Town Manager	1.00	1.00	1.00	1.00	1.00	-
Deputy Town Manager	1.00	1.00	1.00	1.00	1.00	-
Executive Assistant	1.00	1.00	1.00	1.00	1.00	-
Management Analyst	1.00	1.00	1.00	1.00	1.00	-
Chief Procurement Officer	-	-	-	1.00	1.00	1.00
Contract Specialist	-	-	-	1.00	1.00	1.00
Procurement Specialist	-	-	-	1.00	1.00	1.00
Management Intern	0.38	0.38	0.38	0.38	0.38	-
Communications & Marketing Administrator	1.00	1.00	1.00	1.00	1.00	-
Digital Content Specialist	1.00	1.00	1.00	1.00	1.00	-
Marketing & Communications Specialist	1.00	1.00	1.00	1.00	1.00	-
Public Information Officer	1.00	1.00	1.00	1.00	1.00	-
Total Town Manager's Office	8.38	8.38	8.38	11.38	11.38	3.00

Full-time employees: 11
Part-time employees: 1

Financial Overview | Personnel Schedule

	FY 2021	FY 2022	FY 2023		FY2024	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Parks and Recreation						
Parks & Recreation Director	1.00	1.00	1.00	1.00	1.00	-
Parks & Recreation Deputy Director	1.00	1.00	1.00	1.00	1.00	-
Recreation & Culture Manager	1.00	1.00	1.00	-	-	(1.00)
Recreation Facility Manager	1.00	1.00	1.00	2.00	2.00	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 Worker III	1.00	1.00	1.00	1.00	1.00	-
Parks Maintenance Worker II	2.00	2.00	2.00	2.00	3.00	1.00
Parks Maintenance Worker I	5.00	5.00	6.00	6.00	6.00	-
Park Monitor	0.96	0.96	1.44	1.44	1.92	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	-
Assistant Recreation Manager	3.00	3.00	3.00	3.00	3.00	-
Recreation Leader	2.91	2.91	2.91	1.91	1.91	(1.00)
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	3.00	3.00	3.00	-
Aquatics Shift Leader	2.54	2.54	2.54	2.54	2.54	-
Aquatics Facility Attendant	4.80	4.80	5.12	5.12	5.12	-
Custodian	0.48	0.48	0.48	0.48	0.48	-
Recreation Supervisor	0.75	0.75	0.75	2.00	2.00	1.25
Facility Attendant	4.25	4.25	4.72	4.72	4.72	-
Recreation Aide	6.63	6.63	6.63	6.63	6.63	-
Fitness Instructor	2.00	2.00	2.96	2.96	2.96	-
Lifeguard/Swim Instructor	13.53	13.53	13.53	13.53	13.53	-
Total Parks and Recreation	63.10	63.10	67.08	67.33	68.81	1.73

Full-time employees: 25
Part-time employees: 37

Financial Overview | Personnel Schedule

	FY 2021	FY 2022	FY 2023		FY2024	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Police						
Police Chief	1.00	1.00	1.00	1.00	1.00	-
Deputy Police Chief	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	14.00	14.00	14.00	-
Public Relations Sergeant	1.00	1.00	-	-	-	-
Public Information Officer	-	-	1.00	1.00	1.00	-
Detective	7.00	7.00	9.00	9.00	9.00	-
Lead Police officer	7.00	7.00	7.00	7.00	7.00	-
Police Officer	69.88	66.00	66.00	66.00	67.00	1.00
Traffic Investigator	1.00	1.00	1.00	1.00	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	11.00	12.00	12.00	12.00	-
Police Workforce Specialist	-	0.48	0.48	0.48	0.48	-
Police Records Manager	-	-	-	1.00	1.00	1.00
Police Records Supervisor	1.00	1.00	1.00	-	-	(1.00)
Police Records Specialist	5.00	5.00	5.00	5.00	4.00	(1.00)
Accreditation, Audits, and Inspection Coordinator	-	-	-	-	1.00	1.00
Crime Scene Technician Supervisor	1.00	1.00	1.00	1.00	1.00	-
Police Crime Scene Technician	2.00	3.00	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	-
Police Recruitment Specialist	-	-	-	1.00	1.00	1.00
Senior Office Specialist	3.00	3.00	3.00	2.00	2.00	(1.00)
Office Assistant	1.25	1.25	1.25	1.25	1.25	-
Total Police	136.13	134.73	138.73	138.73	139.73	1.00

Full-time employees: 137

Part-time employees: 3

Financial Overview | Personnel Schedule

	FY 2021	FY 2022	FY 2023		FY2024	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Public Works						
Director of Public Works & Town Engineer	1.00	1.00	1.00	1.00	1.00	-
Assistant Director of Public Works	1.00	1.00	1.00	1.00	1.00	-
Engineering Division Manager	1.00	1.00	1.00	1.00	1.00	-
Facility Maintenance Supervisor	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 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	2.00	-
Stormwater Utility Division Manager	1.00	1.00	1.00	1.00	1.00	-
Stormwater Utility Project Manager	1.00	1.00	-	-	-	-
Streets and Drainage Supervisor	1.00	1.00	1.00	1.00	1.00	-
Stormwater Intern	-	0.48	0.48	0.48	0.48	-
Transit Administrator	-	-	-	1.00	1.00	1.00
Senior Transit Crew Leader	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 Superintendent	1.00	1.00	1.00	1.00	1.00	-
Senior Traffic Technician	1.00	1.00	1.00	1.00	1.00	-
Construction Inspector	3.00	-	-	-	-	-
Administrative Coordinator	1.00	1.00	1.00	1.00	1.00	-
GIS Analyst	-	-	-	1.00	1.00	1.00
Stormwater Utility Analyst	1.00	1.00	1.00	-	-	(1.00)
Stormwater Utility Inspector	1.00	1.00	1.00	1.00	1.00	-
Fleet and Facility Division Manager	1.00	1.00	1.00	1.00	1.00	-
Facilities Maintenance Crew Leader	-	-	-	-	-	-
Fleet Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00	-
Fleet Maintenance Mechanic III	1.00	1.00	3.00	3.00	3.00	-
Fleet Control Specialist	1.00	1.00	-	-	-	-
Fleet Attendant	-	1.00	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 II	8.00	8.00	8.00	8.00	8.00	-
Senior Office Specialist	2.00	2.00	2.00	3.00	3.00	1.00
Office Specialist	1.00	1.00	1.00	-	-	(1.00)
Project Manager	-	-	1.00	1.00	1.00	-
Transit Supervisor	-	-	-	-	1.00	1.00
Transit Specialist	1.11	1.11	1.10	1.10	1.10	-
Transit Dispatcher	2.11	2.11	2.58	2.73	2.73	0.15
Office Assistant	0.96	0.96	0.95	0.95	0.95	-
Transit Driver	19.71	19.71	22.60	23.85	23.85	1.25
Total Public Works	70.89	71.37	75.71	77.11	78.11	2.40

Full-time employees: 51
Part-time employees: 63

Financial Overview | Personnel Schedule

	FY 2021	FY 2022	FY 2023		FY2024	+/- to Budget
	Actual	Actual	Budget	Projected	Budget	
Water Utility						
Water Utility Director	1.00	1.00	1.00	1.00	1.00	-
Engineering Division 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)
CIP Project Manager	-	-	1.00	1.00	1.00	-
Water Operations Superintendent	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)
Water Conservation Specialist	1.00	1.00	1.00	1.00	1.00	-
Water Operations Supervisor	3.00	3.00	3.00	4.00	4.00	1.00
Construction Inspector	2.00	2.00	2.00	2.00	2.00	-
Water Control Systems Supervisor	1.00	1.00	1.00	1.00	1.00	-
Instrumentation Control Specialist	1.00	1.00	1.00	2.00	2.00	1.00
Civil Engineering Tech	1.00	1.00	1.00	1.00	1.00	-
Water Utility Operator III	7.00	7.00	7.00	7.00	7.00	-
Water Utility Operator II	5.00	5.00	5.00	5.00	5.00	-
Senior Office Specialist	1.00	1.00	1.00	1.48	1.48	0.48
Water Utility Analyst	1.00	1.00	1.00	1.00	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)
Total Water Utility	40.48	40.48	40.48	40.48	40.48	-
			Full-time employees:		40	
			Part-time employees:		1	
Total Personnel	398.97	400.07	415.87	417.75	423.71	7.84

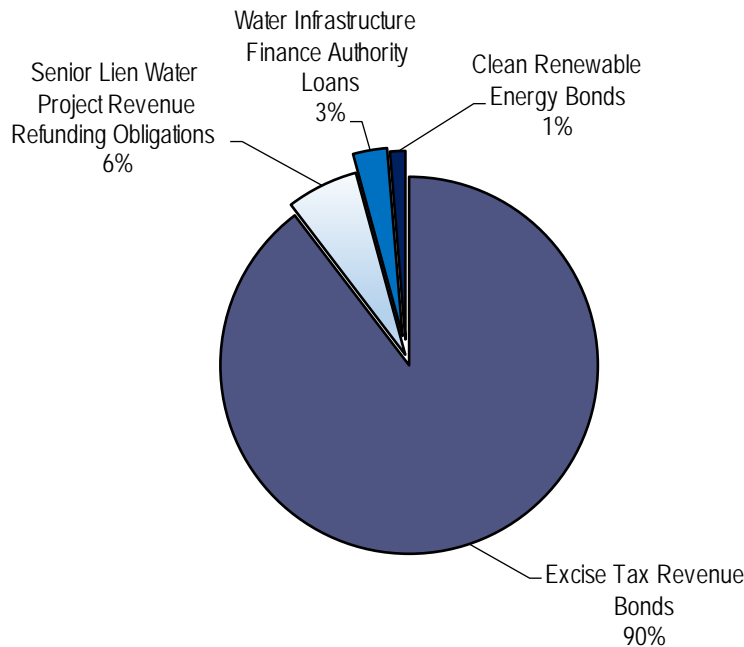
Full-time employees: 339
Part-time employees: 119

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, Clean Renewable Energy Bonds, and programs offered by the state as funding mechanisms for capital projects.

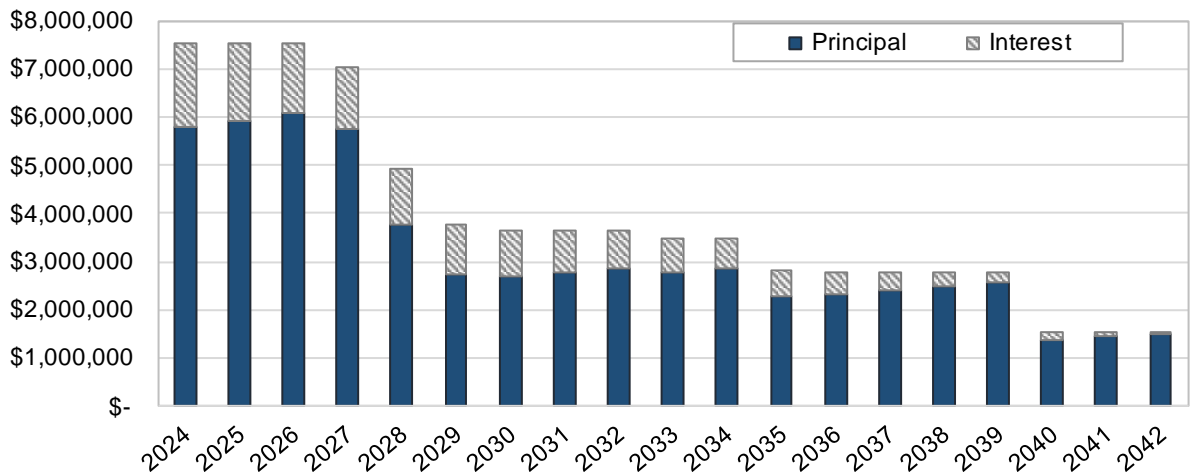
The chart below represents the percentage each type of bonded debt contributes to the total outstanding debt of the Town as of June 30, 2023.

Outstanding Principal = \$60,429,632



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

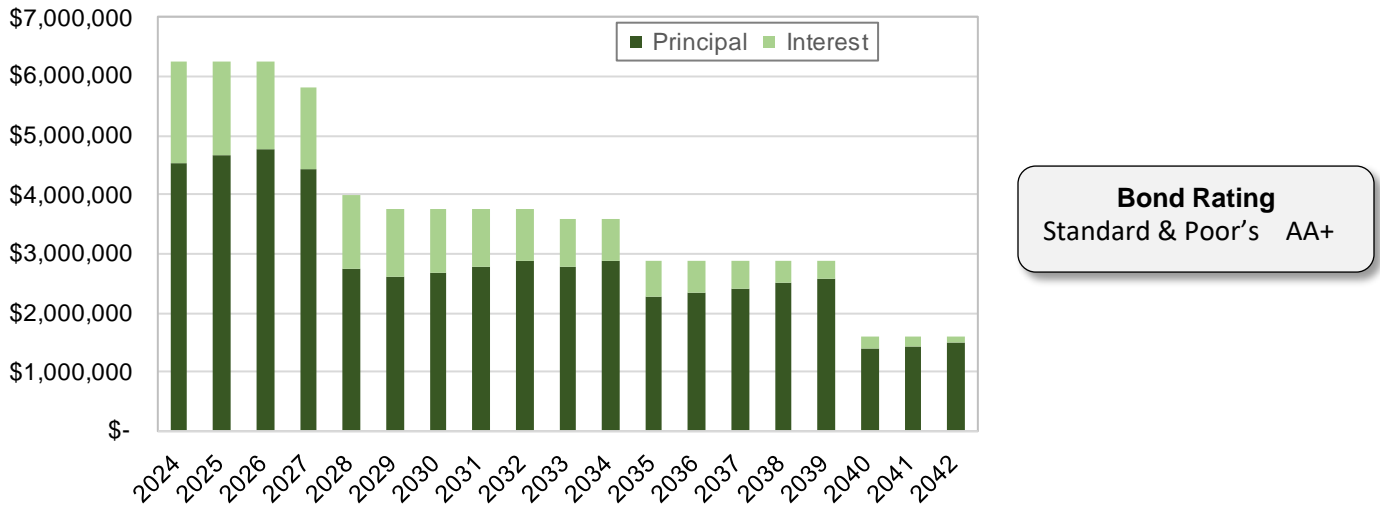
Annual Debt Service



Financing Sources

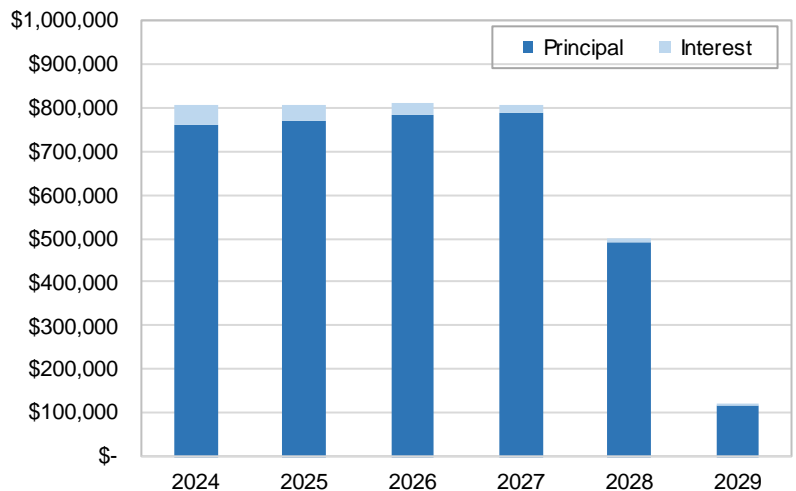
Excise Tax Revenue Bonds

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.



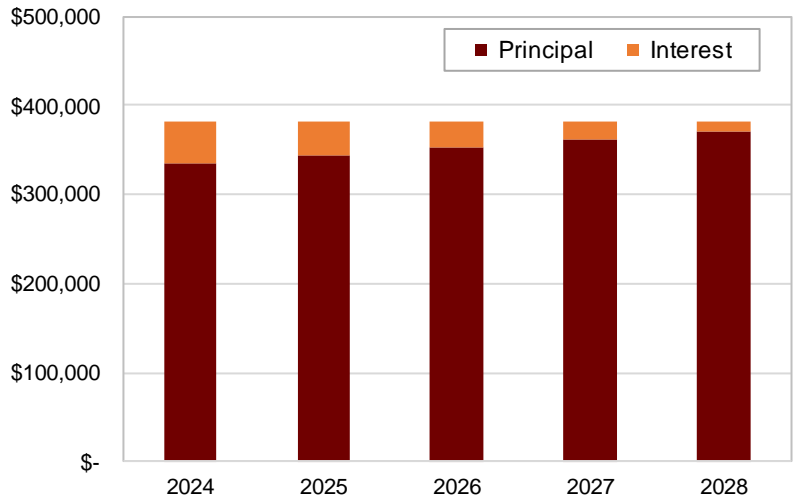
Senior Lien Water Project Revenue Refunding Obligations

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.



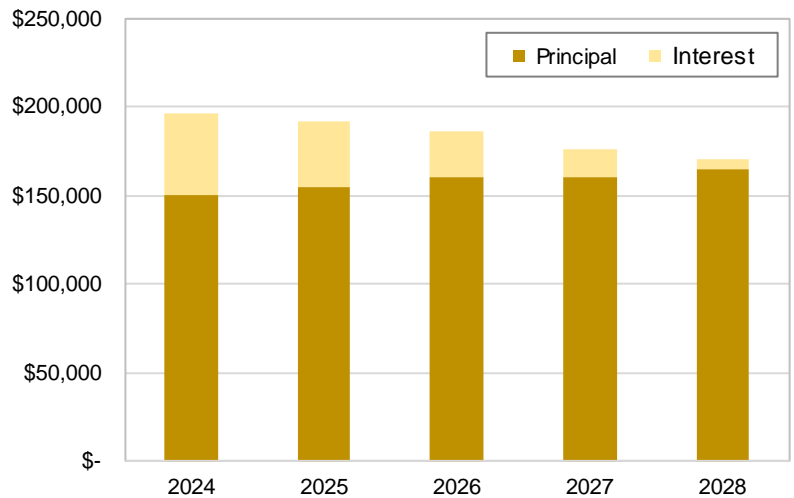
Water Infrastructure Finance Authority Loans (WIFA)

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

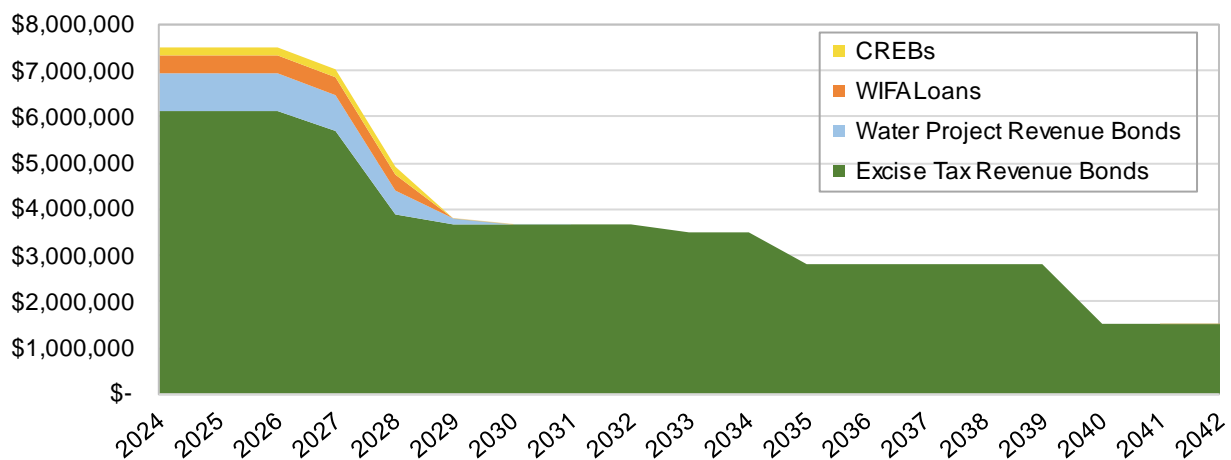
The Arizona Constitution limits the Town’s bonded debt capacity (outstanding principal) to a certain percentage of the Town’s secondary assessed valuation for General Obligation (G.O.) bonds. The Constitution states that for general municipal purposes, the Town cannot incur a debt exceeding 6% of the 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
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
	68,155,698	3,846,956	1,904,232	919,910	74,826,796

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>
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	\$790,000	\$129,910	\$919,910

**Debt Service is subsidized by electricity rebates from Tucson Electric Power Co. and an 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>
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	\$1,030,000	\$96,641	\$1,126,641

\$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>
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	\$1,761,632	\$142,600	\$1,904,232

\$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>
2024	437,000	21,249	458,249
2025	444,000	12,835	456,835
2026	450,000	4,298	454,298
Total	\$1,331,000	\$38,381	\$1,369,381

\$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>
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	156,000	16,236	172,236
2029-2032	660,000	29,414	689,414
Total	<u>\$1,408,000</u>	<u>\$143,880</u>	<u>\$1,551,880</u>

\$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>
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	<u>\$6,777,000</u>	<u>\$334,307</u>	<u>\$7,111,307</u>

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>
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	564,000	122,008	686,008
2029-2032	2,430,000	309,912	2,739,912
2033-2034	1,328,000	40,408	1,368,408
Total	\$6,416,000	\$1,123,259	\$7,539,259

\$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 and loans. 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>
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	491,000	7,734	498,734
2029	118,000	1,499	119,499
Total	\$3,711,000	\$135,956	\$3,846,956

\$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 used \$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>
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	985,000	279,118	1,264,118
2029-2033	5,180,000	1,135,532	6,315,532
2034-2038	5,765,000	538,850	6,303,850
2039	1,240,000	16,721	1,256,721
Total	\$17,035,000	\$3,185,130	\$20,220,130

\$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>
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	825,000	714,425	1,539,425
2029-2033	4,795,000	2,898,150	7,693,150
2034-2038	5,945,000	1,747,100	7,692,100
2039-2042	5,670,000	464,600	6,134,600
Total	\$20,170,000	\$9,067,100	\$29,237,100

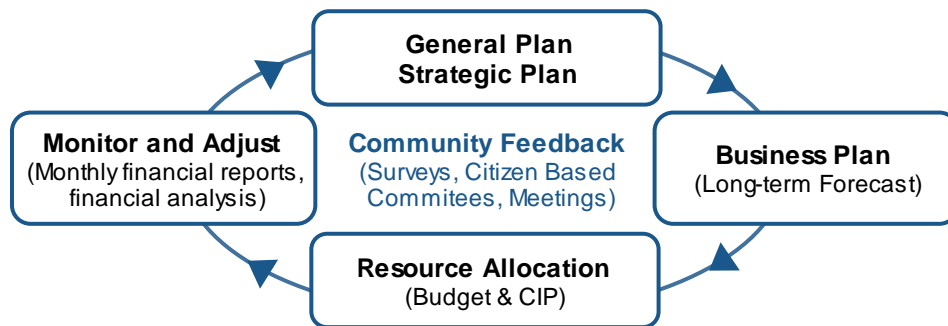
Five Year Forecast

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.

Please note the FY 23/24 budget numbers in the five-year forecast are as they were presented in the tentative budget stage before final adoption and may not agree to the final adopted budget numbers elsewhere in this document.

This type of long-term planning involves aligning our General and Strategic 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.



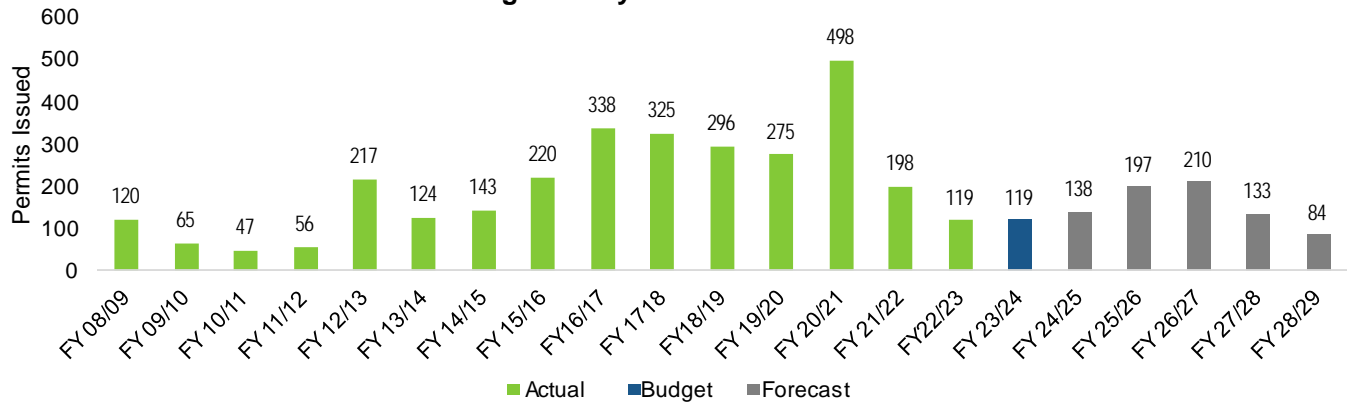
Finance staff works in tandem with the Community and Economic Development Department when compiling projections for long range planning to ensure compatibility among all planning processes. When compiling the long-range forecast, the focus is on four of the Town's major funds: the General Fund, Highway 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 28/29.

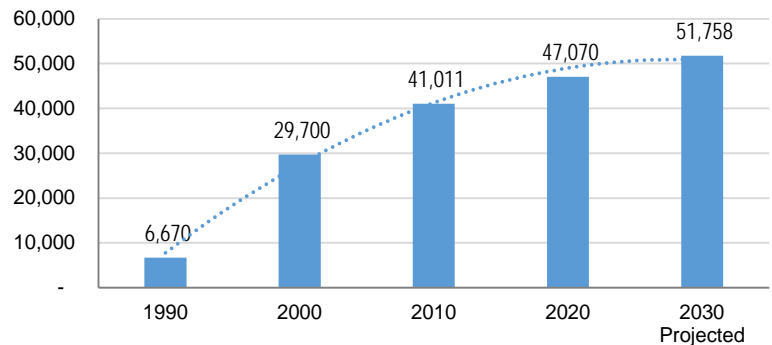
Single Family Residential Permits



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.

Oro Valley Population



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 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.

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The forecast assumes conservative growth with no major economic downturns. The forecast models local sales tax growth using several data points. Figures are provided by JLBC, the University of Arizona, and the Arizona Department of Transportation. These are then combined with the Town’s analysis and trend data to form the baseline forecast.

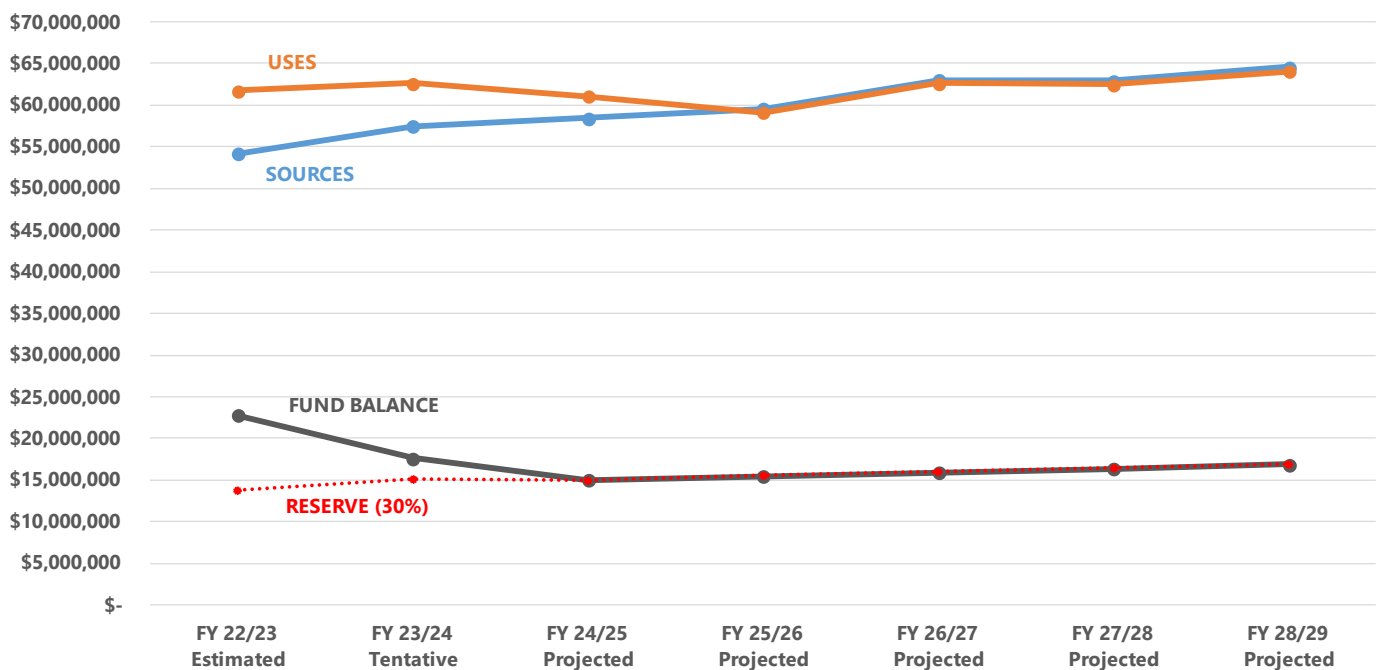
Continued growth of 3-5% in most local sales tax categories is anticipated. Increases in construction sales tax are forecasted in FY 23/24 and FY 24/25 given the assumption of increased commercial construction in the near term, then decline slightly in outer years due to reduced available land area for new development. State shared revenues will see a sharp increase in FY 23/24 due to a change in the revenue allocation from 15% to 18%. Beginning FY 24/25, statutory income tax rate reductions and a cap of 2.5% will reduce the revenue 10.8%, and another 7.1% in FY 25/26. URS growth then is expected to stabilize to about 2% growth per year. The forecast assumes flat residential development continues through FY 26/27, with a steep decline thereafter. Single family residential permits are forecasted to fall below 100 per year by FY 28/29.

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 elevated PSPRS contributions through FY24/25, with a reduction expected thereafter due to funded status.

The forecast assumes operations and maintenance (O&M) costs increase 2% per year. 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 30% reserve policy.

The ending fund balance in the General Fund is maintained at the Town’s adopted policy requirement of 30% of expenditures each year, ranging from approximately \$15.0 - \$16.9 million.

**General Fund
Sources, Uses and Fund Balance**



Financial Overview | Five Year Forecast

Town of Oro Valley Five-Year Forecast

GENERAL FUND

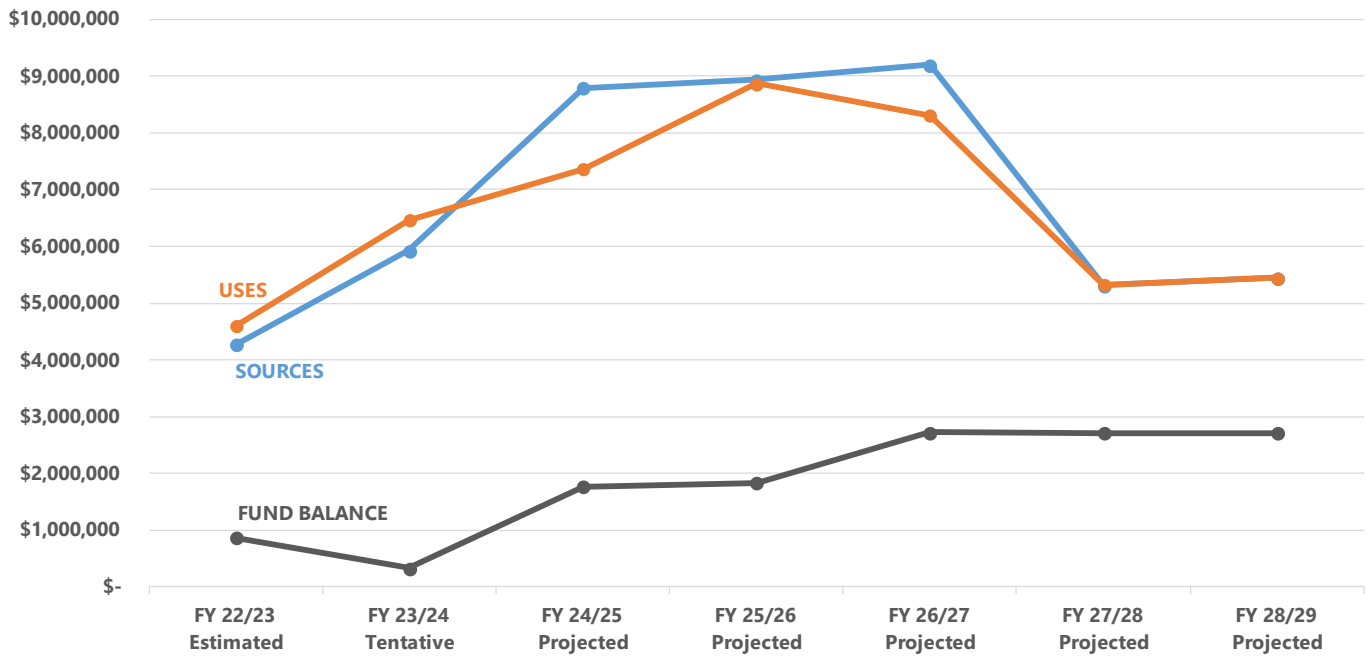
	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
	Estimated	Tentative	Projected	Projected	Projected	Projected	Projected
<u>SOURCES</u>							
Taxes	\$ 27,031,462	\$ 26,398,318	\$ 28,024,560	\$ 28,758,293	\$ 31,096,860	\$ 30,747,462	\$ 31,672,268
State Shared Revenue	18,405,604	22,953,222	22,052,464	21,821,068	22,548,044	23,303,237	24,071,732
Charges for Services	2,877,610	3,218,646	3,338,208	3,423,802	3,517,977	3,613,226	3,684,639
Licenses & Permits	2,636,961	1,717,118	1,827,011	2,357,215	2,601,111	1,982,150	1,756,252
Intergovernmental	1,600,500	1,869,500	1,887,295	1,905,268	1,923,421	1,941,755	1,960,272
Grants	659,000	657,415	663,989	670,629	677,335	684,109	690,950
Miscellaneous	611,900	263,000	273,520	284,461	295,839	307,673	319,980
Fines	85,000	125,000	126,250	127,513	128,788	130,076	131,376
Interest Income	300,000	300,000	255,690	263,730	271,439	279,805	287,939
Total Sources	54,208,037	57,502,219	58,448,987	59,611,979	63,060,815	62,989,491	64,575,408
<u>USES</u>							
Personnel	33,379,955	35,652,260	36,159,451	37,322,888	38,617,334	39,879,057	41,237,279
O&M	11,549,240	13,386,754	13,452,376	13,855,121	14,061,752	14,429,593	14,655,352
Capital Outlay	848,382	1,360,600	537,030	547,771	558,726	569,901	581,299
Transfers Out	15,996,977	12,274,644	10,907,325	7,413,122	9,369,393	7,618,719	7,622,865
Total Uses	61,774,554	62,674,258	61,056,182	59,138,901	62,607,205	62,497,269	64,096,794
Surplus/(Use of Fund Balance)	(7,566,517)	(5,172,040)	(2,607,195)	473,077	453,610	492,222	478,614
Beginning Fund Balance	30,390,423	22,823,906	17,651,867	15,044,672	15,517,749	15,971,360	16,463,582
Ending Fund Balance	\$ 22,823,906	\$ 17,651,867	\$ 15,044,672	\$ 15,517,749	\$ 15,971,360	\$ 16,463,582	\$ 16,942,196
Reserve as % of Expenditures	49.9%	35.0%	30.0%	30.0%	30.0%	30.0%	30.0%

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 5% in FY 24/25, with growth slowing to about 3.5% per year thereafter.

Highway Fund expenditures reflect similar assumptions to 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 \$2.5-\$2.8 million each year. To fund needed roadway CIP projects, the forecast assumes annual transfers of \$4 million from the Capital Fund in FYs 24/25 through 26/27.

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



**Town of Oro Valley
Five-Year Forecast**

HIGHWAY FUND

	FY 22/23 Estimated	FY 23/24 Tentative	FY 24/25 Projected	FY 25/26 Projected	FY 26/27 Projected	FY 27/28 Projected	FY 28/29 Projected
SOURCES							
State Shared Revenue	\$ 4,127,100	\$ 4,334,608	\$ 4,489,198	\$ 4,646,394	\$ 4,804,458	\$ 4,972,076	\$ 5,140,562
Licenses & Permits	26,500	25,000	25,025	25,526	25,781	26,039	26,299
Interest Income	110,000	70,000	280,000	255,077	361,457	314,754	277,131
Miscellaneous	7,825	3,000	3,120	3,245	3,375	3,510	3,650
Transfers from Capital Fund	-	1,500,000	4,000,000	4,000,000	4,000,000	-	-
Total Sources	4,271,425	5,932,608	8,797,343	8,930,241	9,195,071	5,316,378	5,447,642
USES							
Personnel	1,196,095	1,262,861	1,382,643	1,403,978	1,432,041	1,460,744	1,490,102
O&M	766,518	1,003,930	983,979	1,003,628	1,023,671	1,044,114	1,064,966
Capital Outlay	2,641,398	4,202,000	4,995,500	6,462,063	5,852,542	2,819,532	2,888,521
Total Uses	4,604,011	6,468,791	7,362,121	8,869,669	8,308,254	5,324,390	5,443,588
Surplus/(Use of Fund Balance)	(332,586)	(536,183)	1,435,222	60,572	886,817	(8,012)	4,054
Beginning Fund Balance	1,206,985	874,399	338,216	1,773,438	1,834,010	2,720,828	2,712,816
Ending Fund Balance	\$ 874,399	\$ 338,216	\$ 1,773,438	\$ 1,834,010	\$ 2,720,828	\$ 2,712,816	\$ 2,716,869

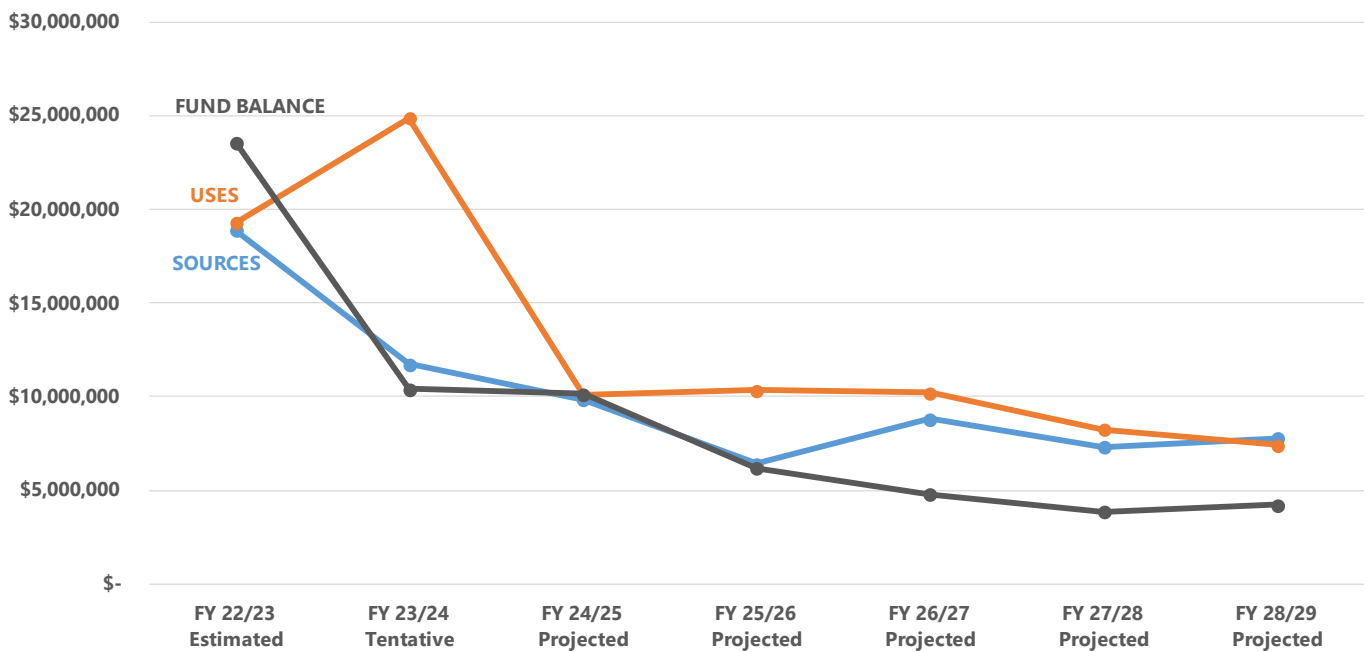
Capital Fund

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 10% annually due to inflation.

As noted above, to fund needed roadway CIP projects, the forecast assumes annual transfers of \$4 million from the Capital Fund into the Highway Fund in FYs 24/25 through FY 26/27.

**Capital Fund
Sources, Uses and Fund Balance**



**Town of Oro Valley
Five-Year Forecast**

CAPITAL FUND

	FY 22/23 Estimated	FY 23/24 Tentative	FY 24/25 Projected	FY 25/26 Projected	FY 26/27 Projected	FY 27/28 Projected	FY 28/29 Projected
SOURCES							
State Grants	\$ -	\$ 620,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	350,000	100,000	99,159	67,053	59,657	57,079	68,903
Miscellaneous	140,000	115,000	115,000	115,000	115,000	115,000	115,000
Vehicle Reserves	820,010	892,540	993,594	1,109,885	1,238,145	1,379,575	1,535,501
Transfers from General Fund	13,500,000	10,000,000	8,619,145	5,121,939	7,385,484	5,774,234	6,063,153
Transfer from Community Center Fund	4,079,275	-	-	-	-	-	-
Total Sources	18,889,285	11,727,540	9,826,899	6,413,877	8,798,285	7,325,888	7,782,558
USES							
Personnel	236,528	254,765	157,755	158,790	-	-	-
O&M	4,162	-	-	-	-	-	-
Capital Outlay	19,033,018	23,131,471	5,951,102	6,190,937	6,212,477	8,237,652	7,420,852
Transfers to Highway Fund	-	1,500,000	4,000,000	4,000,000	4,000,000	-	-
Total Uses	19,273,708	24,886,236	10,108,857	10,349,727	10,212,477	8,237,652	7,420,852
Surplus/(Use of Fund Balance)	(386,623)	(13,158,696)	(281,959)	(3,935,849)	(1,414,191)	(911,765)	361,706
Beginning Fund Balance	23,952,930	23,566,307	10,407,611	10,125,652	6,189,803	4,775,612	3,863,847
Ending Fund Balance	\$ 23,566,307	\$ 10,407,611	\$ 10,125,652	\$ 6,189,803	\$ 4,775,612	\$ 3,863,847	\$ 4,225,553

Community Center Fund

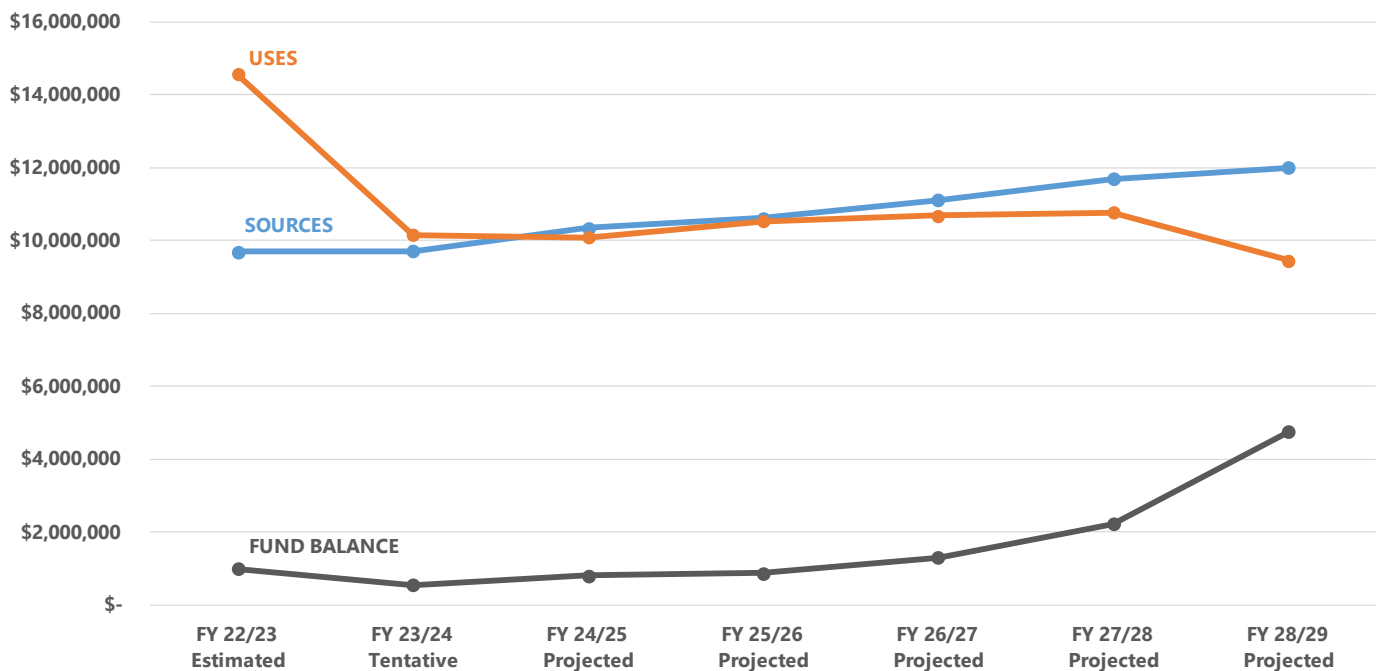
Community Center Fund revenue consists of local sales tax, contracted golf revenues, HOA golf contributions through FY 24/25, Parks and Rec program revenue, and fitness memberships. Local sales tax estimates follow the same growth projections as the General Fund for relevant categories. Contracted golf revenues are modestly increased in FY 23/24 and with a healthy bump in FY 24/25 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 about 5% in FY 23/24 and FY23/24 and 1-2% annually thereafter. Upon completion of irrigation construction, it is assumed that contractor operations, play levels and revenues are consistent with FY 20/21 and FY 21/22.

Capital outlay in the Community Center Fund reflects the 10-year CIP, with additional costs of \$150,000 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**



**Town of Oro Valley
Five-Year Forecast**

COMMUNITY CENTER FUND

	FY 22/23 Estimated	FY 23/24 Tentative	FY 24/25 Projected	FY 25/26 Projected	FY 26/27 Projected	FY 27/28 Projected	FY 28/29 Projected
SOURCES							
Taxes	\$ 3,714,218	\$ 3,726,016	\$ 3,843,990	\$ 3,966,910	\$ 4,116,585	\$ 4,272,252	\$ 4,405,631
Charges for Services	5,775,940	5,785,386	6,289,749	6,575,824	6,885,460	7,205,521	7,379,261
Interest Income	35,000	35,000	35,951	51,527	84,941	192,897	192,897
Miscellaneous	173,343	162,050	168,532	16,273	16,924	17,601	17,601
Total Sources	9,698,501	9,708,452	10,338,221	10,610,534	11,103,909	11,688,271	11,995,391
USES							
Personnel	1,017,000	1,114,639	1,203,022	1,241,000	1,280,116	1,320,880	1,363,032
O&M	5,391,991	5,294,659	5,527,141	5,633,589	5,723,318	5,806,780	5,891,734
Capital Outlay	1,853,347	1,820,500	1,426,300	1,729,000	1,735,000	1,700,000	250,000
Debt Service	191,480	210,684	214,898	219,196	223,580	228,051	232,612
Transfers Out	6,105,141	1,717,203	1,717,328	1,715,524	1,717,768	1,712,060	1,714,286
Total Uses	14,558,959	10,157,685	10,088,689	10,538,308	10,679,782	10,767,771	9,451,664
Surplus/(Use of Fund Balance)	(4,860,458)	(449,233)	249,532	72,226	424,127	920,501	2,543,727
Beginning Fund Balance	5,860,458	1,000,000	550,767	800,300	872,526	1,296,653	2,217,154
Ending Fund Balance	\$ 1,000,000	\$ 550,767	\$ 800,300	\$ 872,526	\$ 1,296,653	\$ 2,217,154	\$ 4,760,881

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DEPARTMENT BUDGETS

Clerk
Community and Economic Development
Council
Town Court
Finance
General Administration
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; liquor 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.

2022/23 Accomplishments




- Analyzed and implemented a process to track and ensure timely review and/or renewal of contracts.
- Added 15,738 documents consisting of 293,750 pages to the Town's electronic document database.
- Conducted the August 2, 2022 Primary Election with a voter turnout of 51.12%.
- Received and processed 389 public record requests, resulting in a total of 425 staff hours to process.
- Reviewed and implemented system updates to the Town's electronic document management system that enhanced the document search functionality and user experience.

Council Focus Area(s)

- Effective & Efficient Government

2023/24 Objectives

- Analyze the current contract management and tracking process to identify possible improvements and implement any identified efficiencies or improvements by 6/30/24.
- Implement a solution to track and report future agenda items for Town Council and board/commission meetings.
- Assess space needs for the inactive records room and develop a plan, in consultation with IT and Public Works, to minimize the storage room footprint to allow for additional office space.

Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Post all public meeting agendas and notice of quorums at least 24 hours prior to meeting/event start time	100%	100%	100%		100%
Resolve 95% of customer service inquiries within the first contact	N/A	N/A	N/A		95%
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** – New/Previous Measure

	FY 2022	FY 2023	FY 2024	
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	0.73	0.96	0.23
Communications Intern	0.25	-	-	-
Total FTEs	4.73	3.73	3.96	0.23

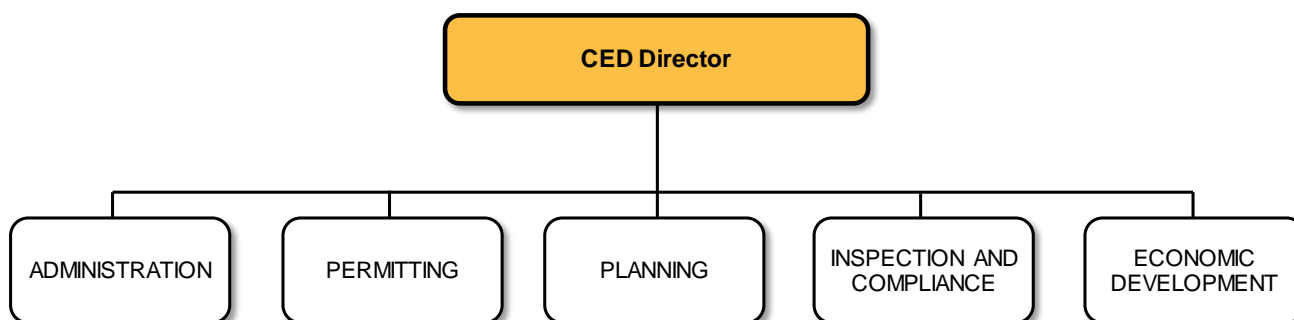
	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	357,669	327,105	394,847	67,742
Operations & Maintenance	17,745	95,600	25,050	(70,550)
Total Expenditures	375,414	422,705	419,897	(2,808)

	FY 2022	FY 2023	FY 2024	
Revenue Sources	Actual	Budget	Budget	Change
Business Licenses & Permits	211,085	202,500	205,000	2,500
Public Record Request Fees	1,412	1,500	1,400	(100)
Total Revenues	212,497	204,000	206,400	2,400

Significant Changes

- The increase of 0.23 FTE is due to increased hours for an office assistant position.
- Personnel costs increased due to rate adjustments resulting from a class and compensation study performed in FY 2023.
- The decrease in O&M is due to costs related to primary and general elections held in the prior year.

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.

2022/23 Accomplishments

ADMINISTRATION

- Completed the conversion of the department's planning, permitting, inspections, and code compliance software to SmartGov.
- Integrated Golder Ranch Fire District personnel into SmartGov software for inspections and plan review.
- Completed the transition of business licensing from the Town Clerk's Office to CED.
- Transitioned business licensing software to SmartGov and conducted the renewal process via the new software.
- Implemented a short-term rental licensing program.

PERMITTING

- As of March 30, 2023: Issued 1,935 permits, including 89 single family residential permits, 23 grading permits, 39 commercial building permits, 556 photovoltaic permits and 126 pool permits.
- Collected nearly \$2.4 million in plan review and permit fees representing more than \$196 million in work valuation for new private construction.
- Initiated the pilot phase of the SolarAPP+ application process, an online tool developed by the National Renewable Energy Laboratory that automates project approvals for standard rooftop solar systems.
- Streamlined the process for various permit types to make them automated, self-issue permits, creating time savings for both customers and Town staff.
- Made continuous improvements to the permitting section of the Town's website to provide more information for customers and to make information easier to find.

PLANNING

- Facilitated 15 neighborhood meetings and reviewed 30 pre-application proposals and 100 new formal applications.
- Processed all aspects of Oro Valley Marketplace zoning amendments and design changes.
- Completed zoning code amendments for development review and multi-family residential standards.
- Compiled recreation code amendment research and completed study sessions with the Planning & Zoning Commission, Parks & Recreation Advisory Board and Town Council.
- Provided a fall version of Community Academy, including an online option that increased attendance and graduation rates.
- Improved neighborhood meetings by incorporating software to immediately post participant comments onscreen.
- Hired a consultant and commenced work on the housing study with target completion of fall 2023.
- Finalized the community engagement plan for the upcoming 2026 General Plan and compiled project budget.
- Comprehensively evaluated *Your Voice, Our Future* general plan action item implementation and updated the Planning work plan accordingly.
- Implemented [OVprojects.com](https://www.ovprojects.com) website for customer improvements.
- Instituted internal process efficiency improvements regarding communication facilities, sign code enforcement case review, and conversion of case records from paper to electronic form.
- Accomplished American Institute of Certified Planner credentials for all staff planners.

INSPECTION & COMPLIANCE

- Performed 22,531 inspections at approximately 7,137 site visits.
- High-profile inspection projects included La Posada at Pusch Ridge, a 350,000 sq. ft. five-story multi-building adult active living facility; continuance of Roche Tissue Diagnostics renovations and expansion; Community Center renovations and expansion of pickleball courts; continued improvements at Oro Valley Aquatic Center and historic Steam Pump Ranch; renovation and expansions at Pusch Ridge Christian Academy, Splendido, Vistoso Community Center and many other businesses.
- Through July 2023, Inspection & Compliance issued 63 Certificates of Occupancy for new commercial business and ownership changes.
- Development and roll out of customer experience survey for inspection processes with anticipated feedback and improvement opportunities throughout the upcoming fiscal year.
- Continued collaboration with Code Compliance to provide industry expertise and assistance for cases involving structural and life safety compliance.

ECONOMIC DEVELOPMENT

- Implemented the startup business curriculum.
- Enhanced business retention and expansion efforts with annual survey to determine business needs, continued direct visits with businesses and additional small business support programming.
- Partnered with the Oro Valley Chamber to host the second annual business summit with 150 participants.
- Forged Town agreements for the new fiscal year with Visit Tucson, Children's Museum, the Greater Oro Valley Chamber of Commerce, and SAACA.
- Developed partnerships with Tucson Audubon and Tohono Chul Park for the development of an Oro Valley birding experience utilizing Vistoso Trails Nature Preserve, Catalina Park, and Tohono Chul Park.
- Presented targeted travel Oro Valley itineraries to the Arizona Office of Tourism's reservation call center.

Department Budgets | Community & Economic Development (CED)





- Created quarterly Economic/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 and Design
- Economic Vitality

2023/24 Objectives

- Conduct an assessment to determine the types of residential opportunities necessary to successfully promote a thriving and diverse economic base.
- Support and encourage the current key economic sectors in Oro Valley while exploring opportunities for new growth.
- Host three start-up business classes to educate and support prospective entrepreneur prospects with support from Startup Tucson and/or the Pima County Small Business Development Center.
- Develop a strategy to identify, engage, and support community-based “solopreneurs” (e.g. consultants, early retirees, freelancers, etc.) and others who want to create new businesses.
- Complete a comprehensive analysis of the return on investment and benefits derived from the Town’s partnership with Visit Tucson and bring options to Council regarding the Town’s tourism and attraction plans.
- 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.
- Implement a Town-owned public art maintenance plan.

Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 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%	100%		95%
Percentage of inspections completed by end of next business day	95%	98%	98%		98%
Startup businesses established	N/A	3	1		3

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

Department Budgets | Community & Economic Development (CED)

Total FTEs

FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
28.78	28.78	28.78	-

Expenditures by Division	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Administration	236,121	226,290	354,184	127,894
Permitting	1,038,195	1,094,080	1,160,335	66,255
Planning	659,776	746,557	1,190,567	444,010
Inspection and Compliance	847,940	817,619	777,800	(39,819)
Economic Development	120,024	396,218	399,559	3,341
Total	2,902,056	3,280,764	3,882,445	601,681

Revenue Sources	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Residential Building Permits	1,414,604	1,023,494	1,090,118	66,624
Commercial Building Permits	594,623	816,330	250,000	(566,330)
Special Inspection Fees	10,230	8,000	8,000	-
Zoning and Subdivision Fees	83,601	65,000	65,000	-
Sign Permits	24,925	20,000	20,000	-
Grading Permit Fees	59,337	84,500	65,000	(19,500)
Engineer Plan Review Fees	20,750	51,000	51,000	-
Fire Permits and Fees	73,094	65,000	75,000	10,000
Total	2,281,164	2,133,324	1,624,118	(509,206)

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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
CED Director	1.00	1.00	1.00	-
Management Analyst	-	-	1.00	1.00
Office Assistant	1.00	1.00	1.00	-
Total FTEs	2.00	2.00	3.00	1.00

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	220,228	210,890	343,784	132,894
Operations & Maintenance	15,893	15,400	10,400	(5,000)
Total Expenditures	236,121	226,290	354,184	127,894

Significant Changes

- One management analyst position was transferred from the Economic Development Division.

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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Division Manager, 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 Technician	2.00	2.00	2.00	-
Office Specialist	0.48	0.48	0.48	-
Total FTEs	9.48	9.48	9.48	-

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	956,942	978,205	1,032,370	54,165
Operations & Maintenance	81,253	115,875	127,965	12,090
Total Expenditures	1,038,195	1,094,080	1,160,335	66,255

Significant Changes

- The increase in personnel costs is related to annual pay adjustments for eligible employees and an implemented class and compensation study
- O&M increased due credit card payment fees

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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Division Manager, 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	-
Senior Code Compliance Specialist	-	-	1.00	1.00
Code Compliance Specialist	1.00	1.00	1.00	-
Senior Office Specialist	1.00	1.00	1.00	-
Intern	0.30	0.30	0.30	-
Total FTEs	7.30	7.30	8.30	1.00

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	580,817	660,492	837,037	176,545
Operations & Maintenance	78,959	86,065	353,530	267,465
Total Expenditures	659,776	746,557	1,190,567	444,010

Significant Changes

- The increase in personnel costs is related to: 1) a transfer and reclassification of a zoning technician from the CED -Inspection & Compliance Division to align with the workload and needs of the planning division; 2) rates adjustments resulting from a class and compensation study performed in FY 2023; 3) annual pay adjustments for eligible employees in FY 2024.
- The increase in O&M is related to the new General Plan which includes temporary contracted employees, consultants, and an interactive website.

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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Div. Mgr., Inspect. & Comp./Bldg. Official	1.00	1.00	1.00	-
Building Inspector II	4.00	4.00	4.00	-
Building Inspector I	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	8.00	8.00	7.00	(1.00)

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	838,002	799,799	745,730	(54,069)
Operations & Maintenance	9,938	17,820	32,070	14,250
Total Expenditures	847,940	817,619	777,800	(39,819)

Significant Changes

- The decrease of 1.0 FTE is due to a transfer and reclassification of a zoning technician from the CED - Planning Division; The decrease in personnel costs is partially offset by annual pay adjustments for eligible employees
- The increase in O&M is in outside professional services to assist with inspections and short-term rental compliance

CED – Economic Development

Overview

Economic Development works to retain and expand existing businesses by providing free advertising through the Oro Valley Business Navigator; serves as a point of contact between local owners/managers and the Town; and prepares reports about the economy for the community. This department also searches for new businesses to bring to Oro Valley, works with site selectors on new opportunities and maintains information on the sites and buildings that are available in the town.

	FY 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Economic Development Specialist	1.00	1.00	1.00	-
Management Analyst	1.00	1.00	-	(1.00)
Total FTEs	2.00	2.00	1.00	(1.00)

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	83,630	192,862	99,968	(92,894)
Operations & Maintenance	36,394	203,356	299,591	96,235
Total Expenditures	120,024	396,218	399,559	3,341

Significant Changes

- The decrease in 1.0 FTE is due to a mid-year transfer of a Management Analyst position to CED – Administration. Personnel costs decreased due to the transfer of a Management Analyst and annual pay adjustments for eligible employees
- The increase in O&M is due to costs related to a partnership with SAACA previously budgeted in General Administration and a new site selection marketing strategy

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.

2022/23 Accomplishments

- Approved zoning amendments and a revised master development plan for developer Town West Companies to revitalize the Oro Valley Marketplace. The approved amendments and revisions reflect more than two years of effort, six (6) neighborhood meetings, extensive technical review, numerous site inspections by decision makers and six (6) public meetings.
- Approved the General Plan Public Engagement Plan related to the 2026 General Plan.
- Achieved one of the goals for the Steam Pump Ranch Master Plan through staff and Historic Preservation Commissions' work, which included the Garage restoration (which now houses Parks and Recreation staff), and improvements to the Pusch House building (a museum operated by the Oro Valley Historical Society).
- Approved the updated Strategic Plan for fiscal years 2023/24 and 2024/25.
- Directed staff to install a high-intensity activated crosswalk (HAWK) in front of Ironwood Ridge Highschool on Naranja Drive, which has been installed and operational.
- Provided direction to staff to fund and install an elevator at the Community and Recreation Center for improved ADA accessibility to the facility.
- Approved the new short-term rental ordinance and licensing process.

Council Focus Areas and Goals

- Economic Vitality
 - ✓ Strengthen assistance to support and retain local businesses.
 - ✓ Attract, expand, and retain primary employers to encourage growth and development of job opportunities.
 - ✓ Attract, expand, and retain retail, food service, and hospitality opportunities in commercial centers.
 - ✓ Increase the number of residents and visitors who choose Oro Valley as a premier place to dine, shop, play, and stay.
- Culture and Recreation
 - ✓ Invest in and maintain OV recreational assets that provide opportunities for residents to connect with each other, nature, and their community (i.e., Aquatic Center, Community Center, golf courses, historic sites, parks, trails, etc.).
 - ✓ Invest in and maintain the OV trail system for accessibility, to best serve the needs of the community, and as a way to connect with neighbors and nature.
 - ✓ Increase Oro Valley residents' involvement in multi-generational recreation opportunities and programming.

Council Focus Areas and Goals (continued)

- Public Safety
 - ✓ Strengthen strategies that keep Oro Valley as one of the safest communities in Arizona.
 - ✓ Invest in the health and wellness of OVPD employees.
 - ✓ Strengthen the OV justice system, including coordination between the OVPD, Legal Services, and the Town Court.
- Roads, Water and Town Assets
 - ✓ Invest in current and future OV transportation networks and quality infrastructure (i.e., bridges, Dial-a-Eide, roads, Sun Shuttle, etc.).
 - ✓ Deliver a safe, reliable, and sustainable water supply that meets the long-term needs of the community.
 - ✓ Maintain and improve the community’s infrastructure by ensuring the effective utilization of Town and regional resources.
- Land Use and Design
 - ✓ Maintain and enhance the character of the community regarding development, recognizing the importance of natural and open spaces.
- Effective and Efficient Government
 - ✓ Strengthen community engagement with a focus on clear and accessible information.
 - ✓ Foster and cultivate the Town’s culture of continuous improvement to enhance customer experience, improve organizational efficiency, and increase value through innovation.
 - ✓ Attract and retain skilled and knowledgeable employees.
 - ✓ Invest in the health and wellness of Town employees.
- Finances Stability and Sustainability
 - ✓ Safeguard the Town’s financial resources to ensure high service levels are met and maintained for current and future residents.

	FY 2022	FY 2023	FY 2024	
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 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	78,817	78,822	78,825	3
Operations & Maintenance	113,198	120,323	130,378	10,055
Total Expenditures	192,015	199,145	209,203	10,058

Significant Changes

- The increase in O&M is related to travel and training, volunteer recognition costs, and office supplies.

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.

2022/23 Accomplishments





- The Court and Oro Valley Police Department (OVPD) collaborated on a pilot program called Virtual Initial Appearances (VIA), that gives officers the opportunity to contact the Magistrate Judge at the time of a misdemeanor arrest and have an Initial Appearance Hearing immediately. Defendants have an opportunity to plead guilty and be sentenced then.
- The Court and the Public Works Department worked with Breckenridge Architects to design a proposed addition to the courthouse that will add a lobby/waiting area, public restrooms, attorney/client interview rooms, and a jury deliberation room. It also reconfigures the clerk area, allowing for growth in the coming years.
- A state-mandated triennial audit was completed in November 2022 to determine the Court's compliance with the State of Arizona Supreme Court's Minimum Accounting Standards. The Court had a successful audit, with only issue identified that has since been corrected. A new procedure has also been established to avoid any future findings.
- Another triennial audit was conducted by the State of Arizona Supreme Court in December 2022 to determine compliance with the Court Security Standards. The Court had a successful audit that will be improved upon with the courthouse addition.

Council Focus Area(s)

- Public Safety

2023/24 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 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Resolve non-DUI misdemeanor cases within 180 days (98% resolution standard required by the Arizona Supreme Court)	N/A	98%	99.43%		98%
Resolve DUI misdemeanors within 180 days (93% resolution standard required by the Arizona Supreme Court)	N/A	93%	98.15%		93%
Resolve ex parte protective orders within 24 hours of filing (99% resolution standard required by the Arizona Supreme Court)	N/A	99%	87.62%		99%
Resolve civil traffic cases within 90 days (98% resolution standard required by the Arizona Supreme Court)	N/A	98%	92.21%		98%



Target Met



Target Not Met



Informational Only



N/A – New/Previous Measure

	FY 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Magistrate Judge	1.00	1.00	1.00	-
Court Administrator	2.00	2.00	1.00	(1.00)
Deputy Court Administrator	-	-	1.00	1.00
Court Compliance Specialist	-	-	1.00	1.00
Courtroom Clerk	1.00	1.00	-	(1.00)
Senior Court Clerk	1.00	1.00	1.00	-
Court Clerk	3.00	3.00	3.00	-
Probation Compliance Officer	-	0.48	0.48	-
Court Security Manager	-	-	0.48	0.48
Court Security Coordinator	0.50	0.50	0.50	-
Total FTEs	8.50	8.98	9.46	0.48

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	644,193	766,543	760,239	(6,304)
Operations & Maintenance	178,234	254,131	250,423	(3,708)
Capital Outlay	38,759	39,000	-	(39,000)
Total Expenditures	861,186	1,059,674	1,010,662	(49,012)

	FY 2022	FY 2023	FY 2024	
Revenue Sources	Actual	Budget	Budget	Change
Court Costs	157,338	135,000	135,000	-
Court Security Fee	58,759	57,000	57,000	-
Public Defender Fees	200	2,400	2,400	-
Fines	132,636	125,000	125,000	-
Total Revenues	348,933	319,400	319,400	-

Significant Changes

- The increase in 0.48 FTE is due to a new part-time court security manager position
- The judge will be a contracted employee for part of FY 2024, shifting some personnel costs to O&M

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.

2022/23 Accomplishments

- Received the Distinguished Budget Presentation award from the Government Finance Officers Association (GFOA) for fiscal year 22/23, the 15th consecutive year.
- Received the Certificate of Achievement for Financial Reporting Excellence from GFOA for fiscal year 20/21, the 28th consecutive year.
- Received the Popular Annual Financial Reporting award from GFOA for fiscal year 20/21, the 10th consecutive year.
- Recognized by the Government Finance Officers Association (GFOA) as a "Triple Crown Winner" for the 2020 fiscal year.
- Implemented paperless payments for the Town's accounts payable process, vastly reducing the need for printed, mailed checks and greatly enhancing the speed and efficiency of invoice payments.
- Received an unmodified "clean" audit opinion for the Town's annual financial statements.
- 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.
- Updated Comprehensive Financial and Budgetary Policies

Council Focus Area(s)

- Financial stability and sustainability
- Effective and efficient government

2023/24 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 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Excise tax revenue bond ratings from Fitch and/or Standard & Poor's (S&P)	S&P AA+	S&P AA+	S&P AA+		S&P AA+
Maintain minimum General Fund reserve balance of 25% of General Fund expenditures	52.8%	>25%	49% (projected)		>30%
Percentage variance between mid-year revenue forecast and actual fiscal year-end revenue for General Fund	11.3%	<5%	3.3%		<5%

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

Personnel	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Chief Financial Officer	1.00	1.00	1.00	-
Deputy Finance Director	-	-	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	-	(1.00)
Procurement Specialist	-	1.00	-	(1.00)
Senior Budget Analyst	1.00	1.00	1.00	-
Senior Accountant	2.00	2.00	2.00	-
Accounting Specialist	1.00	1.00	1.00	-
Senior Office Specialist	0.20	0.20	0.20	-
Total FTEs	8.20	9.20	6.20	(3.00)

Expenditures	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Personnel	870,187	1,017,379	763,346	(254,033)
Operations & Maintenance	66,375	94,081	87,110	(6,971)
Total Expenditures	936,562	1,111,460	850,456	(261,004)

Significant Changes

- 3.0 FTE positions related to procurement were transferred to the Town Manager's Office.

GENERAL ADMINISTRATION

Overview

The General Administration budget accounts for certain non-departmental costs such as utility expense, general liability insurance and regional partnerships for tourism and economic development, as well as health clinic costs and vehicle reserves (excluding Enterprise Funds). It also allocates monetary transfers to subsidize various funds, i.e. debt service and capital projects.

	FY 2022	FY 2023	FY 2023	FY 2024	
Expenditures	Actual	Budget	Projected	Budget	Change
Operations & Maintenance	12,782,733	2,358,290	2,320,855	2,440,536	82,246
Capital Outlay	139,301	569,625	43,543	925,534	355,909
Other Financing Uses	6,262,832	16,446,977	15,996,977	12,274,644	(4,172,333)
Total Expenditures	19,184,866	19,374,892	18,361,375	15,640,714	(3,734,178)

Significant Changes

- O&M consists principally of vehicle replacement reserves, tourism and economic development regional partnerships, and Town-wide general liability insurance
- Capital outlay is the Westward Look Drive improvements CIP project carried over from FY23 (\$845,534) and the storage for digital forensics CIP project (\$80,000)
- Other Financing Uses consists of transfers to the Municipal Debt Service Fund for debt service (\$2.1 million) and a transfer to the Capital Fund for capital projects (\$10 million). Transfers to the Capital Fund for CIP vary from year to year and are dependent on the General Fund balance that exceeds the Town's reserve policy.

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.

2022/23 Accomplishments

- Provided customized recruitments which resulted in the hiring and onboarding of 80 new employees and promotions of 28 existing employees through the first 9 months of the fiscal year.
- Recommended the 2022/2023 General Pay Plan and resulting implementation, to include:
 - New pay grade structure and numbering system
 - Streamlined the 4.25% general employee pay increases through improved, more efficient data entry process
 - Implemented new pay placement tool for new hires and phase II compression analysis
 - Created new classification series and standardized job description language
- Implemented a variety of improved benefit offerings, to include:
 - Enriched plan design for the dental high plan
 - Added second/enriched tier for the vision plan
 - Transitioned Employee Assistance Plan to a new provider and extended coverage to all employees
- Conducted annual employee recognition where 46 employees who reached the 5, 10, 15, 20, 30, and 35-year marks were honored for over 555 combined years of service. Quarterly employee recognition programs honored recently promoted and welcomed new hires.
- 77.5% of employees enrolled in the Town's Health Insurance Plans are actively participating in the "Know Your Numbers" campaign.
- Processed 13 police officer new hires and 8 DROP applications through the PSPRS local board, including a new extended DROP request standard operating procedure.
- Transitioned deferred compensation program from MissionSquare Retirement to Empower Retirement to include improvement of employee communication, education, and general overall employee financial wellness.
- Updated employee work injury procedures, including reporting procedures, collaboration with Town Departments and added a second provider for medical services
- Improved investigatory services to Town departments.
- Conducted "anti-harassment and anti-retaliation" training for all employees through the new NeoGov learning management system and 6 live classes.
- Implemented new FMLA tracking software and improved case tracking ability.
- Coordinated three blood drives with the Red Cross, four flu shot clinics and one onsite mammography event.

Council Focus Area(s)





- Effective & Efficient Government





2023/24 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.

Department Budgets | Human Resources

- 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

Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Employee Investment: # of Supervisory Training Hours Attended	N/A	248	7.8		248
Employee Investment: # of Tuition Reimbursement Recipients	8	10	6		10
Employee Investment: # of Promotions	17	15	27		20
Full Time Employee Turnover Rate	17.4%	15%	12.7%		13%

 **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 rate adjustments resulting from an implemented class and compensation study, changes in benefit elections, and annual pay adjustments for eligible employees in FY 2024.

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.

2022/23 Accomplishments

- Provided a Town Council report that explored options on how to implement and manage a Town-owned fiber optic network that would minimize reliance on third party carriers and increase technology capabilities at Town facilities.
- Developed and acted on strategies to expand broadband services throughout the town.
- Continued to foster a culture of continuous improvement through actions that support, challenge, and engage the employee at all levels.
- Trained all new staff on process improvement. 13 employees completed Green Belt training. Continued to provide regular training to Town staff to enhance process improvement proficiencies.
- Received the SHRM - GT: 2022 Celebrating Innovation in the Workplace award for medium and large organization category for our Peak Improvement program.
- Resolved over 5,500 I&T Helpdesk ticket requests and completed 111 projects to include:
 - New Water Utility customer billing software, enabling more online interaction with customers.
 - New permitting software, which streamlined the permitting workflow and enabled more online interaction with customers.
 - Outfitted the PD Mobile Command Center with technology to keep users connected in the field.
 - Rolled out 100% multifactor authentication to all Town network accounts.
 - Extended the Town's network to the new Steam Pump Ranch offices for Town staff.
- 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.
- Implemented a Town wide safety reporting program to track incidents and corrective actions.
- Participated with Pima County in updating the multi-jurisdictional hazard mitigation plan.
- Provided training to 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

2023/24 Objectives

- Improve I&T asset inventory by consolidating all data into one system
- Upgrade Legal case management system
- Upgrade Town phone system
- Implement Citizen Engagement Software to assist with the Town’s General Plan
- Host Lunch & Learns to improve communication and training on Innovation and Technology topics
- Foster a culture of continuous improvement through actions that support, challenge, and engage the employee at all levels
- Implement constituent facing dashboards for the Strategic Plan
- Identify and implement ways in which Peak Performance teams share their journey and successes within the organization

Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Ensure all systems are updated and patched within 30 days of patch release.	N/A	95%	100%		95%
Implement Helpdesk satisfaction survey	N/A	80%	98%		85%
Quarterly Peak Improvement events added	N/A	4	0		4
Add storyboards to InsideOV as projects complete	N/A	5	2		5
Peak Performance initiative cost savings	\$119,224	\$100,000	\$127,087		\$100,000
Peak Performance initiatives implemented	24	30	30		30
Employees Lean Six Sigma Green Belt new certifications	29	15	13		15

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

Department Budgets | Innovation & Technology

Personnel	FY 2022	FY 2023	FY 2024	Change
	Actual	Budget	Budget	
Chief Innovation Officer	1.00	1.00	1.00	-
Network Manager	1.00	1.00	1.00	-
Applications Manager	1.00	1.00	1.00	-
Network Administrator	1.00	2.00	2.00	-
Cybersecurity Analyst	-	-	1.00	1.00
Business Systems Analyst	3.00	2.00	3.00	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	2.00	2.00	-
Strategic Initiatives Manager	1.00	-	-	-
Management Analyst	-	1.00	1.00	-
Constituent Services Coordinator	1.00	1.00	1.00	-
Emergency Mgmt. & Safety Coordinator	1.00	1.00	1.00	-
Senior Office Specialist	0.80	0.80	0.80	-
Total FTEs	15.80	16.80	18.80	2.00

Expenditures	FY 2022	FY 2023	FY 2024	Change
	Actual	Budget	Budget	
Personnel	1,598,342	1,742,909	2,187,859	444,950
Operations & Maintenance	2,230,542	2,705,600	3,412,850	707,250
Capital Outlay	213,324	349,300	670,600	321,300
Total Expenditures	4,042,208	4,797,809	6,271,309	1,473,500

Significant Changes

- A new security and compliance administrator position (1.0 FTE) in order to keep the Town's IT systems within compliance and maintain cybersecurity.
- A new business systems analyst position (1.0 FTE) to provide the Police Department a dedicated resource to accomplish I&T oriented software projects, upgrades, and improvements.
- Personnel costs increased due to two new positions, rate adjustments resulting from an implemented class and compensation study, and annual pay adjustments for eligible employees in FY 2024.
- The increase in O&M is related to software maintenance costs and licensing.
- The increase in capital outlay is related to costs for desktop replacements 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.

2022/23 Accomplishments




- Worked with the local court to increase operational efficiencies.
- Worked with the Police Department regarding prosecuting felony declination cases.
- Provided training statewide on the topics of Advanced DUI, Prosecuting the Drugged Driver and DUI Enforcement to both police officers and prosecutors for the State Prosecutors Association and the Governor’s Office of Highway Safety.
- Town Prosecutor was reappointed as the States Best Practices Chairman for AZ prosecutors.
- Responded to legal claims against the Town.
- Reviewed contracts, policies and ordinances; and provided legal advice
- Provided support for the Town acquisition of Vistoso Trails Nature Preserve
- The U.S. Attorney’s Office asked for trial materials prepared by our prosecutor, and then used them to obtain a guilty plea on a large federal fraud case due to that evidence.





Council Focus Area(s)

- Public Safety

2023/24 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 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Percentage of all legal requests fulfilled within 14 days	100%	100%	100%		100%
Number of criminal cases handled by prosecution staff (calendar year)	1,287	1,000	911		900
Local or statewide officer trainings provided	3	2	3		2

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

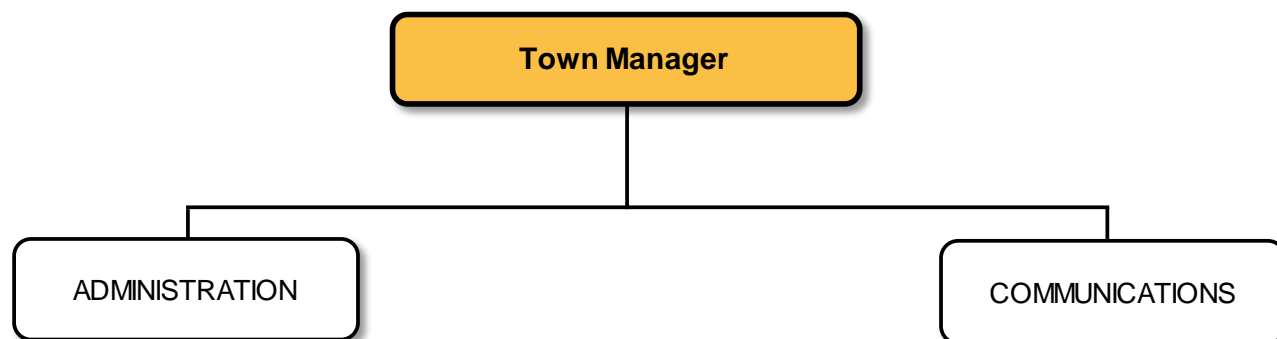
	FY 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Legal Services Director	1.00	1.00	1.00	-
Chief Civil Deputy Attorney	1.00	1.00	1.00	-
Assistant Town Prosecutor	1.00	2.00	2.00	-
Senior Paralegal	1.00	1.00	-	(1.00)
Paralegal I	1.00	1.00	2.00	1.00
Legal Secretary	1.00	1.00	1.00	-
Total FTEs	6.00	7.00	7.00	-

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	767,212	840,808	963,063	122,255
Operations & Maintenance	127,389	162,945	169,440	6,495
Capital Outlay	-	12,000	-	(12,000)
Total Expenditures	894,601	1,015,753	1,132,503	116,750

Significant Changes

- Personnel costs increased due to rate adjustments resulting from an implemented class and compensation study and annual pay adjustments for eligible employees in FY 2024.
- The increase in O&M is primarily related to increases for memberships and subscriptions.

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.

2022/23 Accomplishments

- Completed negotiated agreement for the Vistoso Trails Nature Preserve and initiated the development of a draft master plan to include a robust community engagement process.
- Established a process to convert paper files to accessible digital documents to increase staff efficiency, document availability and sustainability.
- Accepted a 2022 Celebrating Innovation in the Workplace Award from the Society for Human Resources Management of Greater Tucson in the Technology and Process Improvement category for the Town's Peak Performance program.
- Established the Oro Valley Health Care Benefits Trust for the Town Self-Insurance Program.
- Led and implemented a new 457 deferred compensation provider with enhanced financial well-being opportunities for employees leading to an eight (8) percent increase in participation.
- Implemented the FY 22/23 General Pay Plan and Police Step Plan changes resulting from a completed classification and compensation study.
- Negotiated and finalized an operating agreement with the Arizona Heroes Memorial for a living memorial dedicated to veterans, first responders and health care workers at Naranja Park.
- Successfully negotiated a land swap agreement with a private landowner to facilitate the parking lot expansion at the Town's Community Center.
- Negotiated and signed a new intergovernmental agreement to utilize Regional Transit Authority funds to design and construct improvements to the Naranja Drive multi-use path from La Canada to 1st Ave.
- Negotiated an updated intergovernmental agreement with Pima County (Pima County Animal Care Center/PACC) for the provision of animal care services resulting in annual savings of approximately \$160,000, without a reduction in service.

- Negotiated and signed a new intergovernmental agreement with Pima County for Opioid Settlement Funds, which will provide an ongoing revenue source to address epidemic needs within the community.
- The OV SafeSteps program won first place in the 2022 City-County Communications & Marketing Association's (3CMA) Savvy Award category of Communications and Marketing Tools: Printed Publications – COVID PR.
- The Town's new economic development website, www.chooseorovalley.com, was awarded a Golden Prospector award from the Arizona Association for Economic Development, which was developed and launched by the Communications Division, in partnership with the Community and Economic Development Department.
- Completed a seven-video series of "quality of life" videos for the new www.chooseorovalley.com website, which showcase topics such as housing, working in OV, education, arts, culture and recreation in Oro Valley.
- As part of the Town's tourism marketing efforts, staff developed an OV Sports Tourism tradeshow brochure and the Town's first-ever Spanish-language brochure for Mexican shoppers, encouraging them to stay in Oro Valley hotels.

Council Focus Area(s)

- Effective and Efficient Government

2023/24 Objectives

- Integrate process improvement and data-driven decision-making across Town departments by embedding continuous improvement functions within the Town Manager's Office.
- Enhance performance management and strategic alignment by implementing a balanced scorecard initiative.
- Develop a comprehensive roadmap for the Vistoso Trails Nature Preserve in the form of a master plan and implementation strategy.
- Enhance efficiency and resource allocation through informed decision-making by conducting a comprehensive space needs assessment.
- Provide Council the information necessary to evaluate the Pusch Ridge 9-Hole Golf Course through a comprehensive analysis of course operations and continued feasibility, capital improvement requirements, water usage and other alternative considerations.
- Utilize information from the Buildout Analysis to assist in decision-making and future planning of Town resources.
- Harness and leverage local expertise to elevate organizational effectiveness and community impact by establishing an "expert volunteer" program.
- Elevate community amenities and quality of life by successfully completing all projects within the transformative Parks and Recreation bond, including Naranja Park expansion projects and related safety improvements.
- Strengthen community unity and foster civic pride through a memorable and inclusive celebration of the Town's 50th Anniversary.
- Secure robust community engagement and facilitate successful adoption of the 2026 General Plan by initiating early and inclusive participation in the planning process.

Department Budgets | Town Manager's Office

Comms Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Website: annual number of page views*	1,463,204	1,609,524	1,548,389	N/A	1,445,280
Website: annual number of daily active** users	726,933	799,626	819,370	✔	822,228
Website: engaged sessions (New metric for 2024. See below)***	N/A	N/A	N/A	N/A	356,376
Podcast: annual downloads	1,080	1,188	869	✘	1,306
Facebook: Total reach	N/A	N/A	103,583	N/A	110,000
Facebook: Published posts	N/A	N/A	203	N/A	225
Facebook: Median post engagements	N/A	N/A	20	N/A	21
Facebook: Total followers	8,217	8,500	8,724	✔	9,000

* The annual number of page views for FY 2023 is not comparable to FY 2022 since Google changed the metrics definition to: “An instance of a page being loaded (or reloaded) in a browser.” Therefore, 2023 Status is not applicable due to new measures.

** Previous metric/term was “user” and metric has been revised to state “active user” moving forward with FY 23/24, which is a more meaningful metric; however, it will not be apples-to-apples when comparing to FY 22/23. We are establishing a new baseline this year.

*** Engaged session is defined by a session that lasts longer than 10 seconds, has a conversion event, or has at least 2 pageviews or screen views.

NOTE: Regarding the three Facebook/META metrics above: When META implemented its new “Facebook page experience” earlier this year, they changed their Insights page (metrics) and no longer provides these three annual metrics. It has simplified its metrics/insights, which means we don’t have access to data for FY 2023 status, and we will be implementing the three updated metrics. See definitions below. Additionally, these metrics are representative of the main Town of Oro Valley – Government Facebook page. It does not include metrics from the OVPD or Parks & Recreation social media accounts.

DEFINITIONS FOR REVISED FACEBOOK METRICS:

- **Published posts** is the number of posts (including photos, videos, text, shares, etc.) posted by the Town
- **Total (overall) reach** includes the estimated total reach from organic and paid distribution of content, tags, check-ins and Page profile visits. This metric is only counted once if it occurs from both organic and paid distribution.
- **Median post engagement** is the median number of reactions, comments and shares on posts.

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

Total FTEs

FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
8.38	8.38	11.38	3.00

Expenditures by Division	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Administration	608,609	657,306	1,075,811	418,505
Communications	466,018	502,867	562,905	60,038
Total	1,074,627	1,160,173	1,638,716	478,543

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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Town Manager	1.00	1.00	1.00	-
Deputy Town Manager	1.00	1.00	1.00	-
Executive Assistant	1.00	1.00	1.00	-
Management Analyst	1.00	1.00	1.00	-
Management Intern	0.38	0.38	0.38	-
Chief Procurement Officer	-	-	1.00	1.00
Contract Specialist	-	-	1.00	1.00
Procurement Specialist	-	-	1.00	1.00
Total FTEs	4.38	4.38	7.38	3.00

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	590,259	612,939	1,028,260	415,321
Operations & Maintenance	18,350	44,367	47,551	3,184
Total Expenditures	608,609	657,306	1,075,811	418,505

Significant Changes

- The increase in personnel costs is related to the transfer of procurement positions (3.00 FTEs) to the Town Manager's Office, rate adjustments resulting from an implemented class and compensation study, and annual pay adjustments for eligible employees in FY 2024.

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.

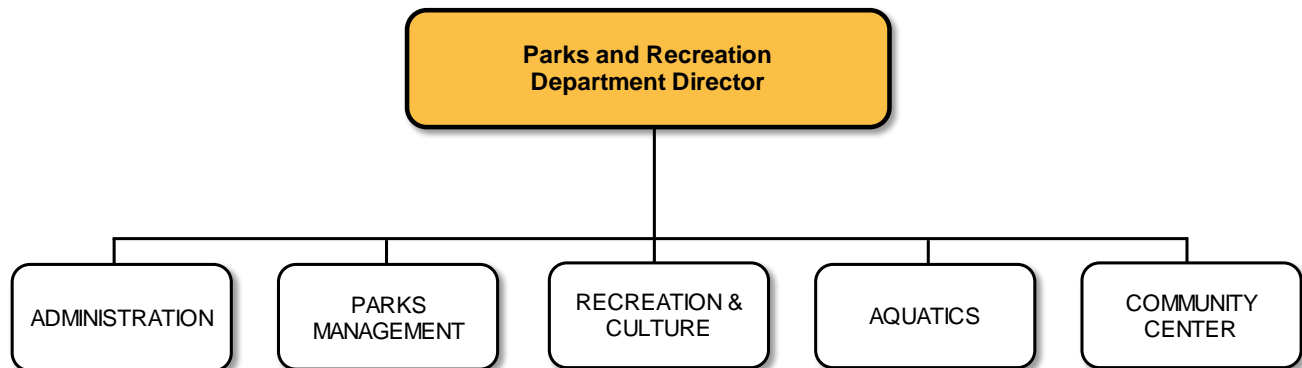
	FY 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Communications & Marketing Administrator	1.00	1.00	1.00	-
Digital Content Specialist	1.00	1.00	1.00	-
Marketing & Communications Specialist	1.00	1.00	1.00	-
Public Information Officer	1.00	1.00	1.00	-
Total FTEs	4.00	4.00	4.00	-

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	364,424	384,280	409,793	25,513
Operations & Maintenance	101,594	118,587	153,112	34,525
Capital Outlay	-	-	-	-
Total Expenditures	466,018	502,867	562,905	60,038

Significant Changes

- The increase in personnel costs is related to rate adjustments resulting from an implemented class and compensation study, and annual pay adjustments for eligible employees in FY 2024.
- O&M increased due to special event costs for the Town's 50th anniversary celebration

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*

2022/23 Accomplishments

ADMINISTRATION

- July 2022 – Cut the ribbon at the new Vistoso Trails Nature Preserve
- July 2022 – Celebrated the TABY art project at the north entry of Naranja Park
- September 2022 – Received awards from the Arizona Parks and Recreation Association state agency for the Park Professional of the Year (Parks Maintenance Superintendent) and Best Adaptive Recreation program (Camp I Can Too!)
- October 2022 – Cut the ribbon at the community center tennis/pickleball courts
- October 2022 – Cut the ribbon for the Conquistador Golf irrigation project
- December 2022 – Cut the ribbon for the restoration of the garage at Steam Pump Ranch

PARKS MANAGEMENT

- Demolished and removed the residential pool at Steam Pump Ranch
- Restored irrigation and replaced 14 trees along El Conquistador Way
- Replaced lawn irrigation at the Oro Valley Community and Recreation Center
- Renovated play area at Riverfront Park to include new decking on the play structures, new wood fiber safety fall material and new ADA access path
- Repaired broken and heaved concrete in 9 locations along the Vistoso Trails Nature Preserve path
- Replaced 4 barbeque grills at park ramadas
- Repainted the James D Kriegh Park handball courts exterior walls
- Replaced roof on James D Kriegh ballfield score tower, painted interior and replaced flooring.
- Planted 60 new trees throughout the park system

RECREATION & CULTURE

- Completed renovation and moved into the garage offices at Steam Pump Ranch, allowing staff to be onsite six days of the week.

- Renovated the bunkhouses and BBQ buildings to increase the amenities during events, including additional restrooms, dressing room and kitchenette.
- Implemented new programming at Steam Pump Ranch such as overnight family camping and expanded youth camp hours to allow for early drop-off and late pickup, giving parents more flexibility in their day.
- Reorganized the archery range with input from the user base for more efficient use of the space.
- Opened more event and parking space at Steam Pump Ranch to increase the desirability as a venue for events.
- Started the Oro Valley hiking series program that reached capacity shortly after opening registration.
- Implemented a volunteer program that has seen multiple applicants start volunteering at the archery range.

AQUATICS

- Continued to hold a strong membership base of over 400 memberships. This number jumped to over 600 during the three months of summer.
- Completed a major pump room expansion for new filters, an installation of a new recreation pool heater and a draining and deep cleaning of the Olympic pool.
- Refurbished 22 competitive dive blocks to maintain the Aquatic Center's presence as a state-of-the-art competitive facility.
- Assistant Manager achieved Red Cross Lifeguard Instructor Trainer certification, one of only 10 individuals in southern Arizona. The certification also allows the facility to now offer the Red Cross Lifeguard Instructor course to the public.
- The Aquatic Center hosted the National Jr/Sr Artistic Swimming Championship in April, attracting over 300 athletes and their families.

COMMUNITY CENTER

- Set an all-time high in membership numbers, reaching over 2,840 members in March. Previous record was 2,550 members in 2018. Facility check-ins also reached an all-time high, averaging over 400 visits per day.
- Successfully implemented Renew Active, a UnitedHealthcare program that provides free access to individuals 65 and up. As of June 2023, the program had over 820 members.
- Completed the reconstruction project of the tennis and pickleball facility, including the addition of four new post tension concrete pickleball courts.
- Oversaw the replacement and installation of all new strength and cardio equipment at the facility.
- Cleaned and resealed the pool deck to provide a safer and cleaner surface for facility users.
- Converted a racquetball court to a rec lounge space, geared towards youth ages 8-13 who previously did not have programming space available to them in the facility.
- Upgraded various audio/visual equipment in the Sunset Room conference room.

EL CONQUISTADOR GOLF





- Green fees ahead of budget by \$362,805
- Cart fees ahead of budget by \$50,370
- Golf shop merchandise sales ahead of budget by \$59,349
- Food and beverage sales ahead of budget by \$178,872
- Rental clubs ahead of budget by \$17,133
- Membership dues ahead of budget by \$280,836





Council Focus Area(s)

- Culture and recreation

2023/24 Objectives

- Continue implementation of Council bond funded projects to include Naranja Park build out and multi-use paths.
- 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.

Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Community and Recreation Center Members	1,870	2,000	2,840		3,300
Oro Valley Aquatic Center Members	643	700	701		725
Rounds of Golf Played	97,111	79,875	99,062		82,000
Number of sport field reservations	4,649	N/A	4,625		N/A

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

Total FTEs

FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
63.58	67.08	68.81	1.73

Expenditures by Fund	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
General Fund	2,268,745	3,815,162	4,664,040	848,878
Grants & Contributions Fund	-	-	673,718	673,718
Community Center Fund	6,319,322	13,171,272	10,157,685	(3,013,587)
Total	8,588,067	16,986,434	15,495,443	(1,490,991)

Revenues by Fund	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
General Fund	896,019	817,032	796,840	(20,192)
Grants & Contributions Fund	-	-	653,718	653,718
Community Center Fund	9,502,986	9,813,852	9,708,452	(105,400)
Total	10,399,005	10,630,884	11,159,010	528,126

PARKS and RECREATION

Total FTEs

FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
42.03	44.31	45.79	1.48

Expenditures by Division	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Administration	429,404	475,921	564,730	88,809
Parks Management	1,332,435	1,497,043	1,861,981	364,938
Recreation and Culture	506,906	616,241	1,390,118	773,877
Aquatics		1,225,957	1,520,929	294,972
Total	2,268,745	3,815,162	5,337,758	1,522,596

Revenue Sources	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Aquatics User Fees	545,171	496,000	466,000	(30,000)
Concession Sales	353	-	-	-
Fields & Courts User Fees	149,438	122,032	186,840	64,808
Miscellaneous User Fees	201,057	159,000	144,000	(15,000)
Federal Grants			633,718	633,718
State Grants		40,000	20,000	(20,000)
Total	896,019	817,032	1,450,558	633,526

PARKS and RECREATION – ADMINISTRATION

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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Parks & Recreation Director	1.00	1.00	1.00	-
Parks & Recreation Deputy Director	1.00	1.00	1.00	-
Office Specialist	1.00	1.00	1.00	-
Total FTEs	3.00	3.00	3.00	-

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	343,184	344,730	396,814	52,084
Operations & Maintenance	86,220	131,191	167,916	36,725
Total Expenditures	429,404	475,921	564,730	88,809

Significant Changes

- The increase in personnel costs is related to rate adjustments resulting from an implemented class and compensation study, and annual pay adjustments for eligible employees in FY 2024.
- The increase in O&M is related to outside professional services to develop a trails master plan.

PARKS and RECREATION – PARKS MANAGEMENT

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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Parks Maintenance 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	3.00	1.00
Parks Maintenance Worker I	5.00	6.00	6.00	-
Park Monitor	0.96	1.44	1.92	0.48
Total FTEs	10.96	12.44	13.92	1.48

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	589,548	699,493	921,831	222,338
Operations & Maintenance	641,392	665,550	760,950	95,400
Capital Outlay	101,495	132,000	179,200	47,200
Total Expenditures	1,332,435	1,497,043	1,861,981	364,938

Significant Changes

- The increase in personnel is related to: 1) a new parks maintenance worker II (1.0 FTE) and a new part-time park monitor (0.48 FTE); 2) rate adjustments resulting from an implemented class and compensation study; 3) annual pay adjustments for eligible employees
- The increase in O&M is related to cost increases for field supplies, water & sewage, and increased on-call maintenance services.
- The capital outlay is new one-time equipment purchases and park improvements at Honey Bee Canyon.

PARKS and RECREATION – RECREATION & CULTURE

Overview

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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Recreation Facility Manager	-	-	1.00	1.00
Recreation & Culture Manager	1.00	1.00	-	(1.00)
Assistant Recreation Manager	2.00	2.00	2.00	-
Recreation Leader	1.95	1.95	0.95	(1.00)
Recreation Supervisor	-	-	1.00	1.00
Recreation Aide	1.75	1.75	1.75	-
Total FTEs	6.70	6.70	6.70	-

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	355,050	390,091	418,600	28,509
Operations & Maintenance	151,856	211,150	279,800	68,650
Capital	-	15,000	691,718	676,718
Total Expenditures	506,906	616,241	1,390,118	773,877

Significant Changes

- The recreation & culture manager was reclassified to a recreation facility manager, and a recreation leader position was reclassified to a recreation supervisor in FY 2023
- The increase in personnel costs is due to the above-mentioned reclassifications, rate adjustments resulting from an implemented class and compensation study, and annual pay adjustments for eligible employees
- Operations & Maintenance increased due to contract programming instructors and special event expenditures.
- The capital outlay is primarily the Steam Pump Ranch BBQ & bunk house capital improvement project that is carried over from FY2023 and funded out of the Grants and Contributions Fund. Capital outlay also includes minor assets and equipment for the archery range and Steam Pump Ranch.

PARKS and RECREATION – AQUATICS

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 2022	FY 2023	FY 2024	
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	-
Lifeguard Supervisor	2.25	2.25	2.25	-
Shift Leader	0.96	0.96	0.96	-
Facility Attendant	4.80	5.12	5.12	-
Fitness Instructor	0.48	0.96	0.96	-
Lifeguard/Swim Instructor	9.88	9.88	9.88	-
Total FTEs	21.37	22.17	22.17	-

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	787,413	884,957	1,122,929	237,972
Operations & Maintenance	370,216	332,000	373,000	41,000
Capital Outlay	34,578	9,000	25,000	16,000
Total Expenditures	1,192,207	1,225,957	1,520,929	294,972

Significant Changes

- The increase in personnel is related to rate adjustments resulting from an implemented class and compensation study, and annual pay adjustments for eligible employees in FY 2024.
- The increase in O&M is related to utilities, supplies, and building maintenance.
- Capital outlay is a replacement of a commercial grade vacuum.

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 2022	FY 2023	FY 2024	
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	-
Recreation Supervisor	0.75	0.75	1.00	0.25
Custodian	0.48	0.48	0.48	-
Facility Attendant	4.25	4.72	4.72	-
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	22.77	23.02	0.25

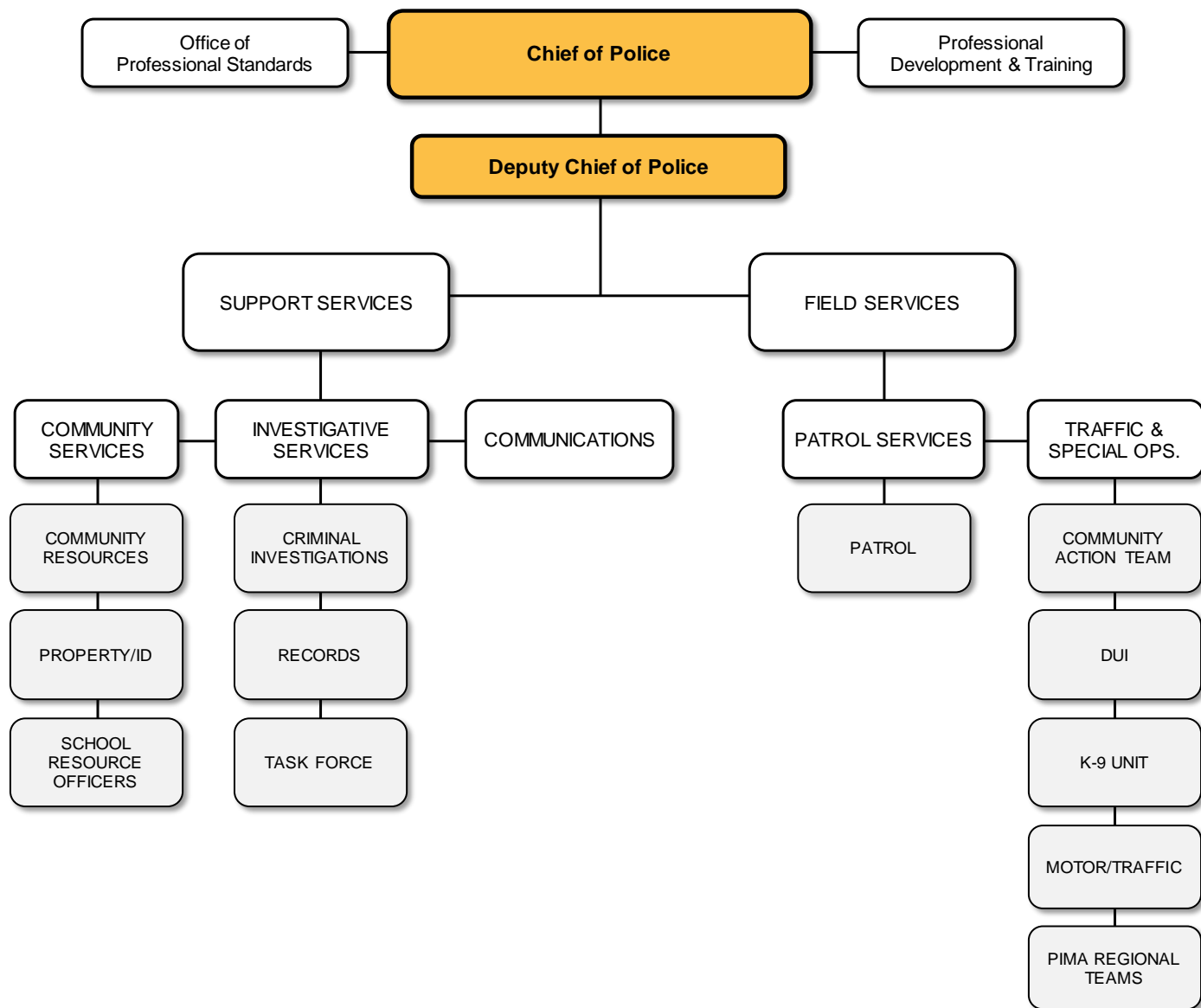
	FY 2022	FY 2023	FY 2024	
Expenditures and Other Financing Uses	Actual	Budget	Budget	Change
Personnel	891,869	920,274	1,114,639	194,365
Operations & Maintenance	4,839,345	5,296,236	5,294,659	(1,577)
Capital Outlay	139,003	2,666,700	1,820,500	(846,200)
Debt Service	135,678	202,682	210,684	8,002
Other Financing Uses	313,427	4,085,380	1,717,203	(2,368,177)
Total Expenditures	6,319,322	13,171,272	10,157,685	(3,013,587)

	FY 2022	FY 2023	FY 2024	
Revenue Sources	Actual	Budget	Budget	Change
Local Sales Taxes	3,535,507	3,477,236	3,726,016	248,780
Charges for Services	5,964,727	4,868,049	5,785,386	917,337
Miscellaneous	2,753	162,050	197,050	35,000
Total Revenues	9,502,986	8,507,335	9,708,452	1,201,117

Significant Changes

- The increase in personnel costs is related to a reclassification of a recreation supervisor to full-time, rate adjustments resulting from an implemented class and compensation study, and annual pay adjustments for eligible employees in FY 2024.
- Capital Outlay is related to various improvements to the Community Center and capital projects such as ADA improvements, golf course improvements, and Vistoso Trails Nature Preserve improvements.
- Debt service is related to capital leases for fitness and golf equipment.
- Other financing uses in FY 2023 included a transfer to the Capital Fund for the golf irrigation project.

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.

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 maintain professional certifications and focuses on developing the skills, abilities, knowledge, and talents to continue exceptional services. OVPD thoroughly investigates all complaints against its employees to preserve public confidence through our willingness to oversee and control the actions of our employees. In Oro Valley, community policing is the foundation of all our programs and initiatives.

The Support Services Division is comprised of Criminal Investigations Unit, Pima Regional Critical Incident 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.

The Field Services Division is comprised of Patrol, Traffic Unit, Community Action Team, 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.

2022/23 Accomplishments

- Multiple vendors use various matrix criteria to identify “The Safest Cities in Arizona.” Oro Valley was identified as: #2 by Safewise.com, #7 by Propertyclub.nc, #5 by MovingWaldo.com and #10 by RamseySolutions.com
- Completed first year with the Pima Regional Critical Incident Team (PRCIT) and participated in 14 incidents.
- Continued to promote high visibility enforcement deployments to reduce crashes and crimes.
- Awarded funding in the amount of \$89,120 from the Governor’s Office of Highway Safety for overtime, supplies, and equipment.
- Awarded a \$223,652 grant from Operation Stonegarden for equipment, overtime, and mileage to combat illegal contraband / human smuggling and other transnational threats.
- Expanded department staff health & wellness program, including fitness incentives, education on nutrition and Blue Key project anonymous counseling
- Completed more than 4,600 hours of advanced officer training, including CPR, firearms, defensive tactics, rifle, active shooter, high risk stop, Taser, and stop stick.
- Held 46 active shooter trainings for the community.
- Four command staff members are now Accredited Command Executives through the Arizona Association Chiefs of Police.
- Renewed a Memorandum of Understanding with Arizona Department of Public Safety regarding Commercial Vehicle Enforcement for an additional five years.
- Community Resources Unit provided training to local hotels on the topic of sex trafficking so staff can better identify victimization and report accordingly.
- Applied for and received a \$17,273 Bureau of Justice grant for ballistic vests for police officers. This was the highest award OVPD has received from this grant.
- Applied for and received a \$42,000 Arizona Criminal Justice Commission grant through the Arizona Coronavirus Emergency Supplemental Funding program to offset costs of personal protective supplies purchased to protect OVPD staff during the Covid-19 pandemic.
- The School Resource Officers Unit was recognized by KGUN 9 for their efforts in teaching high school students about the consequences of distracted driving with Teen Maze.
- Oro Valley Cadet Unit 6873 provided more than 1,200 community service hours assisting with patrols during football games and traffic control during graduations.
- Implemented virtual court appearance in conjunction with Oro Valley Town Court and IT Department.
- OVPD received two new canines (Vito and Cash), trained in narcotics detection and patrol function.
- In cooperation with United States Border Patrol and the Department of Public Safety, OVPD hosted the Southern Arizona Multi-Agency Honor Guard Academy.




- The Arizona Department of Public Safety Access Integrity Unit completed an audit for compliance with the Uniform Crime Reporting requirements. This audit was critical in demonstrating OVPD’s commitment to compliance with accurate and timely reporting of crime statistics in Oro Valley.
- Citizens Volunteer Assistants Program (CVAP) provided nearly 16,000 hours of service.
- Completed an assessment on property and evidence procedures, best practices, and facilities, as part of an ongoing effort by OVPD to evaluate and improve operations and promote organizational transparency to Oro Valley residents
- Awarded a \$12,000 grant from the Arizona Auto Theft Authority for equipment.





Council Focus Area(s)

- Public Safety

2023/24 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 calls, 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.

Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
HiVE deployments conducted	19	2 per month for total of 24	12		2 per month for total of 24
Priority 1 calls for service average response time	3:55	<5 minutes	3:49		<5 minutes
Priority 2 calls for service average response time	4:41	<8 minutes	4:53		<8 minutes

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

Personnel	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Police Chief	1.00	1.00	1.00	-
Deputy Police Chief	1.00	1.00	1.00	-
Commander	2.00	2.00	2.00	-
Lieutenant	5.00	5.00	5.00	-
Sergeant	13.00	14.00	14.00	-
Public Relations Sergeant	1.00	-	-	-
Public Information Officer	-	1.00	1.00	-
Detective	7.00	9.00	9.00	-
Lead Police officer	7.00	7.00	7.00	-
Police Officer	66.00	66.00	67.00	1.00
Traffic Investigator	1.00	1.00	1.00	-
Police Telecommunications Manager	1.00	1.00	1.00	-
Telecommunications Supervisor	2.00	2.00	2.00	-
Public Safety Telecommunicator	11.00	12.00	12.00	-
Police Workforce Specialist	0.48	0.48	0.48	-
Police Records Manager	-	-	1.00	1.00
Police Records Supervisor	1.00	1.00	-	(1.00)
Police Records Specialist	5.00	5.00	4.00	(1.00)
Accreditation, Audits, & Inspections Coord.	-	-	1.00	1.00
Crime Scene Technician Supervisor	1.00	1.00	1.00	-
Police Crime Scene Technician	3.00	3.00	3.00	-
Administrative Services Manager	1.00	1.00	1.00	-
Crime Analyst	1.00	1.00	1.00	-
Police Recruitment Specialist	-	-	1.00	1.00
Senior Office Specialist	3.00	3.00	2.00	(1.00)
Office Assistant	1.25	1.25	1.25	-
Total FTEs	134.73	138.73	139.73	1.00

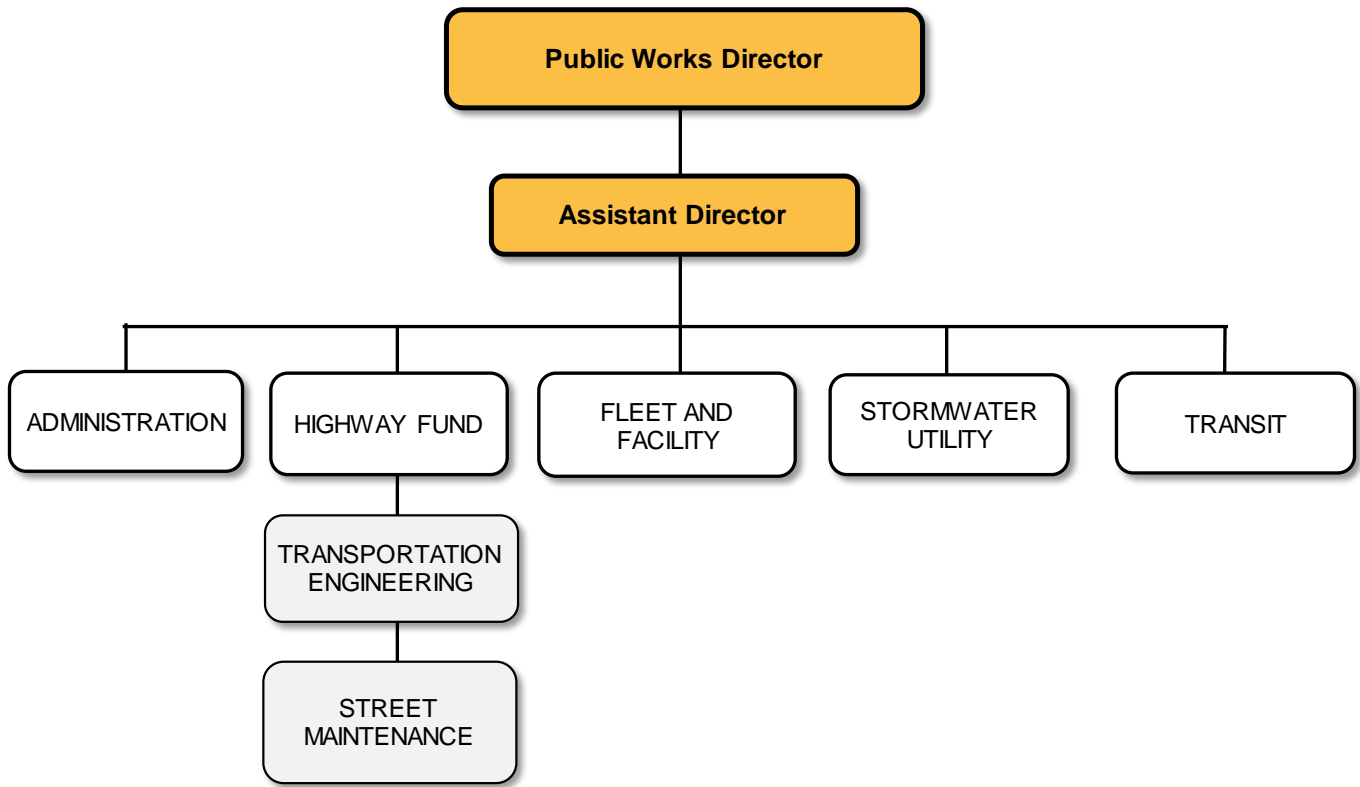
	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Expenditures				
Personnel	16,549,260	18,986,678	18,858,244	(128,434)
Operations & Maintenance	1,091,774	1,625,544	1,924,347	298,803
Capital Outlay	112,163	245,000	218,500	(26,500)
Total Expenditures	17,753,197	20,857,222	21,001,091	143,869

	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Revenue Sources				
Federal Grants	344,128	380,000	981,915	601,915
Intergovernmental	61,209	65,000	90,000	25,000
State Grants	69,413	75,000	75,000	-
Seizures & Forfeitures	102,014	102,000	103,000	1,000
Fingerprinting	9,670	9,000	9,000	-
Report Copying	6,519	6,500	6,500	-
Impound Processing	18,925	19,000	19,000	-
Other	4,114	5,000	18,000	13,000
Total	615,992	661,500	1,302,415	640,915

Significant Changes

- The decrease in personnel costs is related to changes in benefit deductions and retirement contributions.
- O&M increased due to increased travel & training, field supplies, equipment, hiring and recruitment costs.
- The capital outlay is related to drone equipment, grant funded vehicles and equipment, and furniture needs.

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).

Total FTEs

FY 2022	FY 2023	FY 2024	
Actual	Budget	Budget	Change
87.12	75.71	78.11	2.40

Expenditures by Fund *	FY 2022	FY 2023	FY 2024	
	Actual	Budget	Budget	Change
General/Capital Fund	4,253,049	6,599,498	7,018,501	419,003
Grants & Contributions Fund			2,504,934	2,504,934
Highway Fund	4,035,539	4,652,189	6,468,791	1,816,602
Stormwater Utility Fund	1,124,429	2,107,024	1,822,461	(284,563)
Total	9,413,017	13,358,711	17,814,687	4,455,976

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 2022	FY 2023	FY 2024	
	Actual	Budget	Budget	Change
General Fund	1,517,170	1,747,309	3,022,200	1,274,891
Highway Fund	3,999,546	4,163,100	4,432,608	269,508
Stormwater Utility Fund	1,483,587	1,494,000	1,721,500	227,500
Total	7,000,303	7,404,409	9,176,308	1,771,899

** 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 CIP and other projects.

2022/23 Accomplishments

- Provided oversight, project management and administration to over 50 planned and 14 unplanned projects and 1,482 service tasks. This includes design of upcoming construction projects such as the Town Court expansion and Community Center elevator.
- Enhanced the development, tracking and delivery of the Town's Capital Improvement Program
 - Naranja Park Expansion
 - Catalina Ridge - Alternative & Construction
 - Community Center Elevator ADA - Design
 - Sierra Wash: Phase I Naranja Construction
 - Magistrate Court Expansion Design
 - Community Center ADA Improvements (Pathway Reconstruction)
 - MUP La Canada Dr. (Lambert Lane to Naranja Dr)
 - Tripspark Passenger Portal Enhancements
 - RTA - SR77 Wildlife Fencing and Gate Project
 - Main Town Admin Generator Replacement Construction
 - Pusch Facility External ADA Access (Construction)
 - Pusch Facility Roof & Drain Repairs
 - CRC Jacuzzi to Outdoor Restroom Design
 - CRC Fire Alarm System Upgrade Design
 - Pusch Facility Tennis Center Restroom Upgrade Design
- Continued oversight and management of the \$25M Parks bond projects and the Steam Pump Ranch historic renovation project.
- Successfully hired a Project Manager/Architect to enhance the department's facilities project manager abilities.

Council Focus Area(s)

- Effective and Efficient Government

2023/24 Objectives

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

Department Budgets | Public Works - Administration

Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
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Standard operating procedures developed or reviewed (looking for opportunities to improve processes)

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Personnel	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Director of Public Works & Town Engineer	1.00	1.00	1.00	-
Assistant Director of Public Works	0.75	0.75	0.75	-
Fleet & Facility Division Manager	1.00	1.00	1.00	-
Streets/Drainage Superintendent	1.00	1.00	1.00	-
Streets & Drainage Crew Leader	2.00	2.00	2.00	-
CIP Project Manager	2.00	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	-
Senior Office Specialist	-	-	1.00	1.00
Office Specialist	1.00	1.00	-	(1.00)
Total FTEs	14.75	15.75	15.75	-

Expenditures	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Personnel	1,309,493	1,583,756	1,747,887	164,131
Operations & Maintenance	128,438	206,342	367,750	161,408
Capital Outlay	-	-	845,534	845,534
Total Expenditures	1,437,931	1,790,098	2,961,171	1,171,073

Significant Changes

- The increase in personnel costs is related to rate adjustments resulting from a class and compensation study and annual pay adjustments for eligible employees.
- The increase in O&M is related to ADA sidewalk remodeling at the Town campus funded out of the Grants and Contributions Fund, utilities, insurance costs, and office supplies.
- The capital outlay is for the Westward Look Drive improvements capital project funded out of the Grants and Contributions Fund.

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.

2022/23 Accomplishments

Fleet and Facilities Division logged over 4,700 maintenance tasks and projects.

Notable tasks that are not considered routine maintenance that were completed this year include:

500 Magee Police Substation

- Design of HVAC modifications to support DNA evidence storage.

680 Calle Concordia

- Repaired the wash-rack facility to fully operational and created a preventative maintenance schedule for it.
- Installed risers and manhole covers on the septic system to facilitate maintenance and inspections.
- Installed a four-post lift in the fleet shop to service large vehicles.

Community and Recreation Center (CRC)

- Men's & women's sauna heater units were repaired by the facility maintenance team to extend their service life.
- Cart barn walls and employee restroom were repaired after a golf cart impact.
- Converted a racquetball court to an open space for Parks and Recreation programming.
- Designed an updated replacement fire detection and alarm system.
- Designed exterior accessible restrooms for construction in place of the men's jacuzzi.
- Replaced the facility awning coverings.
- Replaced and remodeled the P&R Director's office to increase efficiencies and use of space.

Golf Maintenance Facility

- Installed a landing outside of the shop's north entrance for safety and compliance.
- Relocated a shipping container storage unit to facilitate servicing of the septic system.
- Installed a riser and manhole cover on the septic system to permit access for maintenance.

Municipal Operations Center (MOC)

- Repaired entry canopy roofing on two buildings.

Pusch Ridge Tennis/Golf Facility

- Anchored the golf swing practice netting according to the Town Engineer's specifications.
- Designed ADA compliant restrooms for the tennis pro-shop.

Riverfront Park

- Performed permit remediation and code compliance construction activities to obtain a certificate of occupancy.

Steam Pump Ranch

- Installed an intrusion detection alarm in the Pusch House.

Department Budgets | Public Works – Fleet & Facility Management

Tangerine Police Substation

- Replaced water damaged hallway flooring
- Installed a tertiary power dock for the emergency back-up generator to bring the install into code compliance.

Town Hall






- Building A, Administration
 - Fire alarm panel was upgraded to a cellular service connection.
 - Began construction of the emergency back-up generator.
 - Repaired campus sidewalks.
 - Upgraded the interior lighting to LED.
 - Removed a wall in the IT Director's Office to increase space.
 - Designed a reconfiguration of the front lobby copy room into an office.
- Building B, Courts
 - Designed a building expansion to support Court operations and improve safety.

Council Focus Area(s)

- Roads, Water and Town Assets

2023/24 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 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Number of facility tasks completed	2,287	NA*	2,347		NA*
Total cost per mile for vehicle repair and maintenance	\$0.29	\$0.65	\$0.27		\$0.65
Operations & maintenance expenditures per square foot of buildings maintained	\$6.29	\$7.00	\$4.68		\$7.00
Number of fleet tasks completed	2,565	NA*	2,370		NA*
Cost per mile to maintain transit vehicles (repair & fuel only)	\$0.17	\$0.50	\$0.16		\$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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Facilities Maintenance Supervisor	1.00	1.00	1.00	-
Fleet Maintenance Supervisor	1.00	1.00	1.00	-
Facilities Maintenance Technician	3.00	3.00	3.00	-
Fleet Maintenance Mechanic III	2.00	3.00	3.00	-
Fleet Control Specialist	1.00	-	-	-
Fleet Attendant	1.00	1.00	1.00	-
Total FTEs	9.00	9.00	9.00	-

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	548,896	674,363	719,346	44,983
Operations & Maintenance	2,328,500	2,343,700	2,370,750	27,050
Capital Outlay	37,268	170,000	245,000	75,000
Total Expenditures	2,914,664	3,188,063	3,335,096	147,033

Significant Changes

- The increase in personnel costs is related to rate adjustments resulting from a class and compensation study and annual pay adjustments for eligible employees.
- The increase in O&M is related to repair and maintenance costs for buildings and vehicles.
- 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, storm readiness and clean-up. The personnel for this work responsibility is located within Administration; however, all materials, equipment and consumables are located within this fund/area.

2022/23 Accomplishments

Between transportation and streets maintenance, over 3,600 tasks were completed, including:

- La Cañada Drive mill/overlay from Tangerine Road to Moore Road
- Shannon Road pavement reconstruction from Lambert Lane to Naranja Drive
- Naranja Drive HAWK signal in front of Ironwood Ridge High School
- Oracle Road wildlife fence (RTA Project)
- Westward Look Drive pavement reconstruction
- La Cañada Drive multi-use pathway
- Naranja Drive multi-use pathway – secured RTA funding and initiated IGA process with Arizona Department of Transportation
- Annual main line striping
- Pavement management: applied various pavement preservation treatments to 75 lane miles
- Road overall condition index (OCI) of 76.84
- Completion of quarterly and bi-annual arterial, collector and residential sweeping
- Completion of drainage improvements to Calle Buena Vista low water crossings as well as Hardy Rd. @ Carmack Wash crossing
- Completion of more than 25 pavement repairs
- Completion of more than 146 sidewalk repairs
- Over 23.8 miles of crack sealing surface treatments
- Maintained essential service levels within Town rights of way, averaging only two Arizona Department of Corrections (ADC) personnel in addition to subsidizing with outside contractor/vendors.
- Addressed all non-ADA compliant parking signs within the Town's parking lots.
- Transportation Art by Youth (TABY) project oversight
- Project Management:
 - Steam Pump Ranch Garage Building rehabilitation
 - Steam Pump Ranch BBQ and Bunkhouse Buildings rehabilitation
 - Community Center tennis court reconstruction
 - Community Center ADA ramp
 - Community Center overflow parking lot

Council Focus Area(s)

- Roads, Water and Town Assets

2023/24 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.

Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Overall Condition Index rating for all paved streets	77.76	76	76.8		76
Percent of pavement crack sealed annually throughout town	7.54%	20%	13.7%*		20%
Road rehabilitation expenditures per paved lane mile	\$20,000	\$25,000	\$26,000		\$25,000
Percentage of crosswalks, legends and symbols restriped throughout town	31%	50%	32%*		50%
Percentage of roads restriped throughout town	38%	50%	46%*		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 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
26.75	12.00	12.00	-

Expenditures by Program	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Transportation Engineering	3,711,481	4,192,089	5,719,291	1,527,202
Street Maintenance	324,058	460,100	749,500	289,400
Total	4,035,539	4,652,189	6,468,791	1,816,602

Revenue Sources	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
HURF Gas Taxes	3,979,751	4,127,100	4,334,608	207,508
Licenses and Permits	28,838	25,000	25,000	-
Interest Income	(16,303)	8,000	70,000	62,000
Miscellaneous	7,260	3,000	3,000	-
Total	3,999,546	4,163,100	4,432,608	269,508

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 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Engineering Division Manager	1.00	1.00	1.00	-
Senior Civil Engineer	1.00	1.00	1.00	-
Senior Civil Engineering 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	-
Senior Office Specialist	1.00	1.00	1.00	-
Total FTEs	12.00	12.00	12.00	-

Expenditures	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Personnel	1,175,502	1,202,574	1,262,861	60,287
Operations & Maintenance	280,329	370,515	369,430	(1,085)
Capital Outlay	2,255,650	2,619,000	4,087,000	1,468,000
Total Expenditures	3,711,481	4,192,089	5,719,291	1,527,202

Significant Changes

- 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 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Operations & Maintenance	324,058	453,100	634,500	181,400
Capital Outlay	-	7,000	115,000	108,000
Total Expenditures	324,058	460,100	749,500	289,400

Significant Changes

- The increase in O&M is related to street maintenance material costs.
- The capital outlay is a heavy-duty truck and general operating equipment.

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.

2022/23 Accomplishments

- Updated the Pima County Regional Flood Control District and Oro Valley Watershed Management intergovernmental agreement
- Completed the 2023/24 Stormwater Utility Management Rate Analysis Report
- Developed and implemented an Arizona Department of Environmental Quality – stormwater runoff water quality sampling process
- Underwent an Arizona Department of Water Resources – Community Assistance Visit audit
- Continued the successful sandbag program and tree cycle with relocation to a new operating site
- Launched new Stormwater Utility Fee billing and customer engagement portal

Projects and programs delivered:

- Sierra Wash at Naranja Drive spillway repair
- Catalina Ridge drainage channel improvements
- Oro Valley Drive sediment removal
- Carmack Wash Tributary near Spring Valley Drive sediment removal
- Mutterer Wash at Greenock Drive sediment removal
- Hardy Road and Northern Avenue culverts sediment removal (4 locations)
- Mutterer/Pusch/Rooney Wash floodplain assessment
- Bangalor Drive erosion control improvements
- Atua Place erosion control improvements
- Calle Buena Vista erosion control improvements
- Carmack Wash at Hardy Road erosion control improvements
- El Conquistador Golf Course irrigation replacement
- El Conquistador Golf Course pathway improvements
- Vistoso Preserve watershed analysis




Council Focus Area(s)

- Roads, Water and Town Assets
- Financial Stability and Sustainability

2023/24 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

Department Budgets | Public Works – Stormwater Utility

Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Percentage of Stormwater assets inspected annually (20% required by law)	25.6%	20%	20%		20%
Maintain cash reserves in the Stormwater Utility Fund of at least 15% of the collected annual stormwater fees *	49.8%	15%	38.1%		15%
Conduct annual rate review by October 30	Sep 16, 2021	Oct. 30, 2022	Sep. 15, 2022		Oct. 30, 2023

*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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Assistant Director of Public Works	0.25	0.25	0.25	-
Stormwater Utility Division Manager	1.00	1.00	1.00	-
Senior Stormwater Engineer	1.00	1.00	1.00	-
Streets & Drainage Supervisor	1.00	1.00	1.00	-
Stormwater Utility Project Manager	1.00	-	-	-
Stormwater Utility Inspector	1.00	1.00	1.00	-
GIS 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	0.48	-
Total FTEs	10.73	9.73	9.73	-

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	810,920	826,266	947,302	121,036
Operations & Maintenance	313,509	396,245	369,159	(27,086)
Capital Outlay		884,513	506,000	(378,513)
Total Expenditures	1,124,429	2,107,024	1,822,461	(284,563)

	FY 2022	FY 2023	FY 2024	
Revenue Sources	Actual	Budget	Budget	Change
Charges for Services	1,495,179	1,492,500	1,501,500	9,000
Federal Grants	-	-	210,000	210,000
State Grants	16,906	-	-	-
Miscellaneous	2,774	-	-	-
Interest Income	(31,272)	1,500	10,000	8,500
Total Revenues	1,483,587	1,494,000	1,721,500	227,500

Significant Changes

- The increase in personnel costs is related to rate adjustments resulting from an implement class and compensation study in FY 2023 and annual pay adjustments for eligible employees in FY 2024.
- The decrease in O&M is due to reduced cost for outside professional services in FY 2024
- Capital outlay relates to Townwide drainage and CIP 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.

2022/23 Accomplishments




- Set a new annual ridership record of 61,447, an increase of 9.7% over last year.
- With the support of the Innovation & Technology Department, improved passenger on-line capabilities with the scheduled acquisition of the Passenger Portal module of TripSpark. Passenger Portal module installed and operational.
- Awarded Arizona Department of Transportation (ADOT) grants for eight replacement vehicles
- Revised Fleet Maintenance Plan in coordination with the Town Fleet Manager resulting in major improvements in preventative maintenance.
- Participated in the RTA Transit Working Group committee and Citizens Advisory Committee Transit Working Group subcommittee, helping to make decisions on regional transportation improvements and future regional and local transportation planning and budgeting.

Council Focus Area(s)

- Roads, Water and Town Assets
- Financial Stability and Sustainability

2023/24 Objectives

- Partner with the 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 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Percentage of requested reservations fulfilled	90%	90%	82.4%		90%
Total cost per passenger trip	\$31.82	<\$35.00	\$30.95		<\$35.00
Farebox recovery rate	0.0%*	NA*	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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Transit Administrator	-	-	1.00	1.00
Transit Supervisor	-	-	1.00	1.00
Senior Transit Crew Leader	1.00	1.00	-	(1.00)
Transit Crew Leader	1.00	1.00	1.00	-
Transit Specialist	1.11	1.10	1.10	-
Transit Dispatcher	2.11	2.58	2.73	0.15
Transit Driver	19.71	22.60	23.85	1.25
Office Assistant	0.96	0.95	0.95	-
Total FTEs	25.89	29.23	31.63	2.40

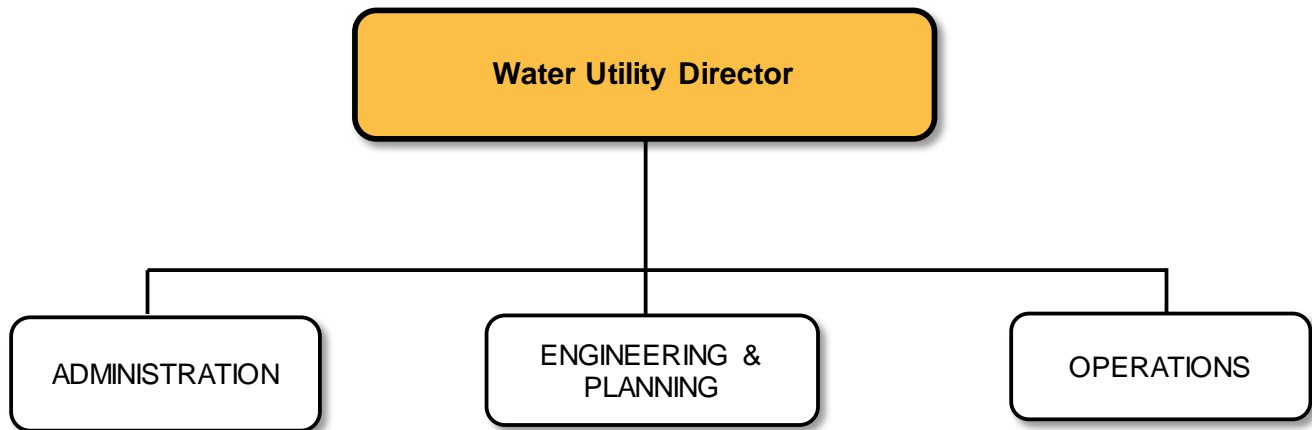
	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	1,267,088	1,383,972	1,612,768	228,796
Operations & Maintenance	61,043	139,256	84,600	(54,656)
Capital Outlay	10,254	98,109	1,529,800	1,431,691
Total Expenditures	1,338,385	1,621,337	3,227,168	1,605,831

	FY 2022	FY 2023	FY 2024	
Revenue Sources	Actual	Budget	Budget	Change
RTA Reimbursement	1,518,846	1,530,000	1,774,000	244,000
Federal Grants	275,969	-	1,204,800	1,204,800
State Grants	9,060	137,309	3,400	(133,909)
Farebox	(1,676)	80,000	40,000	(40,000)
Total Revenues	1,802,199	1,747,309	3,022,200	1,274,891

Significant Changes

- The increase in personnel costs is related to: 1) additional hours for transit drivers and dispatchers (1.40 FTE); 2) a new transit supervisor position (1.00 FTE); 3) rate adjustments resulting from a class and compensation study; 4) annual pay adjustments for eligible employees
- Capital outlay relates to transit van replacements, which are 80% funded with ADOT grants

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.

2022/23 Accomplishments

- Delivered a combined total of 2.99 billion gallons of water to customers.
- 47% of the total deliveries were water supplies other than groundwater, including:
 - 851 million gallons of CAP water
 - 567 million gallons of reclaimed water
 - 1.57 billion gallons of groundwater
- Utilized full allocation of 10,305 acre feet of CAP water for potable use and recharge.
- Took 4,732 water quality samples with all results meeting regulatory requirements.
- Added 155 new metered connections for an estimated total customer base of 21,269 connections.
- Developed and delivered four quarterly customer newsletters titled *Behind the Meter*.
- The WaterSmart customer portal has 7,300 registered users and has provided over 8,000 leak alerts directly to our customers.
- Implemented a new customer information system to improve our customers experience by providing additional payment options and other self-help tools. The customer service portal currently has 7,000 registered users.
- Began construction of the independent portion of the Northwest Recharge Recovery and Delivery System (NWRRDS).
- Implementation of a new Adult Detention Center (ADC) inmate work program.
- Rehabilitated three groundwater production wells.
- Completed the design of the independent NWRRDS Reservoir & Booster Station.

Council Focus Area(s)

- Roads, Water and Town Assets

2023/24 Objectives

- Develop and evaluate strategies to reduce the use of potable water in OV (I.e., golf courses, parks, residential, etc.).
- Identify and evaluate potential new water sources for the Town.
- Begin phased construction of the Northwest Recharge Recovery and Delivery System project.

Performance Measures	FY 2022 Actual	FY 2023 Target	FY 2023 Result	FY 2023 Status	FY 2024 Target
Groundwater pumped	4,997 AF	< 5,500 AF	4,826 AF		< 5,500 AF
CAP water delivered	2,670 AF	> 2,500 AF	2,612 AF		> 2,500 AF
Total customer contacts in WaterSmart portal	6,700	7,000	7,300		7,600
Years' worth of long-term storage credit reserves (at 100% utilization)	3.10	3.35	3.35		3.60
Cash reserves in the Water Utility operating fund as % of combined budget for personnel, O&M and debt service	52%	50%	40%		40%
Debt service coverage (annual net operating revenue divided by annual debt service) for water revenue bonds	2.24%	2.46%	3.46%		4.39%

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

Total FTEs

FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
40.48	40.48	40.48	-

Expenditures by Division	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Administration	7,691,098	8,393,427	9,829,123	1,435,696
Engineering and Planning	6,113,332	6,508,288	8,022,087	1,513,799
Operations	4,936,466	5,816,595	5,962,932	146,337
Total	18,740,896	20,718,310	23,814,142	3,095,832

Revenue Sources	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	Change
Charges for Services	3,267,981	3,224,000	3,200,500	(23,500)
Interest Income	(350,975)	100,000	100,000	-
Miscellaneous	688,140	-	-	-
Water Sales	14,406,542	15,383,000	16,060,000	677,000
Transfer in from Grants Fund	-	5,378,000	-	(5,378,000)
Total	18,011,688	24,085,000	19,360,500	(4,724,500)

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 2022	FY 2023	FY 2024	
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	1.48	0.48
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 2022	FY 2023	FY 2024	
Expenditures and Other Financing Uses	Actual	Budget	Budget	Change
Personnel	631,894	887,740	904,484	16,744
Operations & Maintenance	1,760,112	2,181,352	2,397,891	216,539
Capital Outlay	235,083	18,640	-	(18,640)
Debt Service	4,767,383	4,643,255	3,644,440	(998,815)
Other Financing Uses	296,626	662,440	2,882,308	2,219,868
Total Expenditures	7,691,098	8,393,427	9,829,123	1,435,696

Significant Changes

- The increase in personnel costs is related to annual pay adjustments for eligible employees in FY 2024.
- O&M costs increased primarily due to Town-wide indirect cost allocations of supporting services.
- The decrease in debt service is due to the payoff of the Series 2012 Senior Lien debt.
- The increase in other financing uses reflects transfers out to the Water Impact Fee Fund for the Northwest Recharge, Recovery, and Delivery System (NWRRDS) partnered CIP project.

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.

	FY 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Engineering Division Manager	1.00	1.00	1.00	-
Project Manager	1.00	1.00	1.00	-
Senior Engineering Associate	1.00	1.00	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	-

	FY 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	566,939	651,291	711,920	60,629
Operations & Maintenance	4,172,029	4,706,997	5,560,167	853,170
Capital Outlay	1,374,364	1,150,000	1,750,000	600,000
Total Expenditures	6,113,332	6,508,288	8,022,087	1,513,799

Significant Changes

- The increase in personnel costs is related to annual pay adjustments for eligible employees in FY 2024
- 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 2024

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 2022	FY 2023	FY 2024	
Personnel	Actual	Budget	Budget	Change
Water Operations Manager	1.00	1.00	1.00	-
Water Operations Superintendent	1.00	1.00	1.00	-
Water Control Systems Supervisor	1.00	1.00	1.00	-
Prod. & Meter Operations Superint.	1.00	1.00	-	(1.00)
Water Operations Supervisor	3.00	3.00	4.00	1.00
Instrumentation Control Specialist	1.00	1.00	2.00	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 2022	FY 2023	FY 2024	
Expenditures	Actual	Budget	Budget	Change
Personnel	2,034,905	2,114,033	2,254,405	140,372
Operations & Maintenance	2,470,198	2,796,912	3,218,735	421,823
Capital Outlay	431,363	905,650	489,792	(415,858)
Total Expenditures	4,936,466	5,816,595	5,962,932	146,337

Significant Changes

- The increase in personnel costs is related to annual pay adjustments for eligible employees and an implemented class and compensation study
- The increase in O&M is primarily related to equipment repair and maintenance
- The capital outlay is related to equipment, meter purchases, and two vehicles



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 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 Program is comprised of six 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 and grants.

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).

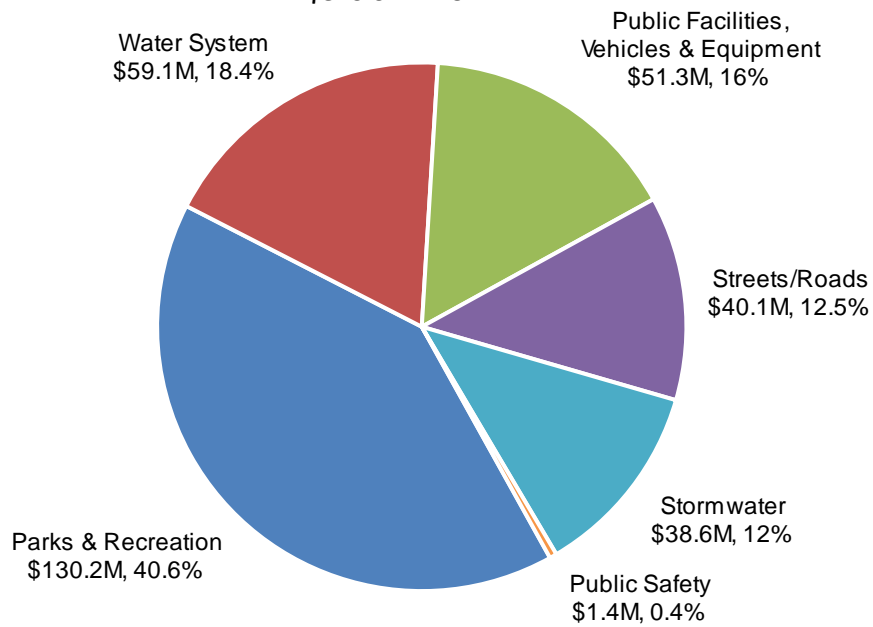
Water System pertains to projects that maintain or enhance to Town's water infrastructure with the goal of delivering safe, reliable water. Water system projects are primarily funded by water utility rates, fees, and charges, as well as water impact fees.

Capital Improvement Program Summary

The cumulative ten-year CIP for the Town of Oro Valley totals \$320,594,295 for fiscal years 2023/24 through 2032/33. The graph below shows the allocations by category for the given years:

FY 2023/24 - 2032/33 CIP by Category

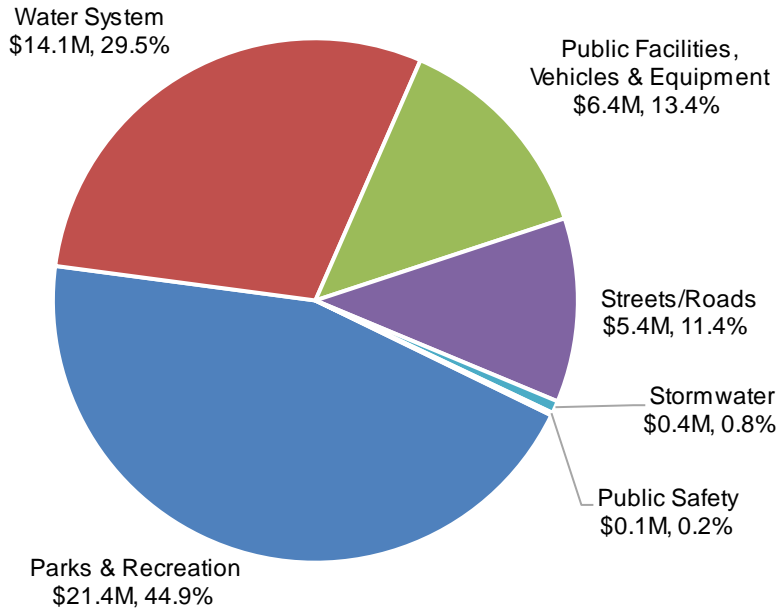
\$320.6 Million



The amount allocated for CIP projects in the FY 23/24 budget is \$47,771,435. Expenditures are presented on a budgetary basis rather than cash flow basis. The graph below shows the budget allocations by category. The projects included in the FY 23/24 CIP reflect the needs of the Town based on goals established in both the General Plan and Strategic Plan. The projects represent a significant investment in the infrastructure of the Town and attempt to meet the needs of the community.

FY 2023/24 CIP by Category

\$47.8 Million

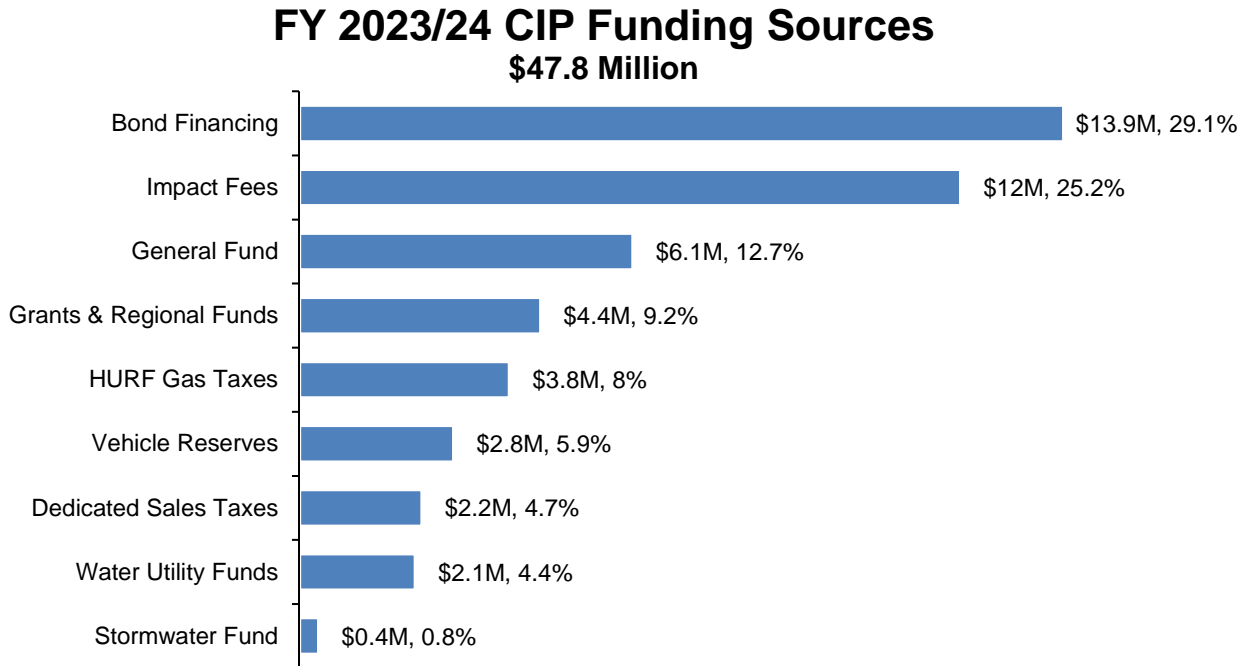


Financing the Capital Improvement Program

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. 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
- Development impact fee ordinances
- Federal and state grants
- Loans
- Certificates of participation
- Lease-purchase agreements
- Improvement districts
- Donations and intergovernmental agreements
- User fees

Funding for the FY 23/24 CIP is derived from a variety of sources as depicted in the chart below:



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 2024-2033 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 23/24 CIP on the Town's overall operating budget:

Project	Impact	Impact \$ Annually
Community Center Parking Reconstruction & Expansion	Annual maintenance costs	\$14,000
Golf Course Irrigation	Water and utility savings	(\$25,000)
Hydropneumatic Tank Replacements at Boosters	Annual maintenance cost savings	(\$500)
Hydropneumatic Tank Replacements at Wells	Annual maintenance cost savings	(\$500)
MUP Phase I - La Cañada Dr. (Lambert Lane to Naranja Dr)	Annual pavement preservation costs	\$1,260
MUP Phase II - Naranja Dr. (La Cañada Dr to Naranja Park entrance)	Annual pavement preservation costs	\$2,460
Naranja Park Master Plan Implementation	Annual operating and maintenance costs	\$184,400
Vistoso Trails Nature Preserve Improvements	Annual operating costs	\$100,000
Total		\$276,120

Note: This list represents projects that were approved for funding in FY 23/24 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

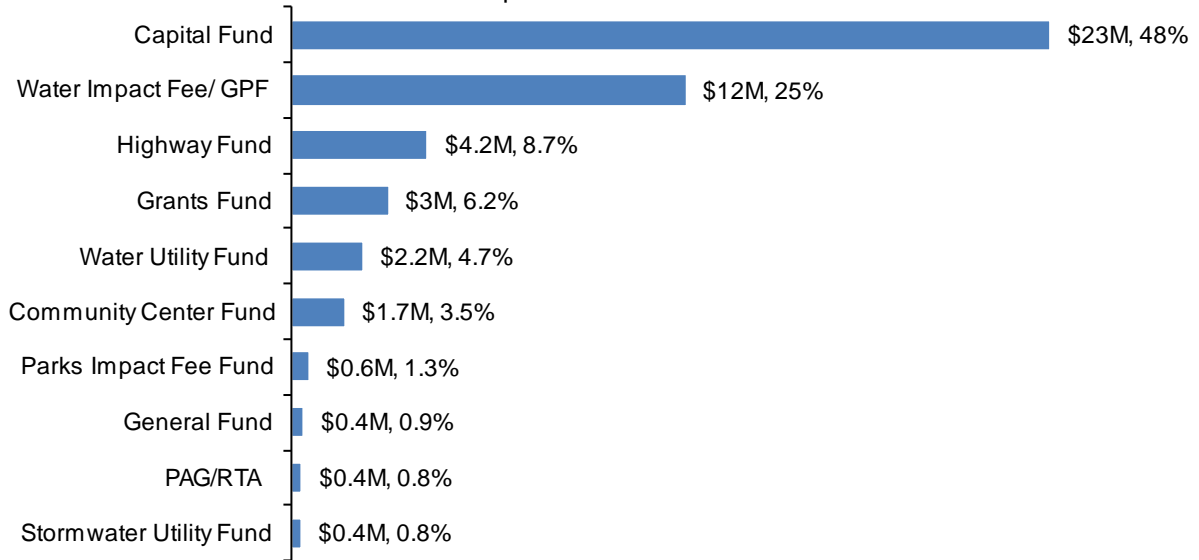
Projects included in the FY 2023/24 CIP reflect the combined efforts of all Town departments as well as the Town Council and Oro Valley residents. The plan recognizes the added benefits the projects will bring to the Town, while understanding the fiscal requirements and obligations each of these projects will entail. The CIP is updated annually, and new projects may be included should additional funding sources be identified.

The FY 2023/24 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	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29-2032/33	Total
General Fund	\$ 442,000	\$ 493,000	\$ 508,000	\$ 524,000	\$ 540,000	\$ 2,962,000	\$ 5,469,000
Highway Fund	4,180,000	4,935,500	14,059,863	5,792,542	2,759,532	14,867,633	46,595,069
Community Center Fund	1,678,000	1,276,300	1,579,000	1,585,000	1,550,000	7,020,000	14,688,300
Capital Fund	22,953,391	9,604,850	23,382,960	23,842,300	7,854,700	27,256,700	114,894,901
PAG/RTA	388,000	2,661,424	-	4,079,016	25,000,000	40,564,000	72,692,440
Roadway Impact Fee Fund	-	2,586,676	5,358,000	-	-	750,000	8,694,676
Water Utility Fund	2,229,792	1,890,000	2,230,000	2,230,000	2,390,000	6,720,000	17,689,792
Stormwater Utility Fund	365,000	183,420	386,445	300,000	650,000	100,000	1,984,865
Grants Fund	2,985,252	-	-	-	-	-	2,985,252
Water Impact Fee/ GPF	11,950,000	4,470,000	8,430,000	6,450,000	3,000,000	-	34,300,000
Parks Impact Fee Fund	600,000	-	-	-	-	-	600,000
Total	\$ 47,771,435	\$ 28,101,170	\$ 55,934,268	\$ 44,802,858	\$ 43,744,232	\$ 100,240,333	\$ 320,594,295

FY 2023/24 by Fund
\$47.8 Million



Capital Improvement Plan | Projects by Category

CIP Project Listing by Category

* Denotes a project with carryforward funding from the prior year	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	FY 32/33	Grand Total
Parks & Recreation	21,441,089	1,521,300	4,172,660	4,470,000	6,602,800	4,635,000	9,300,000	4,954,000	1,856,000	100,000	59,052,849
ADA/Safety Walkway Concrete Improvements System Wide	150,000										150,000
Artificial Turf Installation at Community Center Entrance			82,500								82,500
Audio System Update		115,000									115,000
Canada Golf Course Pathway Improvements	550,000										550,000
CC Men's Jacuzzi to Outdoor Accessed Restroom		285,000									285,000
CC Parking Lot Reconstruction & Expansion*	589,920										589,920
Cloud Lake Sediment Dredging			85,000								85,000
Community Center Elevator*	1,612,861										1,612,861
Community Center Exterior Stucco repair and Painting		183,300									183,300
Community Center Fire Alarm System Upgrade*	75,000										75,000
Community Center Flat Roof Surface Replacement	198,000		200,000		200,000		200,000		200,000		998,000
Community Center Parking Lot Reconfigure/Resurface - Bond VE				1,400,000							1,400,000
CRC Fitness Exterior Window Replacement		100,000									100,000
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
CRC Restaurant Cooler/Freezer Modernization and Floor Repair	65,000										65,000
Equipment Replacement (Golf Maintenance)		145,000	81,500								226,500
Event space with shade at CRC tennis/pickleball courts			195,660								195,660
Golf Course Irrigation Phase 2 (Cañada Course)	2,000,000										2,000,000
Golf John Deere Tractor Replacement		110,000									110,000
Golf Maintenance - Parking Lot Reconstruction			300,000								300,000
Golf Maintenance Facility Siding Replacement and Exterior Painting		63,000									63,000
Greenmaster Mowers Replacement			125,000								125,000
Greenock Trail Improvements*	15,000										15,000
Improved Landscape and Gathering Area at Aquatic Center			330,000								330,000
James D. Kriegh Park - Egleston Road Connection Parking lot				60,000	750,000						810,000
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
James D. Kriegh Park Field Lighting		30,000	1,500,000								1,530,000
Life Cycle Replacement (Bunkers and Turf Reduction)	100,000										100,000
MUP - Phase I - La Cañada Dr. (Lambert Lane to Naranja Dr)*	677,590										677,590
MUP - Phase II - Naranja Dr. (La Cañada Dr to 1st Ave)*	200,000										200,000
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 Splashpad, Restroom and Ramada Bond VE					1,500,000						1,500,000
Naranja Park Archery Range - Paved Parking, Lights, Landscape								44,000	550,000		594,000
Naranja Park Asphalt Parking Lot, Roadway and MUP Bond Project VE							4,000,000				4,000,000
Naranja Park Basketball Courts Bond VE						250,000					250,000
Naranja Park Entry Site Improvements			36,000	450,000							486,000
Naranja Park Fields 7 & 8 - Park Bond Project VE						1,900,000					1,900,000
Naranja Park Maintenance Facility						1,200,000					1,200,000

Capital Improvement Plan | Projects by Category

CIP Project Listing by Category

* Denotes a project with carryforward funding from the prior year

	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	FY 32/33	Grand Total
Parks & Recreation (continued)											
Naranja Park Master Plan Implementation*	13,600,000										13,600,000
Naranja Park Pickleball Courts (3) and Shade Structure					330,000						330,000
Naranja Park Ramadas			250,000								250,000
Naranja Park Skate Park expansion Park Bond Project VE								250,000			250,000
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 - Phase Two	78,000		112,000								190,000
Parks Maintenance Toro Reelmaster Mower Replacement	85,000										85,000
Proctor/Lieber House Renovation				1,500,000							1,500,000
Pusch Ridge Facility ADA and Code Compliance*	418,718			85,000							503,718
Pusch Ridge Golf Course Improvements	75,000										75,000
Pusch Ridge Golf Course Pathway Bank Protection Improvements				300,000							300,000
Pusch Ridge Golf Course Pavement Preservation			275,000								275,000
Pusch Ridge Tennis Court Lighting Replacement					300,000						300,000
Pusch Ridge Tennis Court Resurfacing									120,000		120,000
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
Steam Pump Ranch - New Northern Entry by Panhandle Stables/Event Space								1,500,000			1,500,000
Steam Pump Ranch - Solar Lighting	71,000										71,000
Steam Pump Ranch - Tack Building	50,000		500,000								550,000
Steam Pump Ranch BBQ & Bunk House Renovations*	500,000										500,000
Steam Pump Ranch Farmer's Market Structure Upgrade		100,000									100,000
Vistoso Trails Nature Preserve ADA Restrooms	75,000										75,000
Vistoso Trails Nature Preserve Improvements*	255,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,155,000
Vistoso Trails NP Maintenance Facility Roof Repair and Security		190,000									190,000

Capital Improvement Plan | Projects by Category

CIP Project Listing by Category

* Denotes a project with carryforward funding from the prior year	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	FY 32/33	Grand Total
Public Facilities, Vehicles & Equipment	6,388,020	5,776,000	3,257,500	3,738,500	3,256,000	3,101,500	3,311,000	3,023,000	3,183,500	3,515,500	38,550,520
680 Fuel Station Renovation	55,000	450,000									505,000
680 Maintenance Yard Back-up Generator			50,000	500,000							550,000
680 Renovation for removal of Fleet and Ops - adding P&R					220,000						220,000
Administration Building Efficiency Renovation			50,000	500,000							550,000
CEDPW Building D File Room to Conference Room Renovation		20,000	150,000								170,000
Coronado Middle School Park Pre-Fab Restroom - Amphi Partnership*	217,200										217,200
Equipment Replacement Program		648,000	289,500	260,500	368,000	418,500	403,000	204,000	178,500	178,500	2,948,500
F450 4X4 Reg Cab Dump	100,000										100,000
Facility Maintenance Program	362,000	493,000	508,000	524,000	540,000	557,000	574,000	592,000	610,000	629,000	5,389,000
Fuel Management Software (Gasboy Replacement)	70,000										70,000
MOC Decommissioning					50,000						50,000
MOC Perimeter Fence & Entry Gate	30,000	450,000									480,000
MOC Water and Transit flat roof surface replacement					70,000						70,000
Network Storage	60,000			50,000			50,000				160,000
PD Main Town Hall, Building F, Locker Room Remodel		40,000	375,000								415,000
Phone System Refresh*	300,000									300,000	600,000
Public Works Operations Laydown Yard*	200,000										200,000
Server OS Refresh				60,000					60,000		120,000
Town Court Expansion*	1,629,899	1,500,000									3,129,899
Town Hall Admin Building A, Remodel I&T area	50,000	335,000			115,000						500,000
Town Hall Data Center Migration*	21,337										21,337
Town Hall Emergency Generator Replacements*	364,384										364,384
Town Hall, Building A, Elevator System Modernization			75,000								75,000
Town-Wide Drainage Study						100,000					100,000
Traffic Camera Video Recording System*	110,000										110,000
Upgrade Desktop Operating Systems		200,000					200,000				400,000
Vehicle Replacement Program*	2,818,200	1,640,000	1,760,000	1,844,000	1,893,000	2,026,000	2,084,000	2,227,000	2,335,000	2,408,000	21,035,200
Public Safety	80,000	4,000,000	18,000,000	18,000,000							40,080,000
Future Police Station		4,000,000	18,000,000	18,000,000							40,000,000
Storage for Digital Forensics	80,000										80,000

Capital Improvement Plan | Projects by Category

CIP Project Listing by Category

* Denotes a project with carryforward funding from the prior year	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	FY 32/33	Grand Total
Stormwater	365,000		386,445		650,000						1,401,445
Mutterer's Wash Bank Improvements					500,000						500,000
Public Storm Sewer Survey and Assessment					150,000						150,000
Sierra Wash @ Glover Road Culvert and Apron Rehabilitation			386,445								386,445
Sierra Wash at Via Mandarin Drainage Improvements	365,000										365,000
Streets/Roads	5,427,534	10,483,870	19,537,663	9,994,358	27,885,432	20,203,621	3,781,634	18,410,514	11,200,207	3,264,857	130,189,689
First Ave. Mill & Overlay (CDO Bridge to SR77)	250,000										250,000
First Ave. Mill & Overlay (CDO Bridge to Tangerine Rd.)		1,695,000									1,695,000
First Avenue Bridge Deck Repair		2,661,424									2,661,424
Illuminated Street Signs			60,500	62,315							122,815
La Cañada Bridge Deck Repair			7,657,800								7,657,800
La Cañada Dr & Tangerine Rd Intersection - Mill & Overlay	305,000										305,000
La Cañada Drive Mill/Overlay - CDO Bridge to Lambert Lane			1,081,000								1,081,000
La Cañada Drive Phase III (Naranja Dr. to Tangerine Rd.)		678,000									678,000
La Canada Traffic Signal - Street Improvements (near Lehman Academy)			600,000								600,000
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
Linda Vista Blvd Safety (Calle Buena Vista to Oracle Rd)									3,121,000		3,121,000
Moore Rd La Cholla Blvd Intersection		500,000	1,700,000								2,200,000
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
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	114,000	116,850	119,800	122,800	125,900	129,100	132,400	135,800	139,200	142,700	1,278,550
Pavement Preservation - Roadways	2,500,000	2,562,500	2,626,563	2,692,227	2,759,532	2,828,521	2,899,234	2,971,714	3,046,007	3,122,157	28,008,454
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				4,079,016							4,079,016
Rancho Vistoso Blvd Mill/Overlay (Moore Rd to Tangerine Rd)									1,500,000		1,500,000
Rancho Vistoso Bridge Deck Repair over Honeybee Wash		1,336,676									1,336,676
RV Blvd Mill /Overlay - Vistoso Highland to Honey Bee Bridge	1,025,000										1,025,000
RV Blvd Mill/Overlay - Honey Bee Wash Bridge to Green Tree Drive			2,034,000								2,034,000
Shannon Road Widening - Lambert Lane to Tangerine Road					25,000,000						25,000,000
Sun City Light Circuit #3				438,000							438,000
Tangerine Rd. Bridge Deck Repair over Big Wash			3,658,000								3,658,000
Tangerine Road Mill/Overlay (La Cañada Dr. to Oracle Rd.)				2,600,000							2,600,000
Westward Look Drive Improvements*	845,534										845,534

Capital Improvement Plan | Projects by Category

CIP Project Listing by Category

* Denotes a project with carryforward funding from the prior year	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	FY 32/33	Grand Total
Water System	14,069,792	6,320,000	10,580,000	8,600,000	5,350,000	1,360,000	1,360,000	1,160,000	1,160,000	1,360,000	51,319,792
Big Wash Building Improvements	100,000										100,000
Booster Station HP Tank Replacement	150,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	1,680,000
Booster Station Rehabilitation*	300,000	590,000	50,000	50,000	240,000	250,000	250,000	50,000	50,000	250,000	2,080,000
Control Systems - SCADA	200,000	200,000	500,000	500,000	700,000	200,000	200,000	200,000	200,000	200,000	3,100,000
Countryside Wheeling Station	300,000										300,000
El Con/El Camino Diestro main and valve replacement		150,000									150,000
La Canada Booster Station Expansion	3,700,000										3,700,000
La Canada Main Replacement on Southbound Lanes across from Golf Mainte	250,000										250,000
La Posada Well Equipping*	600,000										600,000
NWRRDS (Independent) Booster Station at Partnered Reservoir			1,000,000	1,000,000							2,000,000
NWRRDS (Independent) E-Zone main interconnect to Tangerine		810,000	90,000								900,000
NWRRDS (Independent) E-Zone main interconnection to Naranja		360,000	40,000								400,000
NWRRDS (Independent) Pipeline from Partnered Reservoir to Shannon Rd. Reservoir)			4,000,000	4,000,000	2,000,000						10,000,000
NWRRDS (Independent) Shannon Road Booster Station*	2,800,000	1,000,000									3,800,000
NWRRDS (Independent) Shannon Road Reservoir	1,400,000	300,000									1,700,000
NWRRDS (Partnered) Forebay, reservoir construction	3,000,000	2,000,000									5,000,000
NWRRDS (Partnered) Pipeline construction (recovered water & Transmission)			2,100,000	1,050,000	1,000,000						4,150,000
NWRRDS (Partnered) Well Equipping, TRICO power to sites and associated tasks			1,200,000	400,000							1,600,000
Palisades Area Supply Redundancy	250,000										250,000
Reservoir Relining	100,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	1,900,000
Steam Pump Well Equipping*	450,000										450,000
Water Meters- New Connections (based on 210 meters per year)	169,792	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,519,792
Well D-8 Replacement (Design/Permit/Construction/ Equipping)			690,000	690,000	500,000						1,880,000
Well HP Tank Replacement	150,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	1,680,000
Well Rehabilitation	150,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	2,130,000
Grand Total	47,771,435	28,101,170	55,934,268	44,802,858	43,744,232	29,300,121	17,752,634	27,547,514	17,399,707	8,240,357	320,594,295

Capital Improvement Program | Project Descriptions – Parks & Recreation

ADA/Safety Walkway Concrete Improvements System Wide

Description: Repair and replace broken and heaved sidewalks. Create improved connections and ramps to improve safety and accessibility.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	150,000	-	-	-	-	-	150,000
Total:	-	150,000	-	-	-	-	-	150,000

Cañada Golf Course Pathway Improvements

Description: Crack repair, patching and surface treatment to the Cañada Golf Course pathway. In addition to extending the service life, pathway aesthetics will be improved providing a more enjoyable experience for users.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Community Center Fund	-	550,000	-	-	-	-	-	550,000
Total:	-	550,000	-	-	-	-	-	550,000

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: \$16,600 annual maintenance cost

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Bond Financing	27,740	589,920	-	-	-	-	-	617,660
Total:	27,740	589,920	-	-	-	-	-	617,660

Capital Improvement Program | Project Descriptions – Parks & Recreation

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	99,879	1,612,861	-	-	-	-	-	1,712,740
Total:	99,879	1,612,861	-	-	-	-	-	1,712,740

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Community Center Fund	23,377	75,000	-	-	-	-	-	98,377
Total:	23,377	75,000	-	-	-	-	-	98,377

Community Center Flat Roof Surface Replacement

Description: Replace roofing material on all flat roofs at the Community Center

Operating Budget Impact: Reduced maintenance costs

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future*	Total Project Cost
Community Center Fund	-	198,000	-	200,000	-	200,000	400,000	998,000
Total:	-	198,000	-	200,000	-	200,000	400,000	998,000

*This is an ongoing biennial project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

Capital Improvement Program | Project Descriptions – Parks & Recreation

CRC Restaurant Cooler/Freezer Modernization and Floor Repair

Description: Replace refrigeration components and coat flooring for two walk-in coolers and one freezer

Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Community Center Fund	-	65,000	-	-	-	-	-	65,000
Total:	-	65,000	-	-	-	-	-	65,000

Golf Course Irrigation Phase 2 (Cañada Course)

Description: Irrigation system improvements to the 18-hole Cañada 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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Community Center Fund	1,171,578	562,075	-	-	-	-	-	1,733,653
ARPA	-	1,437,925	-	-	-	-	-	1,437,925
Total:	1,171,578	2,000,000	-	-	-	-	-	3,171,578

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	43,070	15,000	-	-	-	-	-	58,070
Total:	43,070	15,000	-	-	-	-	-	58,070

Capital Improvement Program | Project Descriptions – Parks & Recreation

Life Cycle Replacement (Bunkers and Turf Reduction)

Description: Bunker sand will be added to existing bunkers and landscaping reduced in connection with the irrigation project. This project will increase playability and enhance areas of the course.



Operating Budget Impact: Reduced water costs

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Community Center Fund	95,034	100,000		-	-	-	-	195,034
Total:	95,034	100,000	-	-	-	-	-	195,034

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: \$1,260 annual pavement preservation cost

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
RTA Grant	-	420,000	-	-	-	-	-	420,000
Bond Financing	50,405	257,590	-	-	-	-	-	307,995
Total:	50,405	677,590	-	-	-	-	-	727,995

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. This project is federal and RTA funded.



Operating Budget Impact: \$2,460 annual pavement preservation cost

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
RTA Grant	44,000	200,000	-	-	-	-	-	244,000
Total:	44,000	200,000	-	-	-	-	-	244,000

*Cost reflected is that of local match only, funded by the RTA, the State of Arizona is administering project design and construction with federal funds.

Capital Improvement Program | Project Descriptions – Parks & Recreation

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: \$184,400 annual maintenance and operating cost

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Bond Financing	9,899,115	13,000,000	-	-	-	-	-	22,899,115
General Fund	2,641	-	-	-	-	-	-	2,641
Parks Impact Fee Fund	-	600,000	-	-	-	-	-	600,000
Total:	9,901,756	13,600,000	-	-	-	-	-	23,501,756

OVAC Pump Room Upgrades - Phase Two

Description: Complete Aquatic Center pump room upgrades including sanitary system improvements to the recreation pool and adding a roofing structure over the new pump room equipment



Operating Budget Impact: Anticipated reduction in pool maintenance costs

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	78,000	-	112,000	-	-	-	190,000
Total:	-	78,000	-	112,000	-	-	-	190,000

Parks Maintenance Toro Reelmaster Mower Replacement

Description: Replace current 3550 D-Reel mower

Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	85,000	-	-	-	-	-	85,000
Total:	-	85,000	-	-	-	-	-	85,000

Capital Improvement Program | Project Descriptions – Parks & Recreation

Pusch Ridge Facility ADA and Code Compliance

Description: Various improvements at the Pusch Ridge facility to achieve ADA and code compliance.



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Community Center Fund	-	285,000	-	-	85,000	-	-	370,000
ARPA	238,105	133,718	-	-	-	-	-	371,823
Total:	238,105	418,718	-	-	85,000	-	-	741,823

Pusch Ridge Golf Course Improvements

Description: Various improvements to increase playability and aesthetics as well as replacing stairs that have become a safety concern and repairing fencing around the cart storage area



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Community Center Fund	-	75,000	-	-	-	-	-	75,000
Total:	-	75,000	-	-	-	-	-	75,000

Steam Pump Ranch - Solar Lighting

Description: Install solar lighting to illuminate areas of Steam Pump Ranch. Lighting would improve safety and security



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
General Fund	-	71,000	-	-	-	-	-	71,000
Total:	-	71,000	-	-	-	-	-	71,000

Capital Improvement Program | Project Descriptions – Parks & Recreation

Steam Pump Ranch - Tack Building

Description: This project will provide indoor storage space for historically significant artifacts as well as storage for the Recreation and Culture division



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
General Fund	-	50,000	-	500,000	-	-	-	550,000
Total:	-	50,000	-	500,000	-	-	-	550,000

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
ARPA	722,582	500,000	-	-	-	-	-	1,222,582
General Fund	59,079	-	-	-	-	-	-	59,079
Total:	781,661	500,000	-	-	-	-	-	1,281,661

Vistoso Trails Nature Preserve ADA Restrooms

Description: Continuation of refurbishment and ADA compliance of the restrooms at the Vistoso Trails Nature Preserve



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Community Center Fund	-	75,000	-	-	-	-	-	75,000
Total:	-	75,000	-	-	-	-	-	75,000

Capital Improvement Program | Project Descriptions – Parks & Recreation

Vistoso Trails Nature Preserve 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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
Community Center Fund	321,612	255,000	100,000	100,000	100,000	100,000	500,000	1,476,612
Total:	321,612	255,000	100,000	100,000	100,000	100,000	500,000	1,476,612

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

680 Fuel Station Renovation

Description: Design and construct a modern fuel station at 680 Calle Concordia which will improve efficiencies at the station



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	55,000	450,000	-	-	-	-	505,000
Total:	-	55,000	450,000	-	-	-	-	505,000

Coronado Middle School Park Pre-Fab 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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	217,200	-	-	-	-	-	217,200
Total:	-	217,200	-	-	-	-	-	217,200

F450 4X4 Reg Cab Dump

Description: Purchase of a Ford F450 4X4 Regular Cab Dump Truck

Operating Budget Impact: Decreased costs associated with equipment maintenance

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	100,000	-	-	-	-	-	100,000
Total:	-	100,000	-	-	-	-	-	100,000

Capital Improvement Program | Project Descriptions – Public Facilities, Vehicles & Equipment

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
General Fund	-	362,000	493,000	508,000	524,000	540,000	2,962,000	5,389,000
Total:	-	362,000	493,000	508,000	524,000	540,000	2,962,000	5,389,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

Fuel Management Software (Gasboy Replacement)

Description: Replace current Gasboy system with current technology to ensure that fueling continues to be served from 680

Operating Budget Impact: Reduced maintenance costs

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	70,000	-	-	-	-	-	70,000
Total:	-	70,000	-	-	-	-	-	70,000

MOC Perimeter Fence & Entry Gate

Description: Design and construct MOC entryway and perimeter fencing. Entry to include security gate, vehicle turnaround and video monitoring



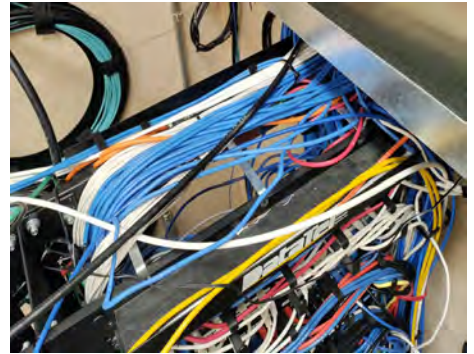
Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	30,000	450,000	-	-	-	-	480,000
Total:	-	30,000	450,000	-	-	-	-	480,000

Capital Improvement Program | Project Descriptions – Public Facilities, Vehicles & Equipment

Network Storage

Description: Purchase additional storage to meet the Town's growing data needs



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	60,000	-	-	50,000	-	50,000	160,000
Total:	-	60,000	-	-	50,000	-	50,000	160,000

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
General Fund	-	300,000	-	-	-	-	300,000	600,000
Total:	-	300,000	-	-	-	-	300,000	600,000

*Total project costs shown 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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	114,500	200,000	-	-	-	-	-	314,500
Total:	114,500	200,000	-	-	-	-	-	314,500

Capital Improvement Program | Project Descriptions – Public Facilities, Vehicles & Equipment

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	138,510	1,629,899	1,500,000	-	-	-	-	3,268,409
Total:	138,510	1,629,899	1,500,000	-	-	-	-	3,268,409

Town Hall Admin Building A, Remodel I&T area

Description: Design and construct work spaces in building A to better support the operations of the Innovation and Technology Department. Design will include remodel of IT area and restroom

Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	50,000	335,000	-	-	115,000	-	500,000
Total:	-	50,000	335,000	-	-	115,000	-	500,000

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	159,294	21,337	-	-	-	-	-	180,631
Total:	159,294	21,337	-	-	-	-	-	180,631

Town Hall Emergency Generator Replacements

Description: Replace aging backup generators. Replacement will allow Town to maintain continuity of operations when power is interrupted



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	237,887	364,384	-	-	-	-	-	602,271
Total:	237,887	364,384	-	-	-	-	-	602,271

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	110,000	-	-	-	-	-	110,000
Total:	-	110,000	-	-	-	-	-	110,000

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
General Fund	-	999,200	1,481,868	1,553,224	1,631,173	1,716,644	9,961,888	17,343,997
Grants Fund	-	1,506,000	-	-	-	-	-	1,506,000
Highway Fund	-	203,000	118,132	126,776	132,827	136,356	798,112	1,515,203
Water Utility Fund	-	110,000	40,000	80,000	80,000	40,000	320,000	670,000
Total:	-	2,818,200	1,640,000	1,760,000	1,844,000	1,893,000	11,080,000	21,035,200

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33. 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 – Public Safety

Storage for Digital Forensics

Description: Data storage backup solution for the police department forensics. This evidence requires multiple copies, some muted copies which increases the size and complexity of the storage solution

Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	80,000	-	-	-	-	-	80,000
Total:	-	80,000	-	-	-	-	-	80,000

Capital Improvement Program | Project Descriptions – Stormwater

Sierra Wash at Via Mandarinina Drainage Improvements

Description: Improvements to the outlet apron protecting the box culvert and roadway from potential failure. The Stormwater Utility has submitted a federal Hazard Mitigation Grant Program application under FEMA.

Operating Budget Impact: None anticipated



Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Stormwater Fund	-	365,000	-	-	-	-	-	365,000
Total:	-	365,000	-	-	-	-	-	365,000

Capital Improvement Program | Project Descriptions – Streets/Roads

First Ave. Mill & Overlay (CDO Bridge to SR77)

Description: Mill the upper two inches of asphalt rubber pavement and repave with conventional asphalt along First Avenue between the CDO Bridge and SR77. The asphalt rubber pavement has reached the end of lifecycle



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	-	250,000	-	-	-	-	-	250,000
Total:	-	250,000	-	-	-	-	-	250,000

La Cañada Dr & Tangerine Rd Intersection - Mill & Overlay

Description: Mill the upper two inches of asphalt rubber pavement and repave with conventional asphalt at the La Canada Drive and Tangerine Road intersection. The asphalt rubber pavement has reached the end of lifecycle



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Highway Fund	-	305,000	-	-	-	-	-	305,000
Total:	-	305,000	-	-	-	-	-	305,000

Lambert Lane Reconstruction (La Cholla to west Town Limits)

Description: Remove fatigued pavement sections, apply a stress-absorbing membrane layer and overlay roadway with conventional asphalt concrete along Lambert Lane between La Cholla Blvd and the west Town limit



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
PAG/RTA Fund	-	388,000	-	-	-	-	-	388,000
Total:	-	388,000	-	-	-	-	-	388,000

Capital Improvement Program | Project Descriptions – Streets/Roads

Pavement Preservation - Non Roadways

Description: Annual pavement preservation for non-roadway assets. Cost effective asphalt surface treatments will be applied to the Town's parking lots and multi-use paths to preserve and extend the service life

Operating Budget Impact: Maintaining adequate funding for this program prevents future costly roadway reconstruction and rehabilitation.



Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
General Fund	-	114,000	116,850	119,800	122,800	125,900	679,200	1,278,550
Total:	-	114,000	116,850	119,800	122,800	125,900	679,200	1,278,550

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

Pavement Preservation - Roadways

Description: Perform annual roadway treatments per the Town's pavement preservation and management program. Enhances and improves the roadway system

Operating Budget Impact: Maintaining adequate funding for this program prevents future costly roadway reconstruction and rehabilitation.



Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
Highway Fund	-	2,500,000	2,562,500	2,626,563	2,692,227	2,759,532	14,867,633	28,008,454
Total:	-	2,500,000	2,562,500	2,626,563	2,692,227	2,759,532	14,867,633	28,008,454

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

RV Blvd Mill /Overlay - Vistoso Highland to Honey Bee Bridge

Description: Mill the upper two inches of asphalt rubber pavement and repave with conventional asphalt along Rancho Vistoso Blvd from Vistoso Highlands Drive to Honey Bee Wash Bridge. The asphalt rubber pavement has reached the end of lifecycle

Operating Budget Impact: None anticipated



Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Highway Fund	-	1,025,000	-	-	-	-	-	1,025,000
Total:	-	1,025,000	-	-	-	-	-	1,025,000

Capital Improvement Program | Project Descriptions – Streets/Roads

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
General Fund	46,349	-	-	-	-	-	-	46,349
ARPA	15,038	845,534	-	-	-	-	-	860,572
Total:	61,386	845,534	-	-	-	-	-	906,920

Capital Improvement Program | Project Descriptions – Water System

Big Wash Building Improvements

Description: Enclose the openings at the existing Big Wash Buildings to create storage space for spare parts and materials

Operating Budget Impact: Unknown at this time



Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Water Utility Fund	-	100,000	-	-	-	-	-	100,000
Total:	-	100,000	-	-	-	-	-	100,000

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	150,000	170,000	170,000	170,000	170,000	850,000	1,680,000
Total:	-	150,000	170,000	170,000	170,000	170,000	850,000	1,680,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

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



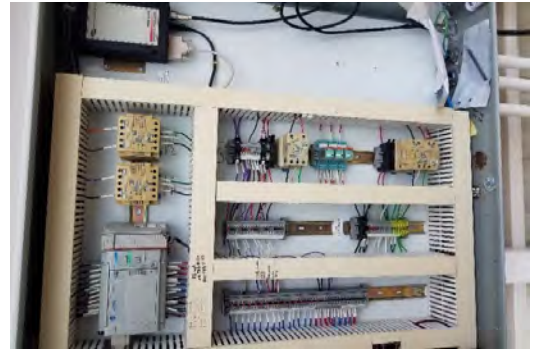
Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	300,000	590,000	50,000	50,000	240,000	850,000	2,080,000
Total:	-	300,000	590,000	50,000	50,000	240,000	850,000	2,080,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

Capital Improvement Program | Project Descriptions – Water System

Control Systems - SCADA

Description: Instrumentation replacement due to aging infrastructure that is not compatible with newer Supervisory Control and Data Acquisition (SCADA) equipment



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Water Utility Fund	-	200,000	200,000	500,000	500,000	700,000	1,000,000	3,100,000
Total:	-	200,000	200,000	500,000	500,000	700,000	1,000,000	3,100,000

Countryside Wheeling Station

Description: Design and construction of a higher capacity wheeling station to the Countryside service area. This will allow for additional Central Arizona Project water deliveries to the service area further reducing groundwater pumping



Operating Budget Impact: Unknown at this time

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Water Utility Fund	-	300,000	-	-	-	-	-	300,000
Total:	-	300,000	-	-	-	-	-	300,000

La Canada 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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Water Impact Fees/GPF	650,050	3,700,000	-	-	-	-	-	4,350,050
Water Utility Fund	177,717	-	-	-	-	-	-	177,717
ARPA	210,636	-	-	-	-	-	-	210,636
Total:	1,038,403	3,700,000	-	-	-	-	-	4,738,403

Capital Improvement Program | Project Descriptions – Water System

La Canada Main Replacement on Southbound Lanes across from Golf Maintenance Building

Description: Replacement of water main under Southbound lanes across from the Golf Course Maintenance Building. The pressure class of the existing water pipe is not adequate for operational requirements.

Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	250,000	-	-	-	-	-	250,000
Total:	-	250,000	-	-	-	-	-	250,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

La Posada Well Equipping

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Water Impact Fees/GPF	-	600,000	-	-	-	-	-	600,000
Total:	-	600,000	-	-	-	-	-	600,000

NWRRDS (Independent) Shannon Road Booster Station

Description: Oro Valley Water Utility independent booster from partnered forebay reservoir at Shannon Road



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Water Impact Fees/GPF	-	2,277,299	1,000,000	-	-	-	-	3,277,299
ARPA	-	522,701	-	-	-	-	-	522,701
Total:	-	2,800,000	1,000,000	-	-	-	-	3,800,000

Capital Improvement Program | Project Descriptions – Water System

NWRRDS (Independent) Shannon Road Reservoir

Description: Reservoir to store and blend recovered CAP water and "D" Zone water prior to delivery to La Canada reservoir and booster station.



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Water Impact Fees/GPF	-	1,400,000	300,000	-	-	-	-	1,700,000
Total:	-	1,400,000	300,000	-	-	-	-	1,700,000

NWRRDS (Partnered) Forebay, reservoir construction

Description: Partnered forebay reservoir construction to supply recovered CAP water to the NWRRDS booster station.

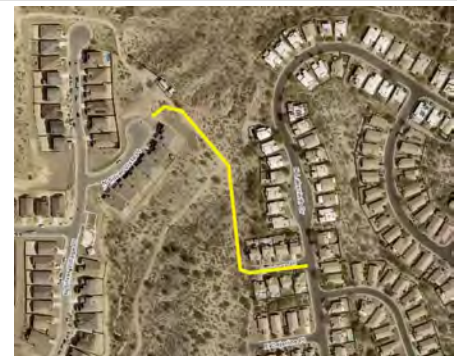


Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Water Impact Fees/GPF	-	3,000,000	2,000,000	-	-	-	-	5,000,000
Total:	-	3,000,000	2,000,000	-	-	-	-	5,000,000

Palisades Area Supply Redundancy

Description: Construction based on previous year design to build a redundant connection to the Palisades area for improved reliability and service



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Water Utility Fund	-	250,000	-	-	-	-	-	250,000
Total:	-	250,000	-	-	-	-	-	250,000

Capital Improvement Program | Project Descriptions – Water System

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost*
Water Utility Fund	-	100,000	200,000	200,000	200,000	200,000	1,000,000	1,900,000
Total:	-	100,000	200,000	200,000	200,000	200,000	1,000,000	1,900,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

Steam Pump Well Equipping

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future	Total Project Cost
Water Utility Fund	8,822	-	-	-	-	-	-	8,822
Water Impact Fees	875,986	450,000	-	-	-	-	-	1,325,986
Total:	884,808	450,000	-	-	-	-	-	1,334,808

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 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	169,792	150,000	150,000	150,000	150,000	750,000	1,519,792
Total:	-	169,792	150,000	150,000	150,000	150,000	750,000	1,519,792

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

Capital Improvement Program | Project Descriptions – Water System

Well 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 with new tank

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	150,000	170,000	170,000	170,000	170,000	850,000	1,680,000
Total:	-	150,000	170,000	170,000	170,000	170,000	850,000	1,680,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.

Well Rehabilitation

Description: Remove existing pumping unit, rehabilitate the existing well casing and install new pumping unit



Operating Budget Impact: None anticipated

Funding Sources	Expended Through 06/23	2023/24 Adopted	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Future*	Total Project Cost*
Water Utility Fund	-	150,000	220,000	220,000	220,000	220,000	1,100,000	2,130,000
Total:	-	150,000	220,000	220,000	220,000	220,000	1,100,000	2,130,000

*This is an ongoing annual project with no definitive end. Thus, future costs and total costs shown here are only those through FY 2032/33.



APPENDIX

[Resolution Adoption](#)
[Auditor General Schedules](#)
[Glossary](#)



Official Budget Forms

Town of Oro Valley

Fiscal year 2024

RESOLUTION NO. (R)23-25

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 2023-2024; 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 7, 2023, 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 7, 2023, 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 2023-2024; 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 2023-2024.

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 2023-2024 in the amount of \$148,489,391.

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 2023-2024.

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 21st day of June 2023.

TOWN OF ORO VALLEY, ARIZONA

E-SIGNED by Joseph C. Winfield
on 2023-07-09 11:02:41 MART

Joseph C. Winfield, Mayor

ATTEST:

E-SIGNED by Michael Standish
on 2023-07-05 11:25:16 MART

Michael Standish, Town Clerk

Date: _____

APPROVED AS TO FORM:

E-SIGNED by Joseph N. Andrews for
on 2023-07-05 11:12:59 MART

Tobin Sidles, Legal Services Director

Date: _____

**Town of Oro Valley
Summary Schedule of estimated revenues and expenditures/expenses
Fiscal year 2024**

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		
2023	Adopted/adjusted budgeted expenditures/expenses*	E	1	53,073,483	22,979,140	4,441,059	40,033,234	-	22,912,894	4,264,477	147,704,287
2023	Actual expenditures/expenses**	E	2	45,777,577	16,331,553	4,340,559	22,400,337	-	18,854,545	4,218,658	111,923,229
2024	Beginning fund balance/(deficit) or net position/(deficit) at July 1***		3	22,823,906	2,961,909	207,718	44,974,453	-	13,187,960	2,869,952	87,025,898
2024	Primary property tax levy	B	4	-							-
2024	Secondary property tax levy	B	5								-
2024	Estimated revenues other than property taxes	C	6	57,487,819	17,656,760	185,146	3,324,938	-	21,082,000	4,289,851	104,026,514
2024	Other financing sources	D	7	-	-	-	-	-	-	-	-
2024	Other financing (uses)	D	8	-	-	-	-	-	-	-	-
2024	Interfund transfers in	D	9	-	1,638,000	3,902,708	12,880,000	-	-	-	18,420,708
2024	Interfund Transfers (out)	D	10	12,274,644	1,717,203	-	1,546,553	-	2,882,308	-	18,420,708
2024	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										-
2024	Total financial resources available		12	68,037,081	20,539,466	4,295,572	59,632,838	-	31,387,652	7,159,803	191,052,412
2024	Budgeted expenditures/expenses	E	13	55,399,614	20,578,425	4,137,854	40,079,352	-	23,504,295	4,789,851	148,489,391

Expenditure limitation comparison

1	Budgeted expenditures/expenses
2	Add/subtract: estimated net reconciling items
3	Budgeted expenditures/expenses adjusted for reconciling items
4	Less: estimated exclusions
5	Amount subject to the expenditure limitation
6	EEC expenditure limitation

	2023	2024
1	\$ 147,704,287	\$ 148,489,391
2		
3	147,704,287	148,489,391
4		
5	\$ 147,704,287	\$ 148,489,391
6	\$	\$

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 2024**

Source of revenues	Estimated revenues 2023	Actual revenues* 2023	Estimated revenues 2024
General Fund			
Local taxes			
Local Sales Tax	\$ 24,505,959	\$ 26,266,462	\$ 25,633,318
Cable Franchise Tax	765,000	765,000	765,000
Licenses and permits			
Licenses	202,500	200,000	205,000
Permits	1,863,824	2,169,461	1,364,118
Fees	157,500	267,500	148,000
Intergovernmental			
State/County Shared	17,505,693	18,405,604	22,953,222
State Grants	75,000	90,000	75,000
Federal Grants	380,000	569,000	582,415
Reimbursements	1,613,000	1,600,500	1,869,500
Charges for services			
Reimbursements	194,400	194,400	194,400
Fees	1,012,932	923,027	1,002,558
Other	1,839,183	1,760,183	2,007,288
Fines and forfeits			
Fines	125,000	85,000	125,000
Interest on investments			
Interest Income	150,000	300,000	300,000
Miscellaneous			
Miscellaneous	249,000	611,900	263,000
Total General Fund	\$ 50,638,991	\$ 54,208,037	\$ 57,487,819

* 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 2024

Source of revenues	Estimated revenues 2023	Actual revenues* 2023	Estimated revenues 2024
Special revenue funds			
Highway User Revenue Fund			
Highway User Fuel Tax	\$ 4,127,100	\$ 4,127,100	\$ 4,334,608
Permits	25,000	26,500	25,000
Interest Income	8,000	110,000	70,000
Other	3,000	7,825	3,000
	<u>\$ 4,163,100</u>	<u>\$ 4,271,425</u>	<u>\$ 4,432,608</u>
Grants and Contributions Fund			
Federal Grants	\$ 8,542,000	\$ 5,682,000	\$ 2,604,300
State Grants	279,047	276,695	223,400
Interest Income	50	25,000	25,000
Miscellaneous	1,500,000		560,000
	<u>\$ 10,321,097</u>	<u>\$ 5,983,695</u>	<u>\$ 3,412,700</u>
Services and Forfeitures			
Seizures and Forfeitures	\$ 100,000	\$ 10,000	\$ 100,000
Interest Income	2,000	5,000	3,000
	<u>\$ 102,000</u>	<u>\$ 15,000</u>	<u>\$ 103,000</u>
Community Center Fund			
Local Sales Tax	\$ 3,477,236	\$ 3,714,218	\$ 3,726,016
Charges for Services	4,868,049	5,775,940	5,785,386
Interest Income	3,000	35,000	35,000
Other	159,050	173,343	162,050
	<u>\$ 8,507,335</u>	<u>\$ 9,698,501</u>	<u>\$ 9,708,452</u>
Total special revenue funds	<u>\$ 23,093,532</u>	<u>\$ 19,968,621</u>	<u>\$ 17,656,760</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 2024

Source of revenues	Estimated revenues 2023	Actual revenues* 2023	Estimated revenues 2024
Debt service funds			
Municipal Debt Service Fund			
Federal Grants	\$ 30,088	\$ 30,088	\$ 25,146
Interest Income	500	60,000	60,000
Miscellaneous	100,000	93,082	100,000
	<u>\$ 130,588</u>	<u>\$ 183,170</u>	<u>\$ 185,146</u>
Total debt service funds	<u>\$ 130,588</u>	<u>\$ 183,170</u>	<u>\$ 185,146</u>
Capital projects funds			
Water Resources Development Impact Fee Fund			
Development Impact Fees	\$ 1,101,346	\$ 1,585,465	\$ 903,349
Interest Income	150,000	150,000	150,000
	<u>\$ 1,251,346</u>	<u>\$ 1,735,465</u>	<u>\$ 1,053,349</u>
Townwide Roadway Development Impact Fee Fund			
Development Impact Fees	\$ 388,300	\$ 213,366	\$ 286,810
Interest Income	4,000	15,000	15,000
	<u>\$ 392,300</u>	<u>\$ 228,366</u>	<u>\$ 301,810</u>
Parks and Recreation Impact Fee Fund			
Development Impact Fees	\$ 165,520	\$ 129,920	\$ 133,280
Interest Income	3,000	4,500	4,500
	<u>\$ 168,520</u>	<u>\$ 134,420</u>	<u>\$ 137,780</u>
Police Impact Fee Fund			
Development Impact Fees	\$ 57,700	\$ 50,061	\$ 39,034
Interest Income	500	200	200
	<u>\$ 58,200</u>	<u>\$ 50,261</u>	<u>\$ 39,234</u>
Capital Fund			
Miscellaneous	\$ 1,020,010	\$ 960,010	\$ 1,007,540
State Grants	420,000		620,000
Interest Income	25,000	350,000	100,000
	<u>\$ 1,465,010</u>	<u>\$ 1,310,010</u>	<u>\$ 1,727,540</u>
PAG/RTA Fund			
State Grants	\$ 796,574	\$ 796,574	\$ 30,000
Other	28,125	28,125	28,125
Interest Income		7,000	7,000
	<u>\$ 824,699</u>	<u>\$ 831,699</u>	<u>\$ 65,125</u>
Recreation in Lieu Fee Fund			
Interest Income		\$ 100	\$ 100
		<u>\$ 100</u>	<u>\$ 100</u>
Total capital projects funds	<u>\$ 4,160,075</u>	<u>\$ 4,290,321</u>	<u>\$ 3,324,938</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 2024

Source of revenues	Estimated revenues 2023	Actual revenues* 2023	Estimated revenues 2024
Enterprise funds			
Water Utility Fund			
Water Sales	\$ 15,383,000	\$ 14,186,000	\$ 16,060,000
Charges for Services	3,224,000	2,962,467	3,200,500
Interest Income	100,000	100,000	100,000
Miscellaneous		135,768	
	<u>\$ 18,707,000</u>	<u>\$ 17,384,235</u>	<u>\$ 19,360,500</u>
Stormwater Utility Fund			
Charges for Services	\$ 1,492,500	\$ 1,460,310	\$ 1,501,500
Interest Income	1,500	10,000	10,000
Federal Grants			210,000
	<u>\$ 1,494,000</u>	<u>\$ 1,470,310</u>	<u>\$ 1,721,500</u>
Total enterprise funds	<u>\$ 20,201,000</u>	<u>\$ 18,854,545</u>	<u>\$ 21,082,000</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.			
Internal service funds			
Benefit Self Insurance Fund			
Interest Income	\$ 5,000	\$ 20,000	\$ 25,000
Miscellaneous	3,759,477	4,198,658	4,264,851
	<u>\$ 3,764,477</u>	<u>\$ 4,218,658</u>	<u>\$ 4,289,851</u>
Total internal service funds	<u>\$ 3,764,477</u>	<u>\$ 4,218,658</u>	<u>\$ 4,289,851</u>
Total all funds	<u>\$ 101,988,663</u>	<u>\$ 101,723,352</u>	<u>\$ 104,026,514</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
Other financing sources/(uses) and interfund transfers
Fiscal year 2024

Fund	Other financing 2024		Interfund transfers 2024	
	Sources	(Uses)	In	(Out)
General Fund				
Transfer to Capital Fund	\$	\$	\$	\$ 10,000,000
Transfer to Grants Fund				138,000
Transfer to Debt Service Fund				2,136,644
Total General Fund	\$	\$	\$	\$ 12,274,644
Special revenue funds				
Grants and Contributions Fund	\$	\$	\$ 138,000	\$
Community Center Fund				1,717,203
Highway Fund			1,500,000	
Total special revenue funds	\$	\$	\$ 1,638,000	\$ 1,717,203
Debt service funds				
Municipal Debt Service Fund	\$	\$	\$ 3,902,708	\$
Total debt service funds	\$	\$	\$ 3,902,708	\$
Capital projects funds				
Water Resource Impact Fee Fund	\$	\$	\$ 2,880,000	\$
Police Impact Fee Fund				46,553
Capital Fund			10,000,000	1,500,000
Total capital projects funds	\$	\$	\$ 12,880,000	\$ 1,546,553
Enterprise funds				
Water Utility Fund	\$	\$	\$	\$ 2,882,308
Total enterprise funds	\$	\$	\$	\$ 2,882,308
Total all funds	\$	\$	\$ 18,420,708	\$ 18,420,708

**Town of Oro Valley
Expenditures/expenses by fund
Fiscal year 2024**

Fund/Department	Adopted budgeted expenditures/ expenses 2023	Expenditure/ expense adjustments approved 2023	Actual expenditures/ expenses* 2023	Budgeted expenditures/ expenses 2024
General Fund				
Council	\$ 199,145	\$	\$ 199,145	\$ 209,203
Clerk	422,705		431,246	419,897
Town Manager's Office	1,160,173	189,603	1,270,531	1,638,716
Human Resources	569,905		547,534	590,520
Finance	1,111,460	(189,603)	880,810	850,456
Innovation & Technology	4,797,809		4,486,939	6,271,309
General Administration	4,077,234		3,306,623	2,555,536
Legal	1,015,753		1,023,542	1,132,503
Community & Economic Development	3,280,764		3,064,158	3,882,445
Parks & Recreation	3,775,162		3,699,552	4,664,040
Police	20,403,472		20,089,276	20,410,591
Town Court	1,059,674		959,785	1,010,662
Public Works	6,200,227		5,818,436	6,763,736
Contingency Reserve	5,000,000			5,000,000
Total General Fund	\$ 53,073,483	\$	\$ 45,777,577	\$ 55,399,614
Special revenue funds				
Highway User Revenue Fund	\$ 4,852,189	\$	\$ 4,604,011	\$ 6,668,791
Grants and Contributions Fund	5,841,059		3,193,724	4,769,152
Seizures and Forfeitures	200,000		80,000	200,000
Community Center Fund	12,085,892		8,453,818	8,940,482
Total special revenue funds	\$ 22,979,140	\$	\$ 16,331,553	\$ 20,578,425
Debt service funds				
Municipal Debt Service Fund	\$ 4,441,059	\$	\$ 4,340,559	\$ 4,137,854
Total debt service funds	\$ 4,441,059	\$	\$ 4,340,559	\$ 4,137,854
Capital projects funds				
Water Resources Dev Impact Fee Fund	\$ 3,537,005	\$	\$ 1,908,291	\$ 12,453,300
Townwide Roadway Impact Fee Fund	1,015,000		8,571	306,429
Parks and Recreation Impact Fee Fund	168,520		4,000	788,000
Police Impact Fee Fund	52,000		1,143	50,857
Recreation in Lieu Fee Fund	16,560			16,610
Capital Fund	33,935,575		19,273,708	25,876,156
PAG/RTA Fund	1,308,574		1,204,624	588,000
Total capital projects funds	\$ 40,033,234	\$	\$ 22,400,337	\$ 40,079,352
Enterprise funds				
Water Utility Enterprise Fund	\$ 20,555,870	\$	\$ 17,384,235	\$ 21,431,834
Stormwater Utility Enterprise Fund	2,357,024		1,470,310	2,072,461
Total enterprise funds	\$ 22,912,894	\$	\$ 18,854,545	\$ 23,504,295
Internal service funds				
Benefit Self Insurance Fund	\$ 4,264,477	\$	\$ 4,218,658	\$ 4,789,851
Total internal service funds	\$ 4,264,477	\$	\$ 4,218,658	\$ 4,789,851
Total all funds	\$ 147,704,287	\$	\$ 111,923,229	\$ 148,489,391

* 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 2024**

Department/Fund	Adopted budgeted expenditures/expenses	Expenditure/expense adjustments approved	Actual expenditures/expenses*	Budgeted expenditures/expenses
	2023	2023	2023	2024
Council				
General Fund	\$ 199,145	\$	\$ 199,145	\$ 209,203
Department total	\$ 199,145	\$	\$ 199,145	\$ 209,203
Clerk				
General Fund	\$ 422,705	\$	\$ 431,246	\$ 419,897
Department total	\$ 422,705	\$	\$ 431,246	\$ 419,897
Town Manager				
General Fund	\$ 1,160,173	\$ 189,603	\$ 1,270,531	\$ 1,638,716
Department total	\$ 1,160,173	\$ 189,603	\$ 1,270,531	\$ 1,638,716
Human Resources				
General Fund	\$ 569,905	\$	\$ 547,534	\$ 590,520
Department total	\$ 569,905	\$	\$ 547,534	\$ 590,520
Finance				
General Fund	\$ 1,111,460	\$ (189,603)	\$ 880,810	\$ 850,456
Department total	\$ 1,111,460	\$ (189,603)	\$ 880,810	\$ 850,456
Innovation and Technology				
General Fund	\$ 4,797,809	\$	\$ 4,486,939	\$ 6,271,309
Department total	\$ 4,797,809	\$	\$ 4,486,939	\$ 6,271,309
General Administration				
General Fund	\$ 4,077,234	\$	\$ 3,306,623	\$ 2,555,536
General Fund - Contingency Reserve	5,000,000			5,000,000
Grants & Contributions Fund	5,310,000		1,900,000	1,100,000
Municipal Debt Service Fund	4,441,059		4,340,559	4,137,854
Benefits Self Insurance Fund	4,264,477		4,218,658	4,789,851
Capital Fund	33,673,613		19,033,018	25,621,391
Department total	\$ 56,766,383	\$	\$ 32,798,858	\$ 43,204,632
Legal				
General Fund	\$ 1,015,753	\$	\$ 1,023,542	\$ 1,132,503
Department total	\$ 1,015,753	\$	\$ 1,023,542	\$ 1,132,503
Community and Economic Development				
General Fund	\$ 3,280,764	\$	\$ 3,064,158	\$ 3,882,445
Department total	\$ 3,280,764	\$	\$ 3,064,158	\$ 3,882,445
Parks and Recreation				
General Fund	\$ 3,775,162	\$	\$ 3,699,552	\$ 4,664,040
Grants & Contributions Fund	40,000		2,382,665	673,718
Parks & Recreation Impact Fee Fund	168,520		4,000	788,000
Recreation in Lieu Fee Fund	16,560			16,610
Community Center Fund	12,085,892		8,453,818	8,940,482
Department total	\$ 16,086,134	\$	\$ 14,540,035	\$ 15,082,850
Police				
General Fund	\$ 20,403,472	\$	\$ 20,089,276	\$ 20,410,591
Grants & Contributions Fund	353,750		353,750	490,500
Seizures and Forfeitures	200,000		80,000	200,000
Police Impact Fee Fund	52,000		1,143	50,857
Department total	\$ 21,009,222	\$	\$ 20,524,169	\$ 21,151,948
Town Court				
General Fund	\$ 1,059,674	\$	\$ 959,785	\$ 1,010,662
Department total	\$ 1,059,674	\$	\$ 959,785	\$ 1,010,662
Public Works				
General Fund	\$ 6,200,227	\$	\$ 5,818,436	\$ 6,763,736
Grants & Contributions Fund	137,309		137,309	2,504,934
Highway Fund	4,852,189		4,604,011	6,668,791
Stormwater Utility Fund	2,357,024		1,470,310	2,072,461
PAG/RTA Fund	1,308,574		1,204,624	588,000
Townwide Roadway Impact Fee Fund	1,015,000		8,571	306,429
Capital Fund	261,962		240,690	254,765
Department total	\$ 16,132,285	\$	\$ 13,483,951	\$ 19,159,116
Water Utility				
Water Utility Fund	\$ 20,555,870	\$	\$ 17,384,235	\$ 21,431,834
Water Resources Dev Impact Fee Fund	3,537,005		1,908,291	12,453,300
Department total	\$ 24,092,875	\$	\$ 19,292,526	\$ 33,885,134

* 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 2024

Fund	Full-time equivalent (FTE) 2024	Employee salaries and hourly costs 2024	Retirement costs 2024	Healthcare costs 2024	Other benefit costs 2024	Total estimated personnel compensation 2024
General Fund	336.48	\$ 24,702,366	\$ 5,429,247	\$ 2,894,301	\$ 2,626,346	\$ 35,652,260
Special revenue funds						
Highway Fund	12.00	\$ 956,185	\$ 117,515	\$ 91,346	\$ 97,815	\$ 1,262,861
Community Center Fund	23.02	969,516	32,734	29,376	83,013	1,114,639
Total special revenue funds	35.02	\$ 1,925,701	\$ 150,249	\$ 120,722	\$ 180,828	\$ 2,377,500
Capital projects funds						
Capital Fund	2.00	\$ 196,040	\$ 24,093	\$ 19,252	\$ 15,380	\$ 254,765
Total capital projects funds	2.00	\$ 196,040	\$ 24,093	\$ 19,252	\$ 15,380	\$ 254,765
Enterprise funds						
Water Utility Fund	40.48	\$ 2,816,940	\$ 343,444	\$ 436,032	\$ 274,393	\$ 3,870,809
Stormwater Utility Fund	9.73	704,729	84,533	84,744	73,296	947,302
Total enterprise funds	50.21	\$ 3,521,669	\$ 427,977	\$ 520,776	\$ 347,689	\$ 4,818,111
Total all funds	423.71	\$ 30,345,776	\$ 6,031,566	\$ 3,555,051	\$ 3,170,243	\$ 43,102,636

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.

GPF (Groundwater Preservation Fee): A fee assessed on water utility customers based on water consumption. Fees shall be used for renewable water capital costs and associated debt; renewable water supplies and related debt; and for costs to wheel Central Arizona Project water to the Town.

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 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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