

CITY OF GLENDALE, CA

2010 – 2011

Adopted Budget

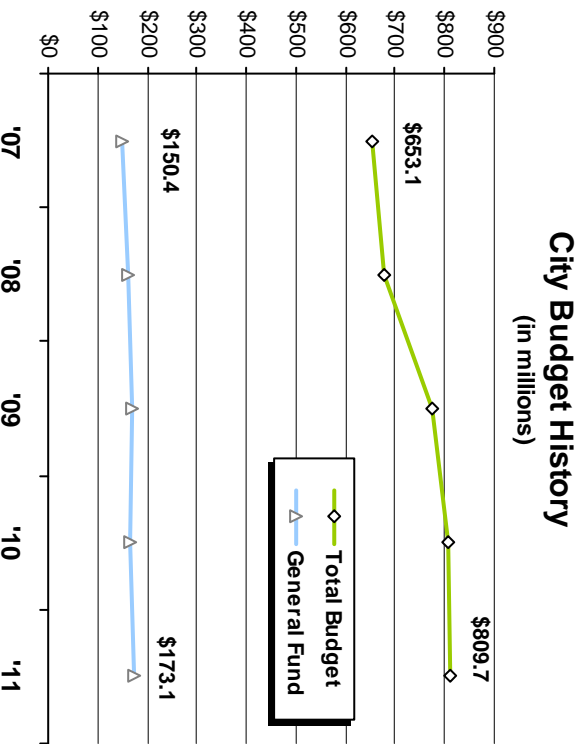
CITY OF GLENDALE BUDGET MESSAGE

Honorable Mayor and Members of the City Council,

As your City Manager, it is my pleasure to present the adopted budget for all operations of the City for Fiscal Year (FY) 2010-11. The direct impact of the declining economy over the last several years on City resources, and the State's efforts to address its fiscal/budget crisis by taking resources from cities, counties and special districts, have combined to make these past few years some of the most difficult budget years in recent history. The State was successful in its attempt to take away redevelopment funds from agencies across California, which for Glendale, amounted to a total of \$11 million in FY 2009-10 with another \$2.3 million targeted for FY 2010-11. However, in spite of the difficulty involved in preparing this budget, the managers, the staff of the operating departments, and the City Council, have approached the challenge in a professional and constructive manner, always focused on how to best serve our diverse community - carefully balancing the myriad of needs with limited resources.

SUMMARY

The total adopted budget for FY 2010-11 is \$809.7 million and includes all city funds, departments and programs. The budget represents a total of 1,889 full-time salaried positions. The total budget for the General Fund is \$173.1 million. This budget incorporates the policy direction of the City Council for services and programs to address the needs of the community as identified during the Budget Study Sessions held between March and May of this year. A public hearing on the budget was held on June 15, 2010 and the budget was adopted on June 22, 2010. As noted earlier, this budget balances services and programs to address the many of needs of our dynamic community within the context of diminished resources. To say that the programs and service levels proposed in this budget, particularly the General Fund, are only those that the City Council and staff would like to be able to provide, is not accurate. Over the past several years, during these difficult times, we have had to make difficult decisions to reduce service and program levels in order to maintain a balanced budget. However, this budget does give high priority to an array of services and programs across all of the City's operations with a focus on cost reduction without reducing service levels.



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The table below provides a comparison of the budget for the General Fund and all other City Funds. The information provided here and throughout the budget document includes the actual expenditures for FY 2008-09, the original budget for FY 2009-10, the revised budget (includes all budget amendments approved by City Council) for FY 2009-10, and the adopted budget for FY 2010-11.

Total Appropriations Summary	Actual 2008-09	Adopted 2009-10	Revised 2009-10	Adopted 2010-11
General Fund Base Budget	\$ 157,386,970	\$ 164,828,471	\$ 168,634,154	\$ 164,365,471
Structural Fund Changes:				
Restructure of ISD				1,573,733
Collapse Police Augmentation Fund				3,945,000
Cost Allocation Changes				3,219,688
Subtotal of Structural Changes				<u>\$ 8,738,421</u>
Total General Fund Budget				<u>\$ 173,103,892</u>
Special Revenue	101,243,293	91,776,607	132,976,134	111,334,117
Debt Service	12,692,141	16,525,176	21,525,176	17,106,645
CIP	37,775,514	31,338,952	26,658,082	10,805,175
Enterprise	292,489,446	446,951,677	451,556,017	419,024,145
Internal Service	44,858,539	56,703,879	66,622,209	78,295,507
	<u>\$ 646,445,903</u>	<u>\$ 808,124,762</u>	<u>\$ 867,971,772</u>	<u>\$ 809,669,481</u>
All Funds	<u>\$ 646,445,903</u>	<u>\$ 808,124,762</u>	<u>\$ 867,971,772</u>	<u>\$ 809,669,481</u>

EFFECTS OF ECONOMY

Like every city across the state, Glendale has been tremendously impacted by the economic recession. The impacts include the decrease in resources such as sales taxes, and by the State's efforts to address its loss of resources by taking or borrowing local resources. Although the City's economic base is diversified with strong retail and financial services, the City has nonetheless seen across the board declines in revenue. The variety of issues in the economy involving the housing market, financial institutions, the credit markets, as well as overall consumer confidence, has impacted discretionary spending nationwide. Retail sales of autos, construction materials, as well as several other sales tax categories are much lower than originally anticipated.

Unemployment reached 12% in Glendale during FY 2009-10. The impacts to the City have primarily been in the areas of reduced sales tax revenues for the General Fund, along with other revenue decreases primarily related to the slowdown in the construction activity and reduced investment returns. A recent comparison of retail sales of neighboring communities, Los Angeles County and Los Angeles City, reflects that Glendale's retail diversity and the addition of the Americana to the downtown have put us in a relatively strong position. However, concerns remain that the national economic recovery, the sluggish housing market, rising commodity costs, and the State of California budget challenges, will continue to have negative trickle down effects to the local economy and the City of Glendale.

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California's FY 2009-10 budget seized \$1.7 billion in Redevelopment revenue and an additional \$350 million in FY 2010-11, which totals \$2.05 billion statewide. For Glendale, this equates to approximately an \$11 million take away in FY 2009-10 and another \$2.3 million in FY 2010-11 for a total of \$13.3 million.

In addition to the significant take-away from redevelopment agencies, the State's budget bills included a borrowing of up to 8% of the local property tax under Proposition 1A (2004). This borrowing must be repaid by June 30, 2013, according to the State constitution. This loan to the State of California would have impacted Glendale by approximately \$3.8 million for FY 2009-10. However, Glendale, along with many other cities and counties, securitized the loan with California Communities, a Joint Powers Authority. This means the City sold its loan receivable from the State to California Communities. The JPA sold bonds in order to pay all of the participants and it will then collect from the State of California. The City of Glendale received its entire payment of \$3.8 million in FY 2009-10. Additionally, the adopted State budget deferred payments of gas tax revenues for a six month window from July through December 2009.

FY 2010-11 BUDGET OVERVIEW

At the onset of the FY 2010-11 budget preparation, a shortfall of approximately \$8.6 million was anticipated in the City's General Fund. This was largely due to the continued decline in sales tax revenues and permit fees because of the economic slowdown. In addition, expenditures for the General Fund were seeing an increase as a result of cost of living adjustments and other costs related to medical benefits. A variety of strategies were deployed in an effort to maintain a balanced General Fund budget. Included in the balancing efforts was a combination of restructuring of other funds/departments, cost recovery through Citywide Cost Allocation, and interfund transfers. Further, discussions with all employee associations focusing on new and creative methods to reduce City benefit costs took place. Lastly, General Fund departments implemented \$1 million of operational cost reductions. These reductions represented the third consecutive year departments enacted reductions in an effort to continue reducing operating costs, all the while, maintaining the City's high level of service to our community.

In addition to the \$1 million of departmental reductions, other budget balancing strategies discussed and implemented are as follows:

- Increase to the Glendale Redevelopment Agency loan payment of \$1 million
- Remaining 4% of Sales Tax to be deposited to the General Fund rather than the Capital Improvement Project Fund, totaling \$1.1 million

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- Commercial Refuse Fee transfer of \$1 million and Fleet/Equipment Management Fund transfer of \$500,000
- Adjustment to Building Permit Revenues for several large projects totaling \$1 million
- Potential salary and benefit concessions from employee associations estimated at \$3 million

On March 30, 2010, City Council held its first budget study session to discuss an overview of the General Fund FY 2010-11 budget. During April and May 2010, six additional study sessions were held where discussions focused primarily on the Capital Improvement Program, all Enterprise Fund operations, and non-General Fund operations for each Department. The proposed budget for FY 2010-11, along with the future outlook and challenges faced with the various operations, were presented and discussed. The study sessions gave the City Council an opportunity to review each department's budget, ask questions and make modifications as they deemed necessary.

Despite the fiscal challenges present, the City continues to have an on-time, balanced budget for all its funds and operates with fiscally prudent policies.

GENERAL FUND RESERVES

In addition to the potential threats from the State and the general economy, the City continues to face the challenge of maintaining service levels while controlling operating costs. The City's General Fund has a strong fund balance. As of the date of the last audited financial statements (fiscal year ended June 30, 2009), the General Fund unrestricted reserve was \$55.1 million, which represents 34.1% of General Fund expenditures. General Fund reserve levels have historically been maintained above 30% in keeping with the current reserve policy adopted by City Council. With the adoption of the FY 2010-11 budget, the anticipated General Fund reserve will be approximately 33.4%.

FUTURE OUTLOOK

The adopted budget for FY 2010-11 continues to fund programs and initiatives that promote the 16 strategic goals adopted by City Council. These strategic goals are as follows:

- Arts & Culture
- Community Planning & Character
- Community Services & Facilities
- Diversity

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- Economic Vitality
- Education
- Environment & Conservation
- Health & Wellness
- Housing
- Parks & Open Space
- Safe Community
- Sense of Community
- Technology
- Transportation & Mobility
- Trust in Government
- Utilities

The City's strategic goals have helped guide the development of the budget and set City and department priorities. In addition, departments have prepared Performance Measures which continue to support the City's goals and act as a tool by which to measure the programs and services provided. The Performance Measures are located at the back of this budget document while a description of the strategic goals can be found as Attachment A of this message.

CAPITAL IMPROVEMENT PROGRAM

The downturn in the economy and the State's efforts to take local resources have also had a significant impact on the City's capital improvement program. The State's take of redevelopment funds, as noted earlier, caused the City to freeze the use of almost \$11 million in redevelopment resources that would have gone for economic development projects and public improvement projects in the downtown area.

CONCLUSION

The FY 2010-11 budget for the City of Glendale is balanced with projected revenues and resources to support all projected expenditures. As in the past, this budget serves as the City Council's policy for providing the Glendale community with City services. At the same time, it serves as the City's financial plan for the year. This budget is reflective of the City Council and staff's desire to continue to improve upon existing programs and services – even in these most difficult of economic times. The goals of the City Council, along with the dedicated City staff who provide high levels of service to the community, continue to make Glendale a premier city and a most desirable place to live, work and play.

My appreciation to all the Department Managers and staff who worked on this year's budget, and especially to Assistant City Manager, Yasmin Beers, Director of Administrative Services-Finance, Bob Elliot, and City Auditor (formerly the Budget Administrator), Michele Flynn; and again tremendous thanks to the Mayor and City

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Council Members for your continued leadership throughout this year's budget process.

The FY 2010-11 poses many challenges and I look forward to working with you on implementing the goals set forth in this budget.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James E. Starbird". The signature is written in a cursive style with a large initial "J" and "S".

JAMES E. STARBIRD
CITY MANAGER

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BUDGET MESSAGE - ATTACHMENT A

CITYWIDE STRATEGIC GOALS AND CHARACTERISTICS

Arts & Culture

The City strives to establish a rich variety of arts and cultural experiences throughout the community. This includes the creation and support of diverse art and entertainment venues including theatres, galleries, museums, literary events, community festivals, and public art. The City attempts to support and promote local artists and arts organizations through the initiation of local arts and cultural events aimed at promoting the diverse cultures present within the community. As a long term goal, the City aims to promote education and participation in the arts by providing access to quality art experiences for the entire community. As a result of strong leadership and support, the City strives to implement ongoing programs to recognize the City's cultural heritage while planning for its future.

Community Planning & Character

As one of its ongoing efforts, the City continually focuses on maintaining and developing a community that is well-planned and a public environment that is attractive and properly maintained, thereby creating a highly aesthetic appearance within the City. To achieve this goal, City staff ensures the development and maintenance of a contemporary and comprehensive General Plan. Strategically, the City is focused on undertaking a coordinated approach to properly maintaining its infrastructure, and responsibly enhancing landscapes and streetscapes consistent with environmentally friendly practices. Finally, the City is focused on recognizing its historic and cultural resources so that residents can continue to take pride in their neighborhoods and community. To ensure success, emphasis is placed upon a planning process that is transparent, dynamic, fair, predictable, and understandable.

Community Services & Facilities

Another of the City's primary strategic goals is a focus on community services and facilities that are accessible and tailored to address the diverse needs of the community. This includes the delivery of quality services and the preservation, development, or expansion of community centers (i.e. parks, libraries, senior centers, etc.) that are geographically located in places of greatest need and equally accessible by all citizens. In addition, emphasis is placed upon providing excellent customer service and the ability to be adaptable and responsive to the changing needs throughout the community. Finally, in areas where an opportunity for improvement may exist, the City's administration actively builds networks or establishes partnerships with strong community-based service providers who can add to, expand upon, or compliment those services currently provided by the City.

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Diversity

The City is proud to be a community that values, celebrates, and engages the City's rich diversity. Much of our success is attributable to the following:

- Diverse and representative workforce within the City
- Businesses and services that serve the needs of our diverse community
- Diverse representation on City Boards, Commissions and Committees
- Special events that recognize and celebrate the City's diversity
- Availability of multi-lingual City materials for public use
- Compliance with ADA and related accessibility requirements

Economic Vitality

One of the City's major goals is fostering an environment that supports a diversity of vibrant businesses and job opportunities that are supported by a skilled labor force and a fiscally prudent and financially healthy government. In order to achieve this goal, the City strives to attract an appropriate mix of business and residential land use and maintains a balance between the City's workforce and housing. This is primarily achieved through a healthy collaboration between businesses and the City. The City also seeks opportunities for the creation and attraction of high wage/high growth employers and works towards the retention and expansion of local businesses. Finally, in an effort to maintain Glendale's financial viability, the City prudently maintains adequate resources and reserves for City provided services.

Education

While the area of education is primarily within the jurisdiction of the Glendale Unified School District, the City is actively involved in the creation of comprehensive, quality educational opportunities for all segments of the community. This is achieved by providing high quality, engaging libraries that are actively used by the public along with collaboration with outstanding educational institutions that have high student achievement rates. Finally, the City is focused on providing enriched life-long learning opportunities through programs offered by the Community Services & Parks Department.

Environment & Conservation

One of Glendale's primary goals is the development of sustainable City principles either as a separate document or integrated into various elements within the City's General Plan in an effort to protect the quality of air, water, land and other natural resources located within the City's boundaries. Emphasis is placed upon conserving native vegetation, wildlife habitats, and preserving other ecosystems by minimizing human impacts. Additionally, the City continually complies with

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environmental laws and regulations and actively monitors its waste management, water, and electrical operations on an ongoing basis.

Health & Wellness

As one of its goals, the City of Glendale takes pride in offering a physically and mentally healthy community where residents have access to quality health care services through the support of our local hospital infrastructure and fire paramedic services. The City also promotes health and well-being by offering educational and therapeutic services through the Community Services and Parks Department as well as the administration of Community Development Block Grants that are provided to local service providers.

Housing

As one of the fundamental elements of a healthy and stable community, the City is committed to providing a balanced mix of housing opportunities for current and future residents in the form of various housing types that are affordable to all segments of the population including growing families, the elderly, single individuals, the disabled, and homeless. While part of the City's strategy includes the development of new housing, the City remains committed to the preservation of existing housing as well. Much of the City's success in achieving this goal is attributable to effective land use and zoning regulations that promote housing development, as well as the development and maintenance of adequate infrastructure to support the current and future housing needs.

Parks & Open Space

The City of Glendale is committed to providing parks, community centers, open space and a well-maintained trail system that enhances the character of the community and offers personal enrichment and recreational opportunities for members of the public. As part of our ongoing efforts, the City is focused on providing sufficient parkland, playing fields, recreation facilities, and open space which is equitably distributed throughout the City. Other areas of regular attention include ensuring that parks, parkways, and community centers are well-maintained, visually appealing, and safe for public use. The City of Glendale consistently strives to maximize services and programs available to residents by ensuring that all community facilities and parks are accessible to all. Finally, the City is committed to the preservation and enhancement of our "urban forest" which has earned Glendale the title of "Tree City USA" by the Arbor Day Foundation.

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Safe Community

As one of the top ten safest cities in Los Angeles County, the City is proud to offer a community that is physically safe, free of blight, and well prepared for emergencies. The City's departments and public safety agencies are dedicated and committed to a shared public safety mission, ensuring that community members and visitors are safe and secure. As a top priority, many of the City's departments are actively involved in the community by helping to educate, prepare, and build the required capacity within the community for responding to local and statewide disasters. Finally, City staff is committed to ensure that houses, buildings, and other infrastructure, such as sidewalks and roadways, are safe and free of blight.

Sense of Community

The City of Glendale actively strives to encourage a sense of belonging for the entire community where residents take pride and responsibility for their City and neighborhoods. It is vitally important that residents feel a part of the community & participate in the governmental processes that affect their lives. As a result, City policies are designed to encourage neighbor interaction and community building through the creation and maintenance of common community spaces. To further achieve this goal, community events and activities that serve to build a "sense of community" and common bond among residents are routinely held throughout the City.

Technology

The City of Glendale is focused on developing and maintaining the required technology to support local businesses, enhance governmental service delivery to the public, and foster better community access to technology, information, and general government resources. As part of these efforts, City staff has developed electronic applications by utilizing proven and reliable mainstream technology such as the Internet, in order to more effectively communicate with residents and businesses within the community. Through these implementations, many of the City's processes have been streamlined, which not only provide for more effective interaction with the public but have also helped reduce operational expenses citywide.

Transportation & Mobility

A significant goal for the City is the existence of a well-planned and comprehensive transportation system that enhances mobility through the development of infrastructure, technology, and public transit. This includes a safe, efficient and well coordinated multi-modal circulation system within the City

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that is appealing, affordable, accessible, and provides effective regional connectivity.

Through the implementation of effective land use strategies, the City is focused on the reduction of congestion, air pollution, and noise resulting from its public transportation system. Finally, City officials are consistently focused on enhancing roadway safety through effective engineering, enforcement, and education to the public.

Trust in Government

Earning and maintaining the public's trust is by far one of the greatest priorities for the City. As such, City officials consistently strive to conduct the business of government in the best interests of the public with integrity, openness, and full inclusion of the community. This includes ensuring that the City's decision-making process includes and is respectful of public engagement, offering multiple opportunities to create an informed community, and delivering excellent customer service within each and every City operation so that residents and visitors maintain a positive perception of city government.

Utilities

The City is committed to maintaining a fiscally strong portfolio while providing local residents and businesses with excellent customer service, competitive prices, high quality, and reliable service that is environmentally sensitive. In order to continue its success, the City is committed to objectively evaluating its level of reliability and self sufficiency which has helped establish the high quality of service the community has come to expect. The City continually plans and maintains its infrastructure in a responsible and cost effective manner.