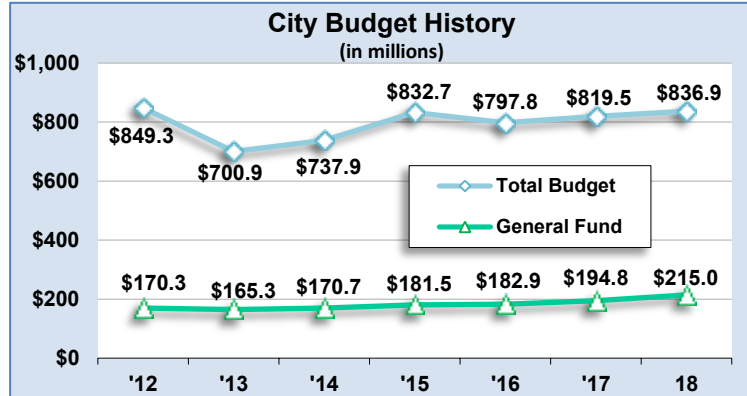


CITY OF GLENDALE BUDGET MESSAGE

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 of Glendale for Fiscal Year (FY) 2017-18. I believe the budget for the year ahead is demonstrative of the resilience, professionalism and optimism we have all exhibited in the face of multiple external challenges.

The southland's slow economic recovery, legal challenges to the long-standing and charter-mandated General Fund Transfer from Glendale Water & Power, low investment returns for CalPERS, the State's imprudent efforts to address its budget deficit by claiming for itself billions of dollars in repayments owed to cities by their own Redevelopment Agencies have all combined to make these past few years some of the most difficult years for budgeting in recent history. However, the managers and staff from each department, as well as the City Council, have pressed on in spite of these



challenges, and in spite of the difficulty involved in preparing this budget they have performed their service in a professional and constructive manner. Our focus clearly remains on developing a structurally balanced financial plan that best serves our diverse community – carefully weighing the community's myriad needs with limited resources. Through continued hard work, perseverance and a rejuvenated sense of optimism, I believe we can overcome the challenges that face us in the upcoming year. To the extent that the FY 2017-18 Adopted Budget presented before you herein features restored programs and services, I believe it reflects this hard-won optimism.

The total adopted budget for FY 2017-18 is \$836.9 million and includes all City funds, departments and programs. The General Fund's total budget is \$215.0 million from which the City pays for services commonly associated with local government: police and fire services, libraries, parks, public works, and administration.

“I believe the budget for the year ahead is demonstrative of the resilience, professionalism and optimism we have all exhibited in the face of multiple external challenges.”

The City has, in recent years, dramatically reduced the size of its salaried workforce while still maintaining a largely unchanged level of service. In the wake of the devastating Great Recession, the City Council made the tough decision to reduce the City's full-time salaried

positions – dropping from 1,942 in FY 2008-09 to just 1,520 by the time of the 2014-15 Adopted Budget. A workforce can only run so hard for so long, and it was clear that those cuts were unsustainable.

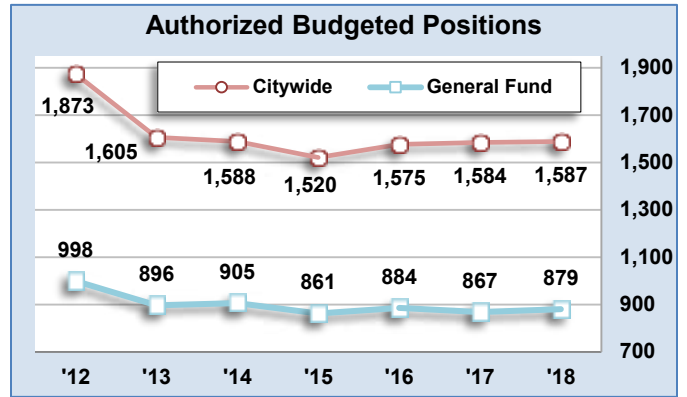
Thereafter, through the adoption of the FY 2015-16 Budget, City Council approved a few new key positions, bringing the FY 2015-16 Adopted Budget full-time position count to 1,561 positions plus City Council, for a total of 1,566 positions. Throughout that fiscal year, in reflection of a strengthening economy, a net total of nine (9) positions were added to departmental budgets across the organization, bringing the fiscal year to a close with a total of 1,575 budgeted full-time positions.

As part of the FY 2016-17 Budget adoption process, just four (4) new budgeted positions were added across the organization, bringing the total budgeted full-time position count to 1,579. During the fiscal year, City Council authorized five (5) additional salaried positions. Thus, the revised authorized position

CITY OF GLENDALE BUDGET MESSAGE

count was 1,584 by fiscal year-end. Within the FY 2017-18 Budget, City Council authorized requests to add three (3) new budgeted positions. Two (2) of these additions will be housed within our new department, Innovation, Performance and Audit.

The remaining position will be housed within the Police Department's DNA Lab, a reflection of the department's strategic re-organization to optimize sample output and increase revenues within that section. Therefore, the total Adopted FY 2017-18 authorized position count is 1,587 full-time positions.



I do not foresee the City's budgeted position count changing much in the near future, but we must keep in mind that this organization is running as lean as it possibly can while continuing to provide the levels of service our community rightfully expects. In some cases, this has meant

contracting out services or utilizing hourly employees. In other cases, we have been able to leverage technology to re-engineer department workflows. Doing more with less has not been easy, but Glendale is more efficient than ever and is able to provide an exceptional quality of life for its constituents, one that is comparable to (but most often beyond) any municipality in the region. That is to say, our first obligation is, and will continue to be, to our residents, businesses, and visitors.

The FY 2017-18 Adopted Budget, as is true with all years, reflects the City's effort over the past twelve months to understand and address the complex challenges ahead of us; it draws knowledge from the wells of community input and staff expertise and, marrying it to City Council's vision, identifies a nexus to the City's stated priorities and policies.

Last year, by way of the City Council's direction, staff conducted the 2016 Citizen Satisfaction Survey to better understand the community's views on core services provided by the City. In brief, the survey demonstrated that Glendale residents are very satisfied with their quality of life and with the City. An overwhelming majority of survey respondents also have a positive view of living in the City. The survey demonstrated that 93% of community members are either "satisfied" or "very satisfied" with City services. In fact, satisfaction related to City departments has increased and intensified since the last survey conducted in 2013. The survey also revealed that the majority of residents deem the top three reasons for living in Glendale to be: 1) location, 2) safety, and 3) quality of life. The most important priorities for Glendale residents were to maintain a safe city and to improve streets and infrastructure. A majority of respondents continue to think that the City of Glendale has a "great" or "some" need for additional revenue to maintain quality services for residents. After many hours of outreach, analysis and deliberation, staff has again endeavored to meet these high community expectations. Thus, with the FY 2017-18 Budget, we have united our ongoing promise to provide the highest level of service to our responsibility to remain financially sustainable.

The City Council has directed that we continue our program of making strategic investments in our community infrastructure. Planned improvements include:

- Improvements to parking garages
- Major Glendale Water & Power projects in power transmission and water distribution
- Community Services & Park's Department's permanent supportive housing project for homeless residents in need of wrap-around services (federally funded)

CITY OF GLENDALE

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- Continued progress on the Public Works Department’s initiation of the Chevy Chase Sewer diversion to LAGWRP (essentially, pushing more city sewage to our jointly-owned facility with the City of LA versus relying on the larger Hyperion sewage treatment plant, thus saving money)
- Continued funding for the Beeline Bus Maintenance Facility
- Major upgrades to Nibley, Pacific, Lower Scholl Canyon and Fremont Parks

These projects – in addition to regular maintenance of streets, parkway trees, sewers, parklands, and water & power equipment – are just a sample the many City improvements planned this year and reflect the City Council’s sense of responsible stewardship over community assets.

It is a great time to be living in Glendale. As a community in the greater L.A. region, we will always have plenty of challenges and obstacles to navigate; however, with strong City Council leadership, dedicated and hard-working employees and a supportive community, we have every opportunity to succeed. Fiscal Year 2017-18 promises to be a tremendous amount of work, but with that work is the promise to further build the premiere community of Southern California.

FY 2017-18 Budget Overview

The FY 2017-18 Budget incorporates the policy directions of the City Council for services and programs that address the needs of the community as identified during the four Budget Study Sessions held on May 2nd, 9th, 16th and 31st of this year. A public hearing on the budget was held June 6, 2017 and the budget was formally adopted June 13, 2017.

The Adopted General Fund Budget for FY 2017-18 reflects a minor, but planned, budget gap of \$0.629 million. This slight use of fund balance amounts to 0.3% of the General Fund appropriation for FY 2017-18 and has been anticipated in our financial forecasts for some time now. It is not uncharacteristic for a public corporation to occasionally utilize fund balance (i.e. savings) for one-time expenditures.

“Our first obligation is, and will continue to be, to our residents, businesses, and visitors.”

In 2017-18, the General Fund’s one-time expenditures amount to \$2.2 million in service level increases across multiple departments, such as: Library, Arts & Culture; Community Services & Parks; Police; Fire; and Community Development. As residents, businesses and visitors benefit

from increased library hours, improved permitting services, smoother roads, and well landscaped parks and parkways (to name just a few), they can be certain that the FY 2017-18 Adopted General Fund Budget is emblematic of the fact that we are still on track to accomplishing our financial goals and meeting our obligations. So long as we keep our focus fixed on maintaining a structurally balanced agency, we are confident in what the future holds.

The table below provides a summary comparison by major fund type, including the General Fund. The information provided here and throughout this budget document includes the actual expenditures for FY 2015-16, the adopted budget for FY 2016-17, the revised budget for FY 2016-17 (includes all budget amendments approved by City Council), and the adopted budget for FY 2017-18.

CITY OF GLENDALE BUDGET MESSAGE

Total Appropriation Summary

Fund Type	Actual 2015-16	Adopted 2016-17	Revised 2016-17	Adopted 2017-18
General Fund	\$ 184,905,448	\$ 194,780,663	\$ 206,248,028	\$ 215,042,945
Special Revenue	93,799,698	100,630,978	111,848,567	98,780,317
Debt Service	3,078,132	3,010,000	3,010,000	2,222,150
Capital Projects	9,728,319	25,362,000	26,211,004	16,008,821
Enterprise	277,793,751	385,917,075	397,605,009	393,568,677
Internal Service	88,498,298	109,832,418	110,229,807	111,291,567
All Funds	\$ 657,803,646	\$ 819,533,134	\$ 855,152,415	\$ 836,914,477

Glendale is noted for the outstanding level of programs and services provided to its residents, visitors and businesses. The increase in the FY 2017-18 General Fund Adopted Budget of \$20.3 million, when compared to the FY 2016-17 Adopted Budget, is mainly attributable to the addition of programs and services provided by the thirteen city departments housed in the General Fund. Programs and services, however, do require significant staff resources and so it follows that the majority of General Fund costs are personnel related.

For FY 2017-18, the budgeted increase in Salaries & Benefits is \$14.9 million when compared to last year. Of this amount, \$2.3 million is for program and service level adjustments and increases added across all General Fund departments, and \$3.7 million is to accommodate the shift of the Fire Department's Emergency Medical Services (EMS) staff to the fund. These fee-based paramedic services were previously budgeted for in the EMS Fund (Fund 511) which, beginning FY 2017-18, has been absorbed to the General Fund. Collapsing the EMS fund into the General Fund also brings with it the associated revenues generated from its paramedic services. The General Fund Salaries & Benefits also contain \$788 thousand in assigned Economic Development fund balance to provide for hourly wages and benefits in that section.

The increase in Salaries & Benefits is also the result of a budgeted \$4.4 million increase in PERS costs (not including \$555 thousand in PERS costs due to the EMS fund collapsing to the General Fund). CalPERS' sustained significant investment losses during the Great Recession, the impacts of which continue to reverberate through just about every government agency in the state. Hence, Glendale is not alone in seeing higher employer costs from CalPERS due to the City's obligation to pick up the partial tab for those investment losses and CalPERS' low returns in subsequent years. Due to the recent adoption of more conservative actuarial and investment policies by the CalPERS Board (e.g. lowering their anticipated rate of return and extending the life expectancy of annuitants), the City has been advised by our outside actuary to continue to expect slight increases to our annual costs going forward. These risk mitigation policies will eventually rebuild the CalPERS fund and lower the burden on local governments that have committed to provide reasonable retirements for their employees (e.g. the CalPERS fund provides Glendale safety retirees an average of \$74,000 per year, and non-safety retirees an average of \$35,000 per year).

With rising PERS costs the subject of many council meetings, the City Council took a proactive step to address the matter by voting to establish a Pension Rate Stabilization Trust (i.e. a Section 115 Trust) at the time of budget adoption. The trust is to be funded with one-time surplus revenues. Glendale joins a group of more than 80 public agencies across the state to have adopted this rate-stabilization strategy. This decision demonstrates the City Council's intent to keep rising PERS costs at containable level—ideally below 20% of the Adopted General Fund Budget. City staff is actively appraising other strategies to address the trend in rising PERS costs and will work to implement more solutions in the coming years.

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General Fund departments once again froze their discretionary Maintenance & Operation budget, but were given increases at the discretion of City Council. The overall increase to this category was \$5.8 million, mainly due to \$2.8 million in adjustments to programs and services across all General Fund departments, \$1.8 million due to the EMS operation that is now housed in the General Fund (formerly Fund 511), and \$1.7 million in charges supporting the Information Services Department via the ISD rate plan. ISD is currently working to replace outdated radio equipment throughout our public safety departments. It should be noted that these Maintenance & Operations increases were offset by a decreases of \$408 thousand in Building Maintenance charges and \$290 thousand in Furniture & Equipment. The use of assigned Economic Development fund balance comprises \$117 thousand of the General Fund's total Maintenance & Operations budget. Lastly, there was a net \$362 thousand decrease in Capital Outlay and Transfers. This amount is net of an \$84 thousand transfer to the Nutritional Meals Fund (Fund 270) and \$126 thousand in service level increases for Capital Outlay required by the Fire Department for fire prevention tools and inspections.

Though it would appear that programs and services funded through Special Revenue Funds decreased by \$1.8 million in FY 2017-18, we must recall that \$5.9 million is due to the EMS Fund collapsing to the General Fund. If we exclude this amount and compare apples to apples, we see that Special Revenue Funds experienced an increase of \$3.8 million. The most notable of these increases are in our transit funds: a \$1.9 million increase to support transit projects funded by the new voter-approved Measure M Fund (Fund 222), and a \$1.8 million increase to support transit projects funded by the Measure R Regional Return Fund (Fund 255).

“Fiscal Year 2017-18 promises to be a tremendous amount of work, but with that work is the promise to further build the premiere community of Southern California.”

And while we are glad to report that the General Fund's support of the City's Capital Improvement Program increased by \$2.3 million compared to FY 2016-17, overall, across all CIP Funds, the program was scaled back by \$9.4 million largely due to a decrease in project appropriations within the Parks Mitigation Fee Fund (Fund 405).

An increase in the anticipated claims to be paid by the Workers' Compensation Fund (Fund 614) in FY 2017-18 comprises \$585 thousand of the total \$1.5 million overall increase to the City's Internal Service Funds. As noted in prior years, we still have a diminishing, yet significant, fund balance deficit in the Workers' Compensation Fund, and we are steadfast in our goal to amortize the fund's deficit over the next four years. As we continue to chip away at the deficit we also continue to work with departments to stabilize, and hopefully reduce, the amount of workers' compensation claims. Lastly, aging technology infrastructure supported by the ISD Funds and the need to fund future replacement of vehicles in the Fleet/Equipment Replacement Fund continue to pose financial challenges that need to be addressed in the coming years.

General Fund Reserves

As of the date of the last audited financial statements (fiscal year ended June 30, 2016), the General Fund unrestricted reserve was \$80.8 million, which represented 41.5% of the FY 2016-17 General Fund operating budget. For FY 2017-18, the General Fund unrestricted reserve beginning balance (as of July 1, 2017) is estimated to be \$82.7 million, or 38.6% of the FY 2017-18 General Fund operating budget. With the adoption of the FY 2017-18 Budget and subsequent funding of the Pension Rate Stabilization Trust, the anticipated ending General Fund reserve will be approximately \$56.2 million, or 26.2%, as of June 30, 2018, which is in accordance with the current reserve policy (a floor of 25% with a target of 35%) adopted by the City Council in July, 2017.

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Effects of Economy¹

In the U.S. economy, household spending is expected to account for two-thirds of all economic activity during Fiscal Year 2017-18, making the consumer sector the largest of the four components of Gross Domestic Product (GDP) and the main sector driving U.S. economic growth. During 2017, personal consumption expenditures are expected to grow by 2.5%, a slight drop from the 2.7% growth of 2016. Given steady job growth and low unemployment rates, consumer spending should still remain on the rise in the coming years. However, wages remain relatively stagnant and struggle to keep up with rising consumer prices, leading economists to project a slight 2.2% growth in GDP for 2017, up from 1.6% in 2016.

California remains the largest economy when compared to any other state in the U.S. (13.6% of total U.S. GDP) and it is forecasted to grow an additional 2.4% during 2017, once again outpacing the growth of any other state in the nation. Many regions in the state are close to regaining all of the jobs lost during the Great Recession, with just about every major industry showing job gains during 2016. At the forefront of private sector job growth are the healthcare, hospitality, and professional/technical services industries; however, manufacturing and natural resources industries continue to shed thousands of jobs annually, approximately 11,000 in 2016. Nonetheless, California's unemployment rate is expected to continue its gradual decline from 5.4% in 2016 to 5.1% in 2017. With continued improvements in the labor market, 2017 personal income should increase by 3.3% with continued growth forecasted for 2018.

More locally, Los Angeles County is expected to experience further improvements to its unemployment rate, dropping from 5.1% in 2016 to 5.0% in 2017. Average personal income across the county is expected increase by 4.7% in 2017, up from 2.0% in 2016. For Glendale, median home prices rose 7.4% in 2016 and foreclosures dropped by 40%.

“...as long as we stay diligent and disciplined, we will remain an operationally and structurally balanced organization in the years to come.”

These positive national, regional and local indicators – such as increased spending and income, steady improvements in the housing market, and reduced rates of unemployment – align with the City's forecasted revenue growth which ranges from 3.0% to 4.6% across the three key General Fund revenue

sources: property, sales, and utility user's taxes. Long term growth rates for General Fund revenues are projected to grow rather modestly, averaging about 3% annually over the next five years. According to industry experts, one potential challenge on the horizon may prove to be a flattening in the growth rate of auto sales occurring within the City. As auto sales are a significant portion of the City's sales tax revenue, staff is working diligently to add diversity to the City's portfolio of resources by increasing transient occupancy tax revenues generated by A-list hotels – an amenity that is in short supply for the Jewel City given its status as a regional hotspot for retail, entertainment and the arts. Although Glendale continues to face challenges such as increased pension costs, a deficit in the Workers' Compensation Fund and aging infrastructure, our financial projections account for these challenges and demonstrate that as long as we stay diligent and disciplined, we will remain an operationally and structurally balanced organization in the years to come.

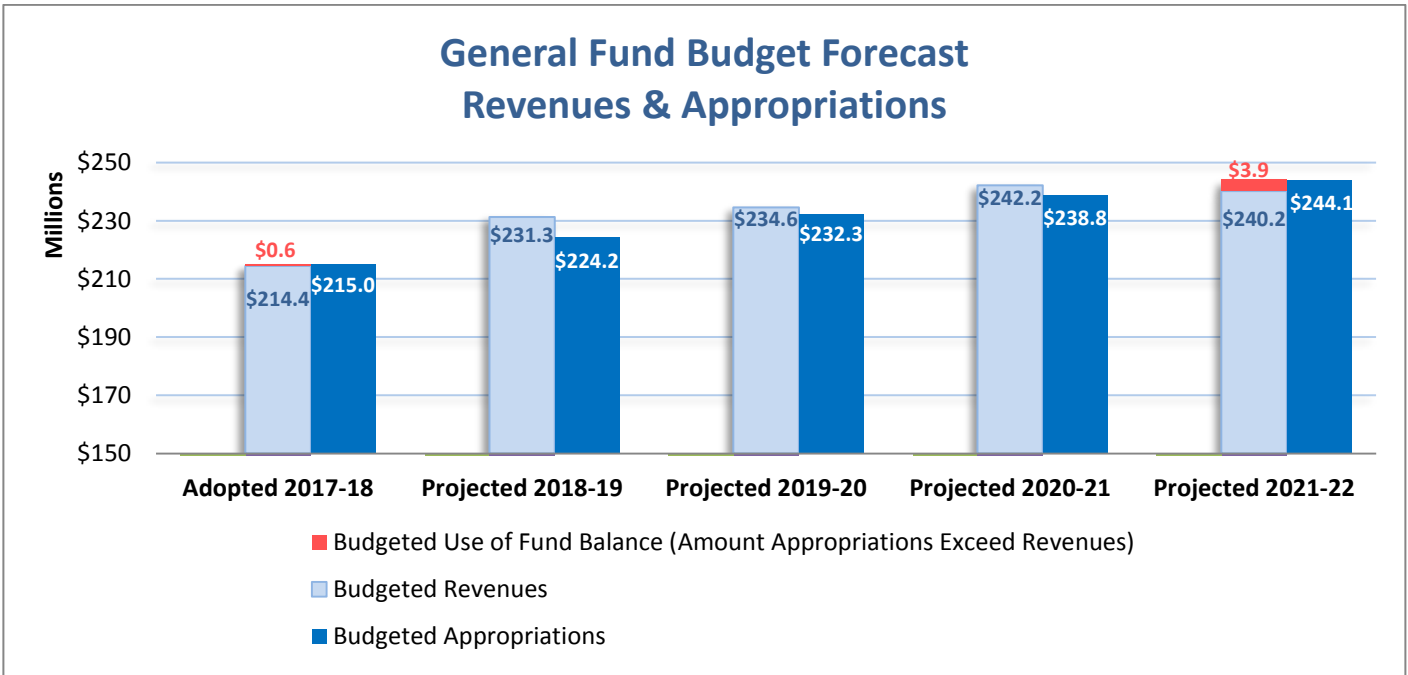
¹ Data obtained is this section is from the Los Angeles County Economic Development Corporation's 2017-2018 Economic Forecast & Industry Outlook and the 2017 Southern California Association of Governments' Local Profile Report

CITY OF GLENDALE BUDGET MESSAGE

Five-Year Financial Forecast

In the recent years, forecasting has taken a vital role in Glendale’s budget planning, prompting us to make appropriate budget adjustments during the year to successfully meet upcoming challenges. During the first budget study session for FY 2017-18, we provided a General Fund Forecast to the City Council. Many variables were taken into consideration as we do not know what the future holds or what our actual revenues will be. It is, of course, difficult to predict economic booms or busts that will impact the forecast. Hence, revenue estimates are conservative and assume no voter-approved revenue increases or potential new tax revenue from new businesses relocating to Glendale (i.e. new Auto Dealerships, Retail, Restaurants, etc.). Expenditure estimates are equally conservative, factoring in increases for major cost drivers such as PERS and medical benefits.

Based on these conservative assumptions, our five-year General Fund Forecast is a useful tool for achieving structural balance. The forecast is updated on a quarterly basis, taking into account actual expenditures and revenues as they are received. City Council and staff are then able to analyze, on a regular basis, whether expenditure reductions or revenue enhancing strategies should be considered to meet potential fiscal challenges on the horizon; or, as is the case with the current fiscal year, whether fund balance (i.e. savings) should be utilized to cover a budget gap. The forecast below is the City’s most recent five-year forecast. As can be seen, it depicts a net surplus in FY 2016-17 and a minor budget gap forecasted for FY 2017-18. In addition, the graph depicts a steady rise in the revenue base after FY 2017-18, the average annual increase being 2.93%. As indicated in the graph, this demonstrates the City’s belief that General Fund costs for the five-year period – operational (day-to-day staffing plus maintenance & operations), long-term employment obligations (PERS and OPEB), organizational infrastructure (Internal Service Funds), and capital replacement – can largely be met by modest and sustained growth to its revenues.



Future projections in the graph above assume compensation increases for employees as agreed upon in the current Memorandum of Understanding with each bargaining group, as well as salary step progressions for eligible employees. These economic assumptions are necessary to develop a comparative baseline – after all, revenue and appropriation estimates provided today will always change

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over time. Therefore, it is difficult to assign a value to future increases. Likewise, it is not realistic to presume that salaries and benefits will remain flat for an extended period of time while we endeavor to deliver the same, or higher, levels of service. In this manner, the five-year financial forecast gives us a reference point to draw from. We are a service-oriented business, after all; as goes our staff costs, so goes our cost-efficiency. Our employees have already participated in the compensation restructuring efforts that pushed Glendale to the forefront of municipalities. Over the years we have been increasing employees' contributions towards pension and medical benefits, and the current year is no different. System-wide cost increases need to be matched with ongoing revenue increases. If we cannot realize these new revenues and/or savings, then it will be difficult to increase the pressure upon the City budget from our single largest cost-driver: employee compensation, which includes base salaries, PERS, health care and employment costs. Thus, it is a time for continued diligence and discipline. In order to obtain our value proposition, we need to continue to focus on our priorities, invest strategically into the organization, and continue to do more with less.

Future Outlook

Despite the fact that the economy is improving and our economic indicators are all trending positive, we still face notable challenges in the coming years. As mentioned, the General Fund remains highly dependent on sales taxes generated from automobiles sales. Revenues from auto sales have steadily risen over the past few years following the Great Recession; however, an economic downturn could place that revenue stream in jeopardy. We all know that the best offense is a good defense, and when it comes to finance that means diversification. In that regard, staff and City Council are working diligently to attract new upscale hotels that would generate considerable occupancy tax revenue for the City.

The possible loss of the voter-approved General Fund Transfer (GFT) from Glendale Water & Power's (GWP) electrical operations still looms. Currently at about \$20 million per year, the transfer has been a feature of the City's General Fund revenue stream since the 1940s. Basically, our municipal forbearers established the water and power utility as a means of helping the City grow, as well as to bring revenue into the City's General Fund. This inflow of funding helped City Councils through the years keep Glendale a low-tax city (for example, only 13.7 cents on the property tax dollar comes to the City of Glendale; there is no business license tax, etc.). And, although the City Charter allows for a maximum transfer of up to 25% of gross operating revenues from the electrical operations, the GFT has never risen to that level; indeed, the current transfer is at approximately 10% of retail operating revenues.

“We have a number of achievements to be proud of, and together we have created a sought-after community in which people wish to live, work, and play.”

What does the potential loss of the GFT mean to our organization? For the time being, we will continue to move forward with the status quo. After having experienced deep cuts across all departments in recent years, this organization is currently running as lean as it ever has. The loss of the transfer would, without doubt, mean cuts directly to the essential programs and services our community

depends on day in and day out. Hence, there would be no alternative but to make cuts that would drastically impact the quality of life for our community. Specifically, the City Council would need to consider cuts to Libraries, Parks, Fire and Police. The effects of these cuts would be experienced in the form of reduced hours at libraries and parks, the closing of libraries and parks, and the contracting out of Police and Fire services with the County of Los Angeles.

Other significant challenges on the horizon include: expected rises in pension costs due primarily to changes in the PERS actuarial assumptions and the fund's low investment returns during the recession and subsequent years (average 10-year returns are estimated to be 4.3% through FY 2016-17), shoring

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up our Internal Service Funds (e.g. Workers' Compensation and Fleet/Equipment Replacement), and providing a stable funding source for General Fund Capital Improvement Projects.

Moving forward, our continuing challenge is to minimize the negative impact on our community and customers from past restructuring efforts and ensure the City adds ongoing value to the taxpayers. Glendale's value proposition is the combination of the Council's priorities, the City's strategic goals and key performance indicators. Council ultimately sets the tone, the vision and the policy for the City. During this year's budget process, Council has reaffirmed the following priorities (see *Attachment A* to this message for detailed description):

- Fiscal Responsibility
- Exceptional Customer Service
- Economic Vibrancy
- Informed & Engaged Community
- Safe & Healthy Community
- Balanced, Quality Housing
- Community Services & Facilities
- Infrastructure & Mobility
- Arts & Culture
- Sustainability

To that end, the City Council's top priority of fiscal responsibility continues to pay dividends to the community, taking form through restored programming, enhanced services and capital improvement projects which will further increase the quality of life experienced by residents, businesses and visitors. These priorities have given rise to departmental strategic goals that lead to continuous improvement in the way we deliver service and do business. These goals best indicate whether Departments had a "successful year" and they are essentially the *outcomes* that we will strive for in the upcoming budget year. The key performance indicators (KPIs) provide a vehicle to measure our progress. They are the *outputs* and act as measures for what we are doing and how efficiently we are doing it (see the Strategic Goals section for additional information).

Taken as a whole, the Council priorities provide the framework, the strategic goals give us our themes, and the key performance indicators, as listed in the *Strategic Goals* section of this document, measure the details. This systematic management and measurement of our performance will help to bring clarity amid any period of uncertainty.

As Glendale continues to align its outcomes to its strategic goals, quality of service and continuity are important - our customers must sense *value*. The organization must endeavor to have collaboration and meaningful communication with the community. With Council's vision and a team of high-quality, ethical professionals our value proposition to the community is renewed and has once again shaped this year's budget process.

Conclusion

The FY 2017-18 Budget for the City of Glendale is structurally balanced with projected resources available to support all projected expenditures. As in the past, this budget serves as the City Council's financial policy and planning document 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, therefore, reflective of the City Council and staff's desire to continue to improve upon existing programs and services. 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 desirable place to live, work and play.

We have a number of achievements to be proud of, and together we have created a sought-after community in which people wish to live, work, and play. With solid and strong City Council leadership, as well as a supportive community, we will seize every opportunity to continue to thrive. In FY 2017-18 we

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will continue to provide our residents, businesses, and visitors with a full scope of high quality municipal services, programs, safety, facilities, infrastructure, and amenities that make our community so desirable.

My appreciation to all the Department Heads and Budget Officers who worked on this year's budget, and especially to Yasmin Beers, Assistant City Manager; Robert Elliot, Director of Finance; Michele Flynn, Assistant Director of Finance; Adrine Isayan, Budget Manager; Armen Harkalyan, Revenue Manager; and the Finance Budget & Revenue Team; and again a tremendous thanks to the Mayor and City Council Members for your continued leadership throughout this year's budget process.

To that end, as a result of the efforts of many individuals, the FY 2017-18 Adopted Budget is balanced and fit to address the many needs of our dynamic community within the context of the challenges that face us in the year ahead. I look forward to working with you on implementing the goals set forth in this plan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Scott Ochoa', with a stylized flourish at the end.

SCOTT OCHOA, CITY MANAGER

CITY OF GLENDALE BUDGET MESSAGE - ATTACHMENT A

CITY COUNCIL PRIORITIES

Fiscal Responsibility

As financial stewards of the City of Glendale, all employees throughout the organization are tasked with operating their programs, projects and departments in a fiscally responsible manner. We have a fiduciary responsibility to the residents of the community to ensure assets and resources are properly safeguarded and deployed in a safe and efficient manner. It is a responsibility that is shared by all employees throughout the organization. As public servants, we are all committed to, and held, to a high stand of ethical behavior, especially in financial matters of the City. We are, therefore, committed to ensuring we are transparent in matters relating to City finances. In addition, we have implemented proper internal controls to ensure assets and resources are used in accordance with the approved budget.

In summary, fiscal responsibility is something that all employees take seriously and this is evident in all that we do. We continually strive to maintain the trust and confidence of the public that we are properly safeguarding and deploying the City's valuable resources in a prudent and fiscally responsible manner.

Exceptional Customer Service

In light of our budget strategies and staff reductions, we must continue to be empathetic problem-solvers, exhibiting respect and a sincere desire to aid our residents and customers. We are committed to providing our diverse community with quality services. As in any successful organization, Glendale's customer service principles focus around three main elements: promptness, quality, and customer satisfaction.

Economic Vibrancy

One of the City's major goals is fostering an environment that supports diverse, vibrant businesses and job opportunities supported by both a skilled, local labor force and a fiscally prudent and financially healthy city government. In order to achieve its goal the City strives to attract an appropriate mix of business and maintains a balance between the City's commercial and residential zones. This is primarily achieved through vigorous collaboration between developers, 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 sustain Glendale's first rate services for businesses and residents, the City maintains adequate financial reserves.

Informed & Engaged Community

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 processes respect and encourage open public engagement, offer multiple opportunities to create an informed community, and deliver excellent customer service within each and every City operation so that residents and visitors maintain a positive perception of city government.

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.

CITY OF GLENDALE

BUDGET MESSAGE - ATTACHMENT A

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.

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 and 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 aimed at building a sense of community among residents are routinely held throughout the City.

And finally, the City of Glendale is focused on developing and maintaining the required technology to support local businesses, to enhance our service delivery to the public, and to foster better access to technology and information. As part of these efforts, City staff has developed electronic applications by utilizing reliable mainstream technology, such as the Internet, in order to communicate with residents and businesses. Many of the City's processes have been streamlined, which not only provide for more effective interaction with the public but also help reduce the City's operating expenses.

Safe & Healthy Community

As one of the top ten safest cities in the State of California, Glendale is proud to offer a community that is physically safe, free of blight, and well prepared for emergencies. Glendale's Fire and Police Departments are dedicated to a shared public safety mission to ensure 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 to respond to local and statewide disasters. Finally, City staff is committed to ensuring that houses, buildings, and other infrastructure, such as sidewalks and roadways, are safe and free of blight.

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 hospitals 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.

Balanced, Quality 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. We strive to provide affordable housing to all segments of the population including growing families, the elderly, single individuals, the disabled, and those without a place to call home. 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 current and future housing needs.

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Community Services & Facilities

The City of Glendale is committed to providing parks, community centers, open spaces and a well-maintained trails system to enhance the character of the community and offer personal enrichment and recreational opportunities for the public. As part of our ongoing efforts, the City is focused on providing sufficient parkland, playing fields, recreation facilities, and equitably distributed open spaces 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.

Another of the City's primary goals is a focus on community services and facilities that address the diverse and changing needs of the community. This includes the delivery of high quality, adaptable services and the preservation, development or expansion of community centers (i.e. parks, libraries, senior centers, etc.). In addition, emphasis is placed upon locating these centers in the areas of greatest need and making them accessible to all residents.

Infrastructure & Mobility

A significant goal for the City is to have 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 that is appealing, affordable, accessible, and provides effective regional connectivity. Through the implementation of modern land use strategies, the City reduces congestion, air pollution, and noise resulting from its public transportation system. City officials are consistently focused on enhancing roadway safety through effective engineering, enforcement and education to the public. Lastly, the City will continue to plan and maintain its infrastructure in a responsible and cost effective manner.

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 supports and promotes local artists and arts organizations through the initiation of local arts and culture events. As a long term goal, the City aims to promote education and participation in the arts by providing access to quality arts experiences for the entire community, and by implementing or supporting programs that recognize the City's cultural heritage.

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 City workforce
- Businesses and services that address 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 all ADA accessibility requirements

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Sustainability

In an effort to protect the quality of air, water, land and other natural resources located within the City's boundaries, Glendale integrates sustainability principles into all elements of the City's General Plan. Emphasis is placed upon conserving native vegetation, wildlife habitats, and preserving other ecosystems by minimizing human impacts. Additionally, the City continually complies with environmental laws and regulations and actively monitors its waste management, water, and electrical operations on an ongoing basis.