

Budget Update

Community Conversation with Mayor Scruggs

December 9, 2010

www.GlendaleAZ.com/budget

- The City of Glendale is approaching the upcoming fiscal year's budget development process in a better position than 1 year ago.
- Revenues have stabilized and the city is no longer seeing the kind of erosion in the sales tax base that we witnessed over the past 2 years, however it should be noted that FY2011 revenues remain at FY2005 levels.
- It is important to remember that it will take a few years to return to the strong revenue growth the city experienced in past years. Nevertheless, we believe we have weathered the worst of this recession.

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Annual Budget Highlights FY2011 (p 32 of FY11 Budget Book)

The total FY2011 budget for the City of Glendale is **\$676 million**. This represents a decrease of 12.8% (\$99 million) from the FY2010 total budget of \$775 million and a 27% decrease (\$249 million) from the FY2009 budget of \$925 million. The current decrease is the result of ongoing operating budget reductions, expiration of one-time funding provided in FY2010 and capital budget reductions that were implemented to address reduced revenue sources because of the recession.

The FY2011 annual budget is divided into four major components:

1. The **operating budget** finances the day-to-day provision of city services and totals **\$339.5 million** (50.2% of the total budget). The operating budget includes the operational expenses for the city's general fund, enterprise funds (water/sewer, landfill, sanitation) and the public safety and transportation sales tax funds but excludes the expenses related to capital, debt service and contingency. The operating budget was \$341.3 million in FY2010 and \$376.9 million in FY2009.
2. The **capital improvement budget** funds the construction of city facilities, such as police/fire stations and libraries, in addition to the construction of roads, public amenities and other infrastructure throughout the city. In FY2011 the capital improvement budget totals **\$194.4 million** (28.8%). The capital improvement budget was \$291.6 million in FY2010 and \$391.9 million in FY2009.
3. The **debt service budget** is used to repay money borrowed by the city, primarily for capital improvements, and amounts to **\$84.8 million** (12.5%). The debt service budget was \$80.6 million in FY2010 and \$79.3 million in FY2009.
4. The final component of the budget is the **contingency appropriation** at **\$57.3 million** (8.5%) across all funds. This appropriation is made up of fund reserves and is available to cover emergency expenses, revenue shortages or capital project acceleration should they arise during the fiscal year. The contingency appropriation was \$61.6 million in FY2010 and \$76.9 million in FY2009.

Operating Budget - 50.2% of Annual Budget
(p 64 of FY11 Budget Book)

Department	% of Operating Budget	\$\$\$	Areas of Responsibility
Public Works	31.5 %	\$107.0m	Utilities, Field Operations, Transportation, Environmental Resources
Public Safety	31.0%	\$105.3m	Police, Fire, EMS, 911, Homeland Security
Administrative Services	15.2%	\$51.7m	HR, Information Technologies, Finance, Budget, Lease Payments
Community Services	11.6%	\$39.2m	Parks & Recreation, Library & Arts, Public Housing, Code Compliance, Neighborhood Partnership
Grants	2.8%	\$9.7m	Reserve appropriations for federal or state grants
Appointed/Elected Officials	2.6%	\$8.9m	City Court, City Attorney Office, City Clerk Office, Mayor & Council Offices
Community Development	2.5%	\$8.6m	Building Safety, Engineering, Economic Development, Planning, Municipal Airport
Internal Services	2.1%	\$7.0m	Marketing & Communications, City Manager's Office, CAP, Intergov Office, Auditor, Civic Center, Media Center
Non-Departmental	0.6%	\$2.0m	Unemployment Insurance Payments, Long-Term Disability Payments, city wide dues and memberships
		\$339.5	TOTAL - FY2011 Operating Budget

Debt Service Budget - 12.5% of Annual Budget
(p 493 & 564 in FY11 Budget Book)

Fund Type	Use	\$\$\$	Description
Debt Service Fund	Gen Obligation Bonds	\$25.7m	Capital Improvement Program
Debt Service Fund	Municipal Property Corp	\$21.3m	Arena, Public Safety Training Facility, Convention Center, Media Center, Parking Garage, Zanjero
Debt Service Fund	Transportation	\$7.3m	Glendale On-Board
Debt Service Fund	HURF	\$4.7m	Highway User Revenue Fund
Enterprise Fund	Water & Sewer	\$25.3m	Water & Sewer
Capital Fund	Dev Impact Fees – Police	\$214,000	Police
Capital Fund	Dev Impact Fees – Fire	\$161,000	Fire
Capital Fund	Dev Impact Fees –Rec	\$132,000	Parks
		\$84.8m	TOTAL - FY2011 Debt Service

(For more detailed information visit www.GlendaleAZ.com/budget)