

Adopted BUDGET

City of Glendale, CA
2011 - 2012

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CITY OF GLENDALE BUDGET MESSAGE

Honorable Mayor and Members of the City Council,

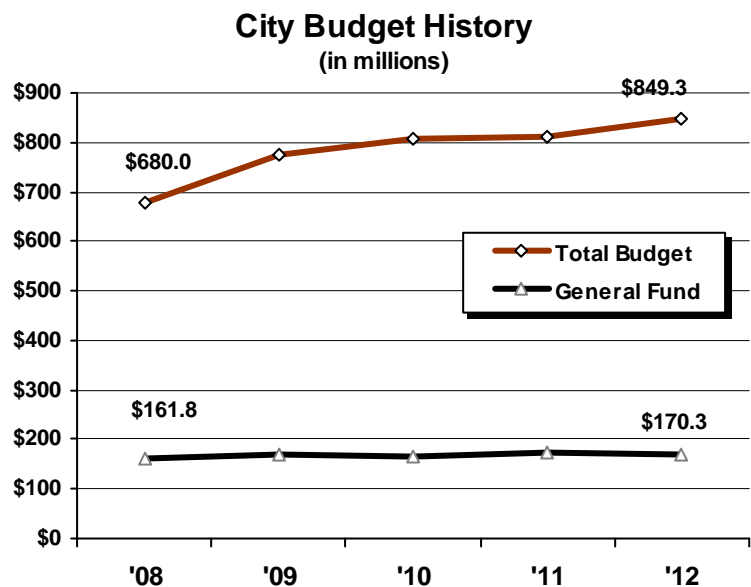
As your City Manager, it is my pleasure to present the adopted budget for all operations of the City for Fiscal Year (FY) 2011-12. The direct impact of the declining economy over the last several years on City resources, and the State's efforts to address its fiscal/budget crisis by taking resources from cities, counties and special districts, have combined to make these past few years some of the most difficult budget years in recent history. 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 2011-12 is \$849.3 million and includes all city funds, departments and programs. The budget represents a total of 1,868 full-time salaried positions plus City Council for a total of 1,873 positions. The total budget for the General Fund is \$170.3 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 thirteen (13) Budget Study Sessions held between April and June of this year. A public hearing on the budget was held on June 21, 2011 and the budget was adopted on June 28, 2011. 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. During these difficult economic times, the City Council and Staff 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.

The table on the next page 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 2009-10, the original budget for FY 2010-11, the revised budget (includes all budget amendments approved by City Council) for FY 2010-11, and the adopted budget for FY 2011-12.



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Total Appropriation Summary

Fund Type	Actual 2009-10	Adopted 2010-11	Revised 2010-11	Adopted 2011-12
General Fund	\$ 172,042,192	\$ 173,103,892	\$ 175,499,286	\$ 170,276,318
Special Revenue	133,282,597	111,334,117	154,724,944	135,403,886
Debt Service	20,430,532	17,106,645	17,106,645	21,077,758
Capital Improvement	60,388,555	10,805,175	17,454,299	15,844,504
Enterprise	274,614,014	419,024,145	432,721,275	420,864,585
Internal Service	72,140,748	78,295,507	79,948,017	85,783,104
All Funds	\$ 732,898,637	\$ 809,669,481	\$ 877,454,466	\$ 849,250,155

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, specifically Redevelopment Agencies. Although the City's economic base is diversified with strong retail and financial services, the City has nonetheless seen revenue stagnation in most of the General Fund major revenue categories including sales tax, property tax, and utility users' tax. The variety of issues in the economy involving the housing market, financial institutions, credit markets, as well as overall consumer confidence, has impacted discretionary spending nationwide. While leading indicators point to an economic recovery on a national level, Glendale is experiencing a very slow economic recovery as the unemployment rate in Los Angeles County continues to outpace the national average. As a result, consumer spending has not fully recovered meaning sales and property tax will only increase slightly for FY 2011-12. 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 Glendale's recovery will lag behind the national economic recovery. The State of California budget challenges, combined with the still sluggish housing market, will continue to have a negative trickle down effects to the City of Glendale for FY 2011-12.

ASSEMBLY BILLS 1X 26 & 27

In June 2011, the California Legislature passed Assembly Bills (AB) 1X 26 and 27 which could have a significant impact on the Glendale Redevelopment Agency's ability to operate. AB1X 26 eliminates Redevelopment Agencies throughout the State and AB1X 27 allows agencies to "opt-in" and continue to operate by remitting significant funds to the State. In July 2011, the Glendale Redevelopment Agency and Housing Authority passed an ordinance that would allow the Agency to opt-in under the provisions of AB1X 27. A payment of approximately \$11 million would be made during FY 2011-12 and another \$2.8 million the year after. The Agency would be required to make annual payments thereafter in order to continue to operate.

Shortly after the passage of AB1X 26 & 27, the California Redevelopment Association filed a lawsuit challenging the constitutionality of both bills. In August 2011, the California Supreme Court issued a

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partial stay and will hear the case later this year; it is expected that a ruling will be made by January 2012. In the meantime, the future of Redevelopment Agencies in California is uncertain. The range of possibilities include the elimination of all Redevelopment Agencies throughout California, Agencies continuing to operate under the provisions of AB1X 27, or the California Supreme Court could rule both Assembly Bills are unconstitutional and Agencies would continue to operate as normal. As indicated in this budget document, funds are available to make the opt-in payment if so needed, however this would curtail the Agency's ability to continue to improve the quality of life for Glendale's residents and visitors.

FY 2011-12 BUDGET OVERVIEW

At the onset of the FY 2011-12 budget preparation, a shortfall of approximately \$18 million was anticipated in the City's General Fund. This gap was attributable to a variety of factors including:

- Decreases in revenues such as sales tax, property tax, utility user's tax, interest, and various charges for City services
- Loss of one time transfers including the transfer of the Police Staff Augmentation Fund and the Water transfer
- Cost increases to retirement, workers compensation, and other employee benefits

A variety of strategies were deployed in an effort to maintain a balanced General Fund budget. Due to the significance of the budget shortfall, the goal was to implement on-going, systemic changes rather than one-time fixes. On the revenue side, the City implemented the following strategies:

- Increase of \$2 million to the Electric transfer
- Increase of \$3 million to the Glendale Redevelopment Agency loan repayment
- Fee increases for a variety of City services that will increase revenue by \$1.3 million
- Partial use of the fund balance, \$1 million, which was transferred from the Police Staff Augmentation Fund to the General Fund during FY 2010-11.

The General Fund appropriations reflect the various balancing strategies, past and present, employed by the City in order to balance the FY 2011-12 budget. In a major departure from prior years, staff broke down each department into functions or programs, and then prioritized them across the entire General Fund. Programs were rated as essential, priority, and discretionary. This was the basis by which staff presented proposed reductions to the City Council. The vast majority of the reductions came from discretionary programs being eliminated, along with a few priority and essential programs. As a result, a total of \$4.6 million in programs and services were eliminated from the General Fund, which included a total of 41.7 full-time equivalent positions.

Also included in the FY 2011-12 General Fund appropriation is a decrease in overall salary expense due to a 1.5% salary reduction among the general employees that occurred during FY 2010-11. In addition, the salary ranges of all job classifications were expanded in FY 2010-11 to include lower level salary ranges. Other strategies employed for the FY 2011-12 General Fund budget include a hiring freeze, employee concessions, and a reduction in Maintenance & Operation expenses.

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All of these balancing strategies helped offset the natural cost increases in pension costs and other employee benefits. The culmination of these strategies has produced a balanced budget while protecting and maintaining the City’s core services during these challenging economic times.

GENERAL FUND RESERVES

As of the date of the last audited financial statements (fiscal year ended June 30, 2010), the General Fund unrestricted reserve was \$49.1 million, which represents 30% of FY 2009-10 General Fund appropriations. 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 2011-12 budget, the anticipated General Fund reserve will be approximately 30%.

FUTURE OUTLOOK

The adopted budget for FY 2011-12 continues to fund programs and initiatives that promote the strategic goals adopted by City Council. There were 16 strategic goals as presented in last year’s budget document. For a variety of reasons, staff has streamlined these goals into eight (8) strategic goals. Doing so allows for better reporting and monitoring of the City’s progress towards its strategic goals. The table below indicates the original 16 strategic goals along with the revised eight (8) goals:

Old Strategic Goals	Revised Strategic Goals
Trust in Government; Technology; Education, Knowledge & Literacy; Community Planning and Character; Sense of Community;	Informed and Engaged Community
Safe Community; Health & Wellness	Safe & Healthy Community
Economic Vitality	Economic Vibrancy & Fiscal Responsibility
Housing	Balanced, Quality Housing
Parks & Open Space; Community Services & Facilities	Community Services & Facilities
Utilities; Transportation & Mobility	Infrastructure & Mobility
Diversity; Arts & Culture	Arts & Culture
Environment & Conservation	Sustainability

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 in the Strategic Goals section in this budget document while a description of the strategic goals can be found at Attachment A of this message.

CONCLUSION

The FY 2011-12 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 Yasmin Beers, Assistant City Manager; Robert Elliot, Director of Finance; Jason Bradford,

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Budget Administrator, the Finance Budget Team; and again tremendous thanks to the Mayor and City Council Members for your continued leadership throughout this year's budget process.

The FY 2011-12 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, flowing style with a large initial "J".

JAMES E. STARBIRD
CITY MANAGER

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BUDGET MESSAGE - ATTACHMENT A

CITYWIDE STRATEGIC GOALS AND CHARACTERISTICS

Informed and 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 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.

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.

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 & 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.

And finally, 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. 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.

Safe & Healthy 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

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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.

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.

Economic Vibrancy & Fiscal Responsibility

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.

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 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.

Community Services & Facilities

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.

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

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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.

Infrastructure & 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 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.

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.

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.

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

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Sustainability

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