

## City of Glendale Budget Guide

### RESOURCES

The fiscal year 2009/10 revenue budget was prepared using basic and modest assumptions. As a result of the economic conditions facing the City as well as the State and entire country, revenue estimates for the General Fund are not expected to increase during the 2009/10 fiscal year but rather a slight decrease of 2.2% is anticipated.

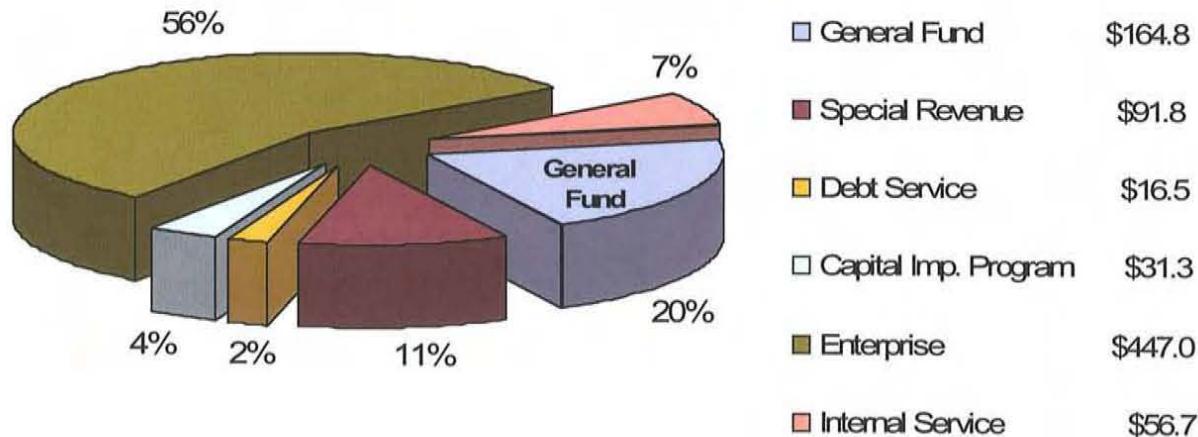
The City's major revenue sources in the General Fund consist of Property Tax, Sales Tax, and Utility User's Tax. These three sources provide 58% of the General Fund's revenues. Projections for the 2009/10 fiscal year have kept Property Tax and Utility User's Tax unchanged from the previous year. On the other hand, sales tax projections indicate a 13.4% decrease. These estimates were based on projected sales activity of major retailers in the City and

the economic impact on those retailers. Other revenue sources, such as those related to fees and permits are also expected to decline as the result of the economic climate.

In preparing the 2009/10 fiscal year operating budget for the City, each revenue source has been reviewed closely and those factors affecting each one has been carefully considered. In addition, the general economic climate has been evaluated and considered. As a result of the negative Consumer Price Index for the Los Angeles area, all revenue sources tied to general consumer spending and inflation have remain unchanged from the previous year or have been projected to decline for fiscal year 2009/10.

The following chart illustrates the total budgeted resources for all City funds for fiscal year 2009/10.

Total City Resources FY2009/10 - \$808,124,761



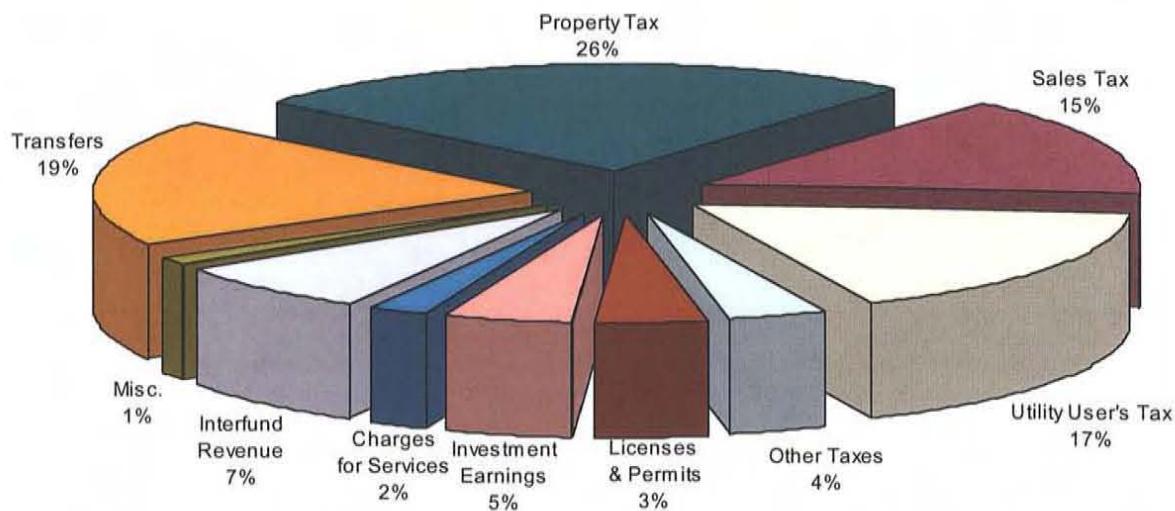
## City of Glendale Budget Guide

### General Fund

The General Fund revenue budget for fiscal year 2009/10 is projected to be \$164,828,471. The General Fund provides City services that the general public typically associates with local government. These include parks, libraries, police, fire, building and planning services, and general administrative support functions.

Revenues received by the City to provide these services are made up from a variety of sources. As mentioned earlier, Property Tax, Sales Tax, and Utility User's Tax provide 58% of the revenue to the City's General Fund. Below is an illustration of the various revenue sources and their relative percentage for each category contributing to the General Fund.

General Fund Resources FY 2009/10 - \$164,828,471



### Property Tax

As noted previously, Property Tax is one of the General Fund's top three revenue sources. This tax is imposed on real property (land and permanently attached improvements, such as houses) and tangible personal property (movable property, such as airplanes) located within the City of Glendale. A total of 1% is levied on the assessed value of the property as determined by the Los

Angeles County Tax Assessor. The City of Glendale receives 13.5% of the 1% levy on assessed value. Property Tax projections for the 2009/10 fiscal year remain unchanged from the previous year. These projections are largely based on the decline in the prices of home sales as a result of the economic downturn. The following is an alphabetical listing of the top 10 property taxpayers for the City's General Fund.

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## Top 10 Property Taxpayers (In Alphabetical Order)

BRCP Realty So California Portfolio LLC  
East Broadway Venture LLC  
Glendale Adventist Medical Center  
Glendale Fashion Association LLC  
Joseph A. Perry

N. Verdugo 127 LLC  
PR Glendale Plaza Office California LLC  
Property Reserve Inc.  
Ralph's Grocery Company  
Tishman Speyer Archstone-Smith  
Glendale

*Source: HdL Coren & Cone*

### **Sales Tax**

Sales tax is a very familiar tax for the general public. A portion of the tax is a State tax and a portion is locally imposed. Since July 1, 2004, for every dollar of sales tax collected in the City of Glendale, the General Fund receives \$.75 in the form of sales tax. Proposition 57 of 2004, the California Economic Recovery Bond Act, effective July 1, 2004 shifted \$.25 of every sales tax dollar through a shift of local property tax revenues. This shift is also known as the "Triple Flip". For the fiscal year 2009/10, the City of Glendale has projected a decrease of 13% in sales tax revenues from the previous year. This is largely due to the economic climate throughout the State of California and the County of Los Angeles. Presented here is an alphabetical listing of the top 25 Sales Tax Producers in the City of Glendale.

## Top 25 Sales Tax Producers (In Alphabetical Order)

Allen Gwynn Chevrolet  
Apple Computer  
Bob Smith Toyota  
Calstar Mercedes  
Colonial Honda  
CVS Pharmacy  
Financial Services Vehicle Trust  
Glendale Nissan Infiniti  
Home Depot  
JC Penney  
Kwik/AI Sal Oil  
Lexus of Glendale  
Macys  
Nissan/Infiniti Leasing Group  
Nordstrom  
Pacific BMW  
Ralphs  
Sears  
Star Ford  
Star Lincoln Mercury  
Target  
Toyota Motor Credit  
Toyota of Glendale  
Video Equipment Rental  
Vons

*Source: HdL Coren & Cone*

## City of Glendale Budget Guide

### **Utility User's Tax**

This is a tax that is imposed on the use of utility services. The City of Glendale levies a Utility User's Tax (UUT) on the following utility services:

Telecommunications	6.5%
Video	6.5%
Electricity	7.0%
Gas	7.0%
Water	7.0%

In April 2009, the residents of the City of Glendale voted in favor of updating the existing UUT ordinance and lowering the rate for telecommunications from 7.0% to 6.5%. The telecommunications services category now includes wired and wireless telecommunications, intrastate, interstate, and international services; ancillary services; voice-over internet protocol; paging; and private communication services. In addition, the video services category includes cable and internet television.

The UUT continues to be a major revenue source for the General Fund. With the recently approved ballot measure that updated the ordinance for telecommunication services, the City has mitigated potential impacts of legislative challenges to the previous UUT ordinance. For the 2009/10 fiscal year, revenue estimates for the UUT were held constant with the previous year. It was determined that the lowering of the telecommunications and video services rates, while expanding the services taxes, would provide a revenue neutral scenario. Further, energy and water conservation methods are strongly recommended by the City therefore, reducing the usage of these services.

### **Transfers**

Transfers or contributions from other funds are made to the General Fund for a variety of purposes. The largest of the transfers comes from Glendale Water and Power. The City Charter requires the transfer of 25% of the Electric and Water utility annual operating revenues to the General Fund unless a lower percentage transfer is approved by the City Council. The City has, historically, transferred an amount less than 25% by adopting a resolution setting a lower amount. The budgeted transfer for the 2009/10 fiscal year from utility operations is equal to \$23,267,000 or approximately 8.3% of total operating revenues for electric and water services combined. The budgeted transfers for the 2009/10 fiscal year are as follows:

Electric	\$19,107,000
Capital Improvement	5,420,000
Water	4,160,000
Parking	1,900,000
Internal Service	<u>1,000,000</u>
Total	\$31,587,000

### **Interfund Revenues**

Interfund revenues are indirect charges to other Funds within the City. During the 2008/09 fiscal year, the City of Glendale implemented a formal Cost Allocation Plan whereby the costs of the General Fund support functions are allocated to non-General Fund sections. The allocation of those costs result in revenue back to the General Fund.

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## APPROPRIATIONS

The total City appropriations for the fiscal year 2009/10 is represented in the chart below.

Total Appropriations Summary	Adopted 2009-10
General Fund	\$ 164,828,470
Special Revenue	91,776,607
Debt Service	16,525,176
CIP	31,338,952
Enterprise	446,951,677
Internal Service	<u>56,703,879</u>
All Funds	<u>\$ 808,124,761</u>

## GENERAL FUND

The General Fund provides City services that the general public typically associates with local government. These include parks, libraries, police, fire, building and planning services, and general administrative support functions. The total 2009/10 adopted budget for the General Fund is \$164,828,471. Of this amount, 55% or \$90.6 million is dedicated to providing safety services (police and fire) for the City of Glendale. The fiscal year 2009/10 total General Fund appropriations are illustrated in the following chart.

General Fund Appropriations FY 2009/10 - \$164,828,471

