

# City of Glendale Budget Message

Honorable Mayor and Members of the City Council,

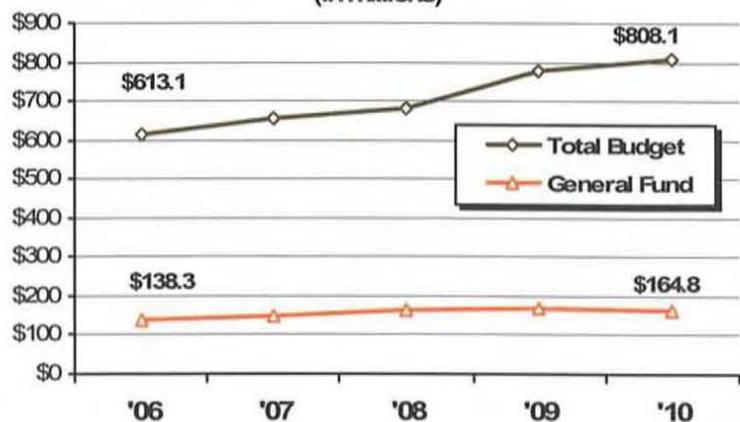
As your City Manager it is my pleasure to present the adopted budget for all operations of the City for fiscal year 2009/10. This has been a particularly challenging year and an especially challenging budget. The direct impact of the declining economy over the last two years on City resources, and the State's efforts to address its fiscal/budget crisis by taking resources from cities, counties and special districts have combined to make this one of the most difficult budget years in the past several decades. Indeed, the State's proposed take of local resources this year make the times over the past 30 years that the State has taken local resources pale by comparison. However, in spite of the difficulty involved in preparing this budget, the managers and 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 - balancing the myriad of needs with limited resources. I am personally proud of the organization and the members of the City Council for your tremendous effort this year.

## Summary

The total adopted budget for Fiscal Year 2009/10 is \$808 million and includes all city funds, departments and programs. The budget represents a total of 1,904 full-time salaried positions. The budget for the General Fund is \$164.8 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 April and June of this year. A public hearing on the budget was held on June 16<sup>th</sup> and the budget was adopted on June 23<sup>rd</sup>. As noted earlier, this budget attempts to balance services and programs to address the myriad needs of our dynamic community within the context of diminished resources. To say that the programs and services levels proposed in this budget, particularly the General Fund are those that the City Council and staff would like to be able to provide would

not be accurate. In these difficult times you 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 operations but with particular attention to public safety, community services, transportation, parks and libraries as well as capital projects and other City services.

**City Budget History**  
(in millions)



# City of Glendale Budget Message

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 book includes the actual expenditures for the fiscal year 2007/08, the original budget for fiscal year 2008/09, the revised budget (includes all budget amendments approved by City Council) for 2008/09, and the adopted budget for the fiscal year 2009/10.

<b>Total Appropriations Summary</b>	<b>Actual 2007-08</b>	<b>Adopted 2008-09</b>	<b>Revised 2008-09</b>	<b>Adopted 2009-10</b>
General Fund	\$ 168,859,312	\$ 168,685,691	\$ 165,160,457	\$ 164,828,471
Special Revenue	99,946,984	100,920,518	124,074,132	91,776,607
Debt Service	13,143,216	13,799,090	14,563,120	16,525,176
CIP	38,788,623	23,286,062	35,275,661	31,338,952
Enterprise	289,530,356	421,134,183	424,161,232	446,951,677
Internal Service	54,241,481	45,977,532	46,415,512	56,703,879
All Funds	<u>\$ 664,509,972</u>	<u>\$ 773,803,076</u>	<u>\$ 809,650,113</u>	<u>\$ 808,124,762</u>

*The 2008/09 Adopted Budget does not include the GWP Revenue Bond Requirement as this is not a budgeted expenditure. The amount for 2008/09 was \$1,485,000 and had previously been reported in the budgeted expenses for GWP.*

### **Effects of Economy**

Glendale has been tremendously impacted by the economic recession. As previously noted that has been felt in both the decrease in resources such as sales taxes, and by the State's efforts to address its loss or resources by taking or borrowing local resources. Although the City's economic base is diversified with strong retail and financial services we have nonetheless been significantly impacted. 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 nearly 10% in Glendale during fiscal year 2008/09. 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. 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 and rising interest rates and commodity costs coupled with the State of California budget challenges will continue to have negative trickle

# City of Glendale Budget Message

down effects to the local economy and the City of Glendale.

On July 24, 2009, the Governor of California signed the state budget. The entire budget package contained 27 bills which lowered the State's General Fund budget from \$100 billion two years ago, to \$84 billion. A large portion of the final budget relied on local funds to balance the State deficit. There were several areas where local governments were successful with lobbying efforts. However, the adopted State budget includes a take-away from Redevelopment Agencies that may be unconstitutional in addition to being economically devastating to many agencies in the State of California. The fiscal year 2009/10 State budget seizes \$1.7 billion in Redevelopment revenue and an additional \$350 million in the following year, which totals \$2.05 billion. For Glendale, this equates to approximately \$11 million take away in fiscal year 2009/10 and another \$2.3 million in fiscal year 2010/11 for a total take of \$13.3 million. A Superior Court ruled it unconstitutional that the State take \$350 million in Redevelopment funds for the State's 2008/09 General Fund Budget. This latest Redevelopment take-away finds the California Redevelopment Agency once again preparing for another lawsuit.

In addition to the significant take-away from redevelopment agencies, the State's budget bills included a borrowing of up to 8 percent 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 impacts Glendale by approximately \$3.5 million for the 2009/10 fiscal year. Additionally, the adopted State budget has deferred payment of gas tax revenues for a six month window from July through December 2009.

## 2009/10 Budget Overview

At the onset of the 2009/10 budget preparation, a shortfall of approximately \$9 million was anticipated in the 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 benefit increases. All General Fund departments were asked to prepare 5% and 7.5% reduction scenarios in order to ensure the adoption of a balanced budget.

On April 28, 2009, City Council held its first budget study session to discuss the 2009/10 budget. An overview of the General Fund was discussed. Five additional study sessions were held where discussions focused primarily on each department of the City, their proposed budget for the upcoming year, and their General Fund reductions.

# City of Glendale Budget Message

The service level impacts of those reductions were also discussed. The study sessions gave Council the opportunity to review each department's budget and the opportunity to ask questions and make modifications. Many of the reductions presented to Council were accepted. As a result, departments have reduced between 5% and 7.5% from one year ago.

Highlights of the additional reductions discussed and accepted by City Council are as follows:

- City Attorney: Salaries and benefits were reduced.
- CD&H: Maintenance and operations were reduced.
- City Clerk: Salaries and benefits were reduced.
- Finance: Salaries and benefits were reduced in anticipation of a departmental reorganization which includes elimination of vacant positions.
- Fire: The transfer to the Fire Paramedic Fund was reduced by \$600,000 in anticipation of the new Basic Life Support model to be implemented during fiscal year 2009/10.
- Human Resources: Maintenance and operations were reduced.
- Information Services: A vacant position was eliminated and the transfer to the Wireless Fund was reduced as the result of a reduction in Maintenance and Operations expenditures in the Wireless Fund.
- Library: Funding for Chevy Chase was restored. Also, reductions in salaries and benefits were incorporated in anticipation of a departmental reorganization which includes elimination of vacant positions. Closing branches on Holiday weekends and reducing computer support afterhours will result in a reduction in hourly wages and utilities.
- Management Services: Salaries and benefits were reduced as the result of position reallocations and reinstatements. Also, maintenance and operations were reduced.
- Parks: Funding for Arts and Culture was reduced, the LINKS program was eliminated, and the City-wide sports program was reduced.
- Planning: Salaries and benefits were reduced as the result of a vacancy. Also, comp time will be earned by employees working extra hours instead of payment of overtime.

# City of Glendale Budget Message

- Police: Reductions for the Police Department were a total of 5% of their 2008/09 operating budget which equated to nearly \$2.6 million. The reductions were in the form of position eliminations. Eight sworn and one non-sworn staff were eliminated. Also, one vacant Sergeant position was downgraded in order to hire a fourth School Resource Officer.
- Public Works: Contractual services for plan check services was reduced and Brand Boulevard maintenance was transferred to a non-General Fund section which was deemed a more appropriate place to be managed.

In addition to the reductions, other balancing strategies discussed and implemented are as follows:

- Glendale Firefighters Association Cost of Living Adjustment Elimination - \$1,200,000
- Implementation of a formal Cost Allocation Plan - \$2,000,000
- Consolidation of Fleet Management - \$1,000,000
- 2008/09 Year End Savings (Reserves) - \$1,000,000

Despite the fiscal challenges present, the City continues to have balanced budgets for all its funds

and operates with fiscally prudent policies.

## General Fund Reserves

In addition to the potential threats from the State, 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, 2008), the General Fund unrestricted reserve was \$52.1 million which represents 32% 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 fiscal year 2009/10 budget, the anticipated General Fund reserve will be approximately 34%.

## Future Outlook

The adopted budget for 2009/10 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**  
**Economic Vitality**  
**Education**  
**Environment & Conservation**  
**Health & Wellness**  
**Housing**  
**Parks & Open Space**  
**Safe Community**  
**Sense of Community**  
**Technology**

# City of Glendale Budget Message

## **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 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 at 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 potential take of redevelopment funds as noted earlier cause us 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. In addition, the unsettled nature of the State's budget and its willingness to take redevelopment resources has frozen the tax increment bond market for a time. The CIP provides for a tax increment bond issue that now is in question. Without the sale of the bonds several important capital projects will be on hold pending the resolution of these issues.

Still unresolved in the State's proposed take of local gas tax resources. Although the initial take of \$1 billion annually for two years (\$5 million for Glendale) was not approved in the budget, it is likely that the issue will be back on the floor for consideration either during one of the emergency sessions or during the regular session following the new year. Loss of these funds will have disastrous impacts on our capital improvement program for streets, and is not anticipated in this budget.

## **Conclusion**

The 2009/10 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.

## City of Glendale Budget Message

My appreciation to all the Department Managers and staff who worked on this year's budget, and especially to Assistant City Manager Bob Mc Fall, Deputy City Manager Yasmin Beers, Director of Finance Bob Elliot, and Budget Administrator Michele Flynn; and again tremendous thanks to the Mayor and City Council Members for your continued leadership throughout this year's budget process.

The 2009/10 fiscal year 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, reading "James E. Starbird". The signature is written in a cursive style with a large, looping initial "J".

JAMES E. STARBIRD  
CITY MANAGER

# City of Glendale

## Budget Message – Attachment A

### CITYWIDE GOALS AND CHARACTERISTICS

#### **Arts & Culture**

The City of Glendale 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 of Glendale 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 of Glendale 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 of Glendale 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 the City's infrastructure,

and responsibly enhancing landscapes and streetscapes consistent with environmentally friendly practices. Finally, the City is focused on recognizing our historic and cultural resources so that residents can continue to take pride in their neighborhoods and community. To ensure success, great emphasis is placed upon a planning process that is transparent, dynamic, fair, predictable, and understandable.

#### **Community Services & Facilities**

Another of Glendale's primary objectives 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, great 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.

# City of Glendale

## Budget Message – Attachment A

### **Diversity**

The City of Glendale 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 of Glendale organization;
- 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 Glendale's diversity;
- Availability of multi-lingual City materials for public use; and
- Compliance with ADA and related accessibility requirements.

### **Economic Vitality**

One of the City's major goals is fostering an environment where there exists a diversity of vibrant business 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 healthy collaboration between businesses and the local government. 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, qualitative 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 City's 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. Great 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.

# City of Glendale

## Budget Message – Attachment A

### **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 Parks, Recreation, and Community Services 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, we remain 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, we are 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.

### **Safe Community**

As one of the top ten safest cities in Los Angeles County, the City of Glendale 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

# City of Glendale

## Budget Message – Attachment A

required capacity within the community for responding 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.

### **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 of Glendale.

### **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 of Glendale 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.

### **Trust in Government**

Earning and maintaining the public’s trust is by far one of the greatest priorities for the City of Glendale. 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 we serve. This includes ensuring that the City’s decision-making process includes and is respectful of public engagement, offering multiple

## City of Glendale Budget Message – Attachment A

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 our City's Government.

### **Utilities**

The Glendale Water and Power Department is committed to maintaining a fiscally strong portfolio while providing local residents and businesses with excellent customer service, competitive prices, and high quality, reliable and environmentally sensitive utility services. In order to continue its success, the Department 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 Department continually plans and maintains its infrastructure in a responsible and cost effective manner.

# City of Glendale Budget Guide

## **BUDGET DOCUMENT ORGANIZATION**

The Budget Document provides comprehensive budgetary information on the City of Glendale. Hard copies and compact discs of the Budget Document may be purchased from the Finance Department and are also available on the City's website. As noted in the Table of Contents the Budget Document consists of the following sections:

### Introductory Section

This section includes the Community Profile which provides some facts and figures about the City of Glendale. Additionally, this section provides the overall Form of Government and Organizational Structure for the City.

### Budget Message

This section includes the City Manager's Budget Message which formally presents the budget to the City Council. The Message also outlines the total budgeted appropriations. The Budget Message provides the principals that were used to determine the budget priorities and outlines the City's strategic goals. Also considered are the challenges facing the City as well as the general economic outlook. Significant changes are highlighted.

### Budget Guide

The organization of the budget document is explained in this section along with the budget and financial policies for the City. There is a brief discussion of the fund structures and their descriptions, the Gaan Appropriations Limit, copies of the adopted budget resolutions, and a section of resources and appropriations.

### Budget Summaries

The Budget Summaries section includes various schedules and reports which provide the financial plan adopted by City Council.

### Department Budgets

The Department Budget Section provides the mission and description of each department within the City's organizational structure. This section also highlights how each department's programs and services relate and promote the City's strategic goals. The operating budget and staffing information are also included in this section for each division within that department. Finally, each department has included a discussion of budgetary and staffing changes from the previous year along with a future outlook for the department.

### Performance Measures

For the first time, the City departments have implemented Performance Measures into the Budget Document. They are provided in this section and are used as a tool by management to measure effectiveness and efficiencies of the City's operations, programs and services.

### Appendices

The appendices includes the *Glossary of Budget Terms* which provides the reader with the meaning of various budgetary and financial vocabulary, including acronyms, found throughout the Budget Document. The Glossary also contains a description of all fund types.

# City of Glendale Budget Guide

## BUDGET POLICIES & PROCEDURES

As the financial plan of action for the City government, the annual budget is an important document, and the process of preparing that plan of action is one of the most significant jobs performed by City personnel during the year.

The budget is more than just the financial plan for raising and spending money to operate the city government. It determines the quality and quantity of governmental services, and the method of distributing costs to the various segments of the community through collection of taxes and fees. It defines the services to be rendered by the departments, the level of these services, proposed program and capital outlays for the fiscal year. This is the “municipal standard of living”.

The City Charter, as adopted by the voters in 1921, requires that the City Manager submit to the Council a proposed budget for the coming year on or before the first of June. The budget is compiled from detailed information furnished by the various departments and includes estimates of revenues and expenditures for the ensuing year. These estimates are required to be as nearly uniform as possible and shall include the following:

- A detailed estimate of the expenses of each department
- Expenditures for corresponding items for the last and for the current fiscal years, including adjustments due to transfers between appropriations plus an estimate of expenditures to complete the current fiscal year.

- Such information as may be required by the City Council, or as the Manager may deem advisable to submit.
- The recommendations of the Manager as to the amounts to be appropriated, with reasons therefore, in such detail as the Council may direct. The council shall have power to revise, correct or modify said proposed budgets in any particular.
- Modifications after the City Council adopts the Budget, whether between account and category of expenditure, will require Council Resolution whenever the amount cumulatively exceeds \$25,000 in any single fiscal year.

The Charter also provides that the City Council hold a public hearing to solicit public input and adopt the budget on or before June 30. Once adopted, the budget may only be amended or supplemented by 3/5 vote of the Council.

However, the budget is not a static guideline for city spending: It is a dynamic document subject to almost constant scrutiny, revision, and adjustment. The budgetary process is then a yearlong continuing process. The budget process does have certain phases, each distinct from one another, but never-the-less needing coordination.

The budget process consists of three key steps; preparation, authorization, and execution.

# City of Glendale Budget Guide

## **Budget Preparation**

Preparation includes determining the objectives and needs of the organization, evaluating courses of action, and determining the means of attaining these objectives. Budget preparation is concerned with the things to be done and the funds to be made available for the ensuing fiscal year. It includes determining goals, proposed major projects, and services to be provided and proposed program changes. Further it requires determining the volume of work required to render these services, the methods, facilities, and organization for performing that work, and the resources required for performing the work and the price levels of resources.

The following calendar highlights the timeframes for preparing the 2009/10 budget:

January	Budget Kick-off Meeting
February	1 <sup>st</sup> and 2 <sup>nd</sup> Budget Document Deadline
March	3 <sup>rd</sup> Budget Document Deadline
April 1	4 <sup>th</sup> Budget Document Deadline
May	Final Budget Document Deadline
April & May	Budget Study Sessions
May 19	Preliminary Budget Issued
June 16	Final Budget Study Session & Public Hearing
June 23	Budget Adoption

The process of developing the budget furnishes department heads and the City Manager with an opportunity to review departmental work programs, to propose changes in services, to recommend revisions in organization structure, to hear and discuss budget requests, and provide feedback regarding City operations.

## **Budget Authorization**

Budget Authorization consists of the legislative approval of the executive's budget. Budget authorization is concerned with legislative hearings, public hearings, and final enactment of the budget, including authorization of funds, possible establishment of tax rates, and the adoption of necessary resolutions to effectuate the budget's plan.

Presentation of the budget to the City Council provides the City Manager an opportunity to explain proposed municipal programs to the Council and to focus attention on problems, services and programs that require legislative action or support for their ultimate solution.

In reviewing the budget, the City council has an opportunity to evaluate the adequacy of proposed operating programs, to establish the level of municipal services to be rendered, to determine basic organization and personnel staffing patterns, and to review the efficiency of work methods. The needs of one service can be compared with needs for others, and the desirability of proposed services and programs can be weighed against the taxes or charges required to finance them.

# City of Glendale Budget Guide

## **Budget Execution**

Budget execution includes not only carrying out the plans and programs but seeing that they are carried out in an effective, efficient, and timely manner. Budget execution includes more than the traditional concept of assuring that the goals, service levels and program changes are accomplished, but fulfillment of the budget with respect to realization of the estimated revenues; accomplishment of the things planned to be done and doing so within budget limits. Budget execution includes:

### Cost Control

The reduction of costs, and increase in efficiency and economy through placing the responsibility for cost containment on the individual manager.

### Cost Accounting

The maintaining of records of labor distribution and expenditures to provide full costs in connection with services and programs. These costs are a continuing recurring factor for decision-making.

### Post Audit

The performance of a verification of the propriety of the manner in which funds are expended.

### Management Review

A comparison of actual performance with projected goals and services level and program changes.

## THE ACCOUNTING SYSTEM, FINANCIAL POLICIES, INVESTMENT PORTFOLIO

### **Accounting System**

The City of Glendale's accounting records are maintained in full accordance with all the requirements of Generally Accepted Accounting Principles (GAAP) as established by the Government Accounting Standards Board (GASB).

### **Financial Policies**

The City Council has adopted the following financial policies as a primary guide for the preparation of the City's annual budget:

- I. We will maintain a balanced operating budget for all governmental funds with ongoing revenues equal to or greater than ongoing expenditures.
- II. We will continue to place into the Capital Improvement Program:
  - A. The Capital Improvement Fund whose resources shall be 14% of the City's Sales Tax and all of the Scholl Canyon Rubbish Fees and Host Fees. (For FY 2009/10, City Council has adopted through the budget process, approximately 4% of sales tax revenues to be allocated to the CIP.)
  - B. The Gas Tax Fund whose resources shall consist of all Gas Tax revenues.
  - C. Any transfers from the Capital Improvement Fund to the General Fund will be determined each year during the Budget process, but the goal will be to eliminate the transfers.

## City of Glendale Budget Guide

- III. We will continue to fund all City governmental capital improvements on a “pay-as-you-go” or cash basis, but recognize that there may be times when an alternate financing strategy may be appropriate. Each strategy (General Obligation Bonds, Certificates of Participation, and Lease-back arrangements, etc.) needs to be considered in light of the specific project and the consequences of each financing strategy.
- IV. We will continue to fund post-employment liabilities like vacation, sick leave value, etc. on a “pay-as-you-go” or cash basis as the expense is incurred rather than when it is paid.
- V. Modifications after the City Council adopts the Budget, whether between account or category of expenditure, will require Council Resolution whenever the amount cumulatively exceeds \$25,000 in any single fiscal year.
- VI. We will maintain a General Fund Reserve (including the Charter required reserve), equal to not less than 30% of the operating budget, with a goal of returning to 35%.
- VII. We will maintain cash not less than the claims payable in each self-insurance internal service fund.
- VIII. The City will not leverage borrowed money for purposes of increased investment return nor to increase our borrowing capacity.
- IX. We will continue to pay competitive market level compensation to our employees.
- X. We will continue to comply with all the requirements of Generally Accepted Accounting Principles (GAAP).
- XI. We will continue to recognize the deterioration of equipment by placing money into “sinking funds/depreciation funds” for all General Fund equipment on an annual ongoing basis. In addition, the City will implement similar funding mechanisms to properly set funding aside on an annual ongoing basis for:
  - A. The replacement of deteriorating City governmental buildings
  - B. Major automation project capital expenditures.
- XII. We will pursue cost recovery for services funded by governmental funds incorporating defined budgets, specific goals, and measurable milestones.
- XIII. We will pursue collection activities that will yield the highest amount of revenue that is due to the City, while minimizing the costs incurred to do so. Sales Tax and Transient Occupancy Tax misallocation/verification are examples of areas that the City will prudently pursue.
- XIV. We will continue to maintain an Investment Committee with the primary purpose of serving in an advisory role. The Investment Committee will function under their own prescribed procedures as defined by their adopted charter.

# City of Glendale Budget Guide

XV. We will continue to maintain an Audit Committee primary purpose of serving in an advisory role. The Audit Committee will function under their own prescribed procedures as defined by their adopted charter.

## INVESTMENT PORTFOLIO

The City follows the "Prudent-Man Rule" of investing. This rule provides that the Treasurer, who is responsible for investing the City's money, must act as a prudent man or woman would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. Specifically the City's portfolio is invested with the following objectives: (1) Safety; protect, preserve, and maintain cash and investments; (2) Liquidity; maintain short-term securities which can be converted to cash if necessary and invest all securities with active secondary or resale markets; (3) Yield; yield should become a consideration only after the basic requirements of safety and liquidity have been met.

## FUND STRUCTURE AND DESCRIPTIONS

The City's budget is broken down into the following Fund types:

### General Fund

The General Fund is the primary fund of the City. The General Fund provides City services that the general public typically associates with local government, parks library, public safety, and general administrative support. The General Fund collects all general revenues not specifically levied or collected for other City funds or expenditures.

### Special Revenue

The Special Revenue Funds consist of those "restricted receipts" which may not be used for general municipal purposes. They are restricted by Local Ordinance, State or Federal Statute, to be used for specific purposes. These groups of funds represent services funded primarily by other levels of government and not "traditionally" provided by local government. Should the funding for most of these programs be eliminated, it is likely that the services would also be eliminated.

### Debt Service Funds

These funds are intended to account for the resources allocated toward debt service. The City of Glendale has two types of general obligation debt: the Glendale Redevelopment Agency's general obligation debt and the Police Facility Certificates of Participation (COPs) that was issued during July 2000. There is also one capital lease for the Municipal Services Building construction and a loan payable for a low / moderate housing project.

### Capital Improvement Program (CIP)

The Capital Improvement Program (CIP) consists of several funds including the General Fund CIP Fund 401 and the Gas Tax CIP Fund 402. These two funds provide the resources for the governmental Capital Improvement Projects. Capital Improvement is generally defined as a major project whose duration does not necessarily correlate to a fiscal year and that provides major new public facilities or improvements to existing public facilities and services.

# City of Glendale Budget Guide

Due to the size of the Capital Improvement Projects, they are presented on a five year plan basis so as to match future revenue with future expenditures. When the 2009/10 City of Glendale budget was adopted by the City Council, only the 2009/10 CIP budget was approved and authorized. The remaining projects and anticipated appropriations are formally considered again by City Council in ensuing years. Their inclusion in this budget is for informational and planning purposes so that Council may also take into consideration the needs in future years.

This Capital Improvement Program in the General Fund includes funding for a variety of city projects from Americans with Disabilities Act (ADA) Facility Modifications to the new Adult Recreation Center and various street improvement projects.

## Enterprise Funds

These activities primary source of revenues are charges for services, and reflect characteristics that are more commonly associated with businesses. Enterprise Funds are considered self-supporting and rely on their income sources to fund their operation. The City's largest Enterprise Funds are the Electric and Water Funds. Others include the Recreation, Hazardous Disposal, Parking, Sewer, Refuse Disposal, and Fire Communications operations. In previous years, the Fire Communications Fund was reported as a Special Revenue Fund but is now under the category of Enterprise Funds.

## Internal Service Funds

The Internal Service Funds are proprietary funds, serving only the City of Glendale. These funds consist of the Fleet / Equipment Management Fund (formerly Equipment Replacement Fund), Joint Helicopter Operation Fund (formerly Helicopter Depreciation Fund), Technology Equipment Replacement Fund, Application Software Replacement Fund, Police CAD/RMS Replacement Fund, Citywide Document Management System Fund, Graphics Operation Fund, Wireless Communications System Fund, Financial System Operation Fund, and all of the City's self-insurance funds. All of these funds derive their resources from expensing the Governmental and Enterprise budgets and are already included within the City budget. They are presented for informational and memorandum control purposes.

## GANN APPROPRIATION LIMIT

On November 6, 1979, California voters passed Proposition 4. Statutes clarifying certain provisions of the Proposition are now codified in Article XIII-B of the California Constitution. This Article is commonly known as the "GANN Initiative". The Initiative established constitutional spending limits for California governmental agencies based on the Consumer Price Index and population growth. Concurrent with Proposition 4, the Revenue and Taxation Code, Section 7910, requires each local governmental unit to establish its appropriations limit by the beginning of each fiscal year.

## City of Glendale Budget Guide

Due to the GANN's constraint on State and local governments to respond effectively to the demands of rapid growth around California, a legislative-business-labor coalition drafted and supported Proposition 111, which was adopted June 5, 1990. The updated provision provides an agency to select the California Per Capita Personal Income or non-residential property assessed valuation growth, whichever is higher. Cities may also choose to use the percentage rate of change in population within the City or county they are located in, whichever is higher. For fiscal year 2009/10 the percentage of change in population for Los Angeles County was used.

The Appropriation Limit for fiscal year 2009/10 is based on the prior year Appropriation Limit. This is multiplied by the sum of the percentage change in population (Los Angeles County) and the percentage change in the cost of living (2.10%), based on the change in the California per capita personal income growth, as provided by the State of California Department of Finance. For the change in population, 0.90 percent which represents the change in population for Los Angeles County, for the period of January 2008 to January 2009, was used. Based on this calculation, the 2009/10 Appropriation Limit is \$202,087,684. The City's total appropriation subject to the GANN Initiative spending limits is the \$153,037,556. The calculation on the following page reflects the gap of \$49,050,128. The City remains well below its Appropriations Limit for fiscal year 2009/10.

# City of Glendale Budget Guide

## GANN APPROPRIATION LIMIT FISCAL YEAR 2009-10

2008-09 Limit		\$ 196,163,545
1-1-2008 Population	205,980	
1-1-2009 Population	207,303	
City Population Growth	0.64 %	
County Population Growth	0.90 % → 0.90 %	
Per Capita Growth	2.10 %	
Annual Growth	3.02 %	
Annual Adjustment		\$ 5,924,139
<b>2009 - 2010 LIMIT</b>		<b>\$ 202,087,684</b>

**2009-10 Budget**

General Fund	164,828,471	
Capital Improvement Fund	24,342,000	
Scholl Canyon Life Extension Fund	-	
Sub - Total		\$ 189,170,471

**Less Non Proceeds:**

General Fund	(26,707,915)	
Capital Improvement Fund	(9,425,000)	
Scholl Canyon Life Extension Fund	-	
Sub - Total		(\$ 36,132,915)

**Total Appropriation Subject to Limit** **\$ 153,037,556**

**Under / (Over) Appropriations Limit** **\$ 49,050,128**

Adopted  
6-16-09  
Najarian/  
Weaver  
All Ayes

RESOLUTION NO. 09-76

A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE  
ADOPTING APPROPRIATIONS LIMIT FOR THE CITY OF GLENDALE

WHEREAS, California State law requires the adopting of an annual appropriations limit for the City of Glendale, and

WHEREAS, the Finance Section has calculated the appropriations limit for fiscal year 2009-10 and in doing so has elected to use the change in Per Capita income and change in the County's Population and

WHEREAS, the Finance Section will retain these working papers on file for a period of fifteen (15) days as required under the law, Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLENDALE THAT THE COUNCIL does hereby adopt the appropriations limit for the fiscal year 2009-10 of \$202,087,684.

Adopted this 16th day of June, 2009.

  
Mayor

ATTEST:

  
City Clerk

APPROVED AS TO FORM  
  
CITY ATTORNEY  
DATE 6-11-09

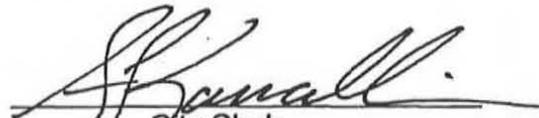
STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) SS  
CITY OF GLENDALE )

I, Ardashes Kassakhian, City Clerk of the City of Glendale, certify that the foregoing Resolution No. 09-76 was adopted by the Council of the City of Glendale, California, at a regular meeting held on the 16th day of June, 2009, and that the same was adopted by the following vote:

Ayes: Drayman, Friedman, Najarian, Weaver, Quintero

Noes: None

Absent: None

  
City Clerk

8 0 1

Adopted  
6-23-09  
Weaver/Najarian  
All Ayes

RESOLUTION NO. 09-86

A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, CALIFORNIA ADOPTING  
A GENERAL BUDGET, ENTERPRISE BUDGETS, AND OTHER MISCELLANEOUS BUDGETS  
FOR THE FISCAL YEAR 2009-10

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLENDALE:

SECTION 1: The proposed City Budget is hereby approved and adopted as the Budget of the City, for fiscal year 2009-10.

SECTION 2: The amount of \$164, 828,471 shall constitute the General Fund appropriation for fiscal year beginning July 1, 2009.

SECTION 3: The amount of \$91,776,607 shall constitute the Special Revenue Funds appropriation for the fiscal year beginning July 1, 2009.

SECTION 4: The amount of \$16,525,176 shall constitute the Debt Service Funds appropriation for the fiscal year beginning July 1, 2009.

SECTION 5: The amount of \$31,338,952 shall constitute the Capital Improvement Funds appropriation for the fiscal year beginning July 1, 2009.

SECTION 6: The amount of \$446,951,677 shall constitute the Enterprise Funds appropriation for the fiscal year beginning July 1, 2009.

SECTION 7: The amount of \$56,703,879 shall constitute the Internal Service Funds appropriation for the fiscal year beginning July 1, 2009.

SECTION 8: The number of authorized classified salaried positions is 1,913.

SECTION 9: The Director of Finance is authorized to make such other revisions, individual appropriation line-items, changes in summaries, fund totals, grand totals, and other portions of the budget document as necessary to reflect and implement the changes specified in this resolution, and in full accordance to the direction provided by the Council up until the adoption of this resolution.

SECTION 10: The City Clerk shall certify to the adoption of this Resolution.

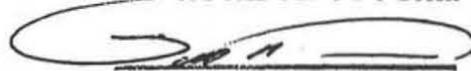
Adopted this 23rd day of June, 2009.

  
Mayor

ATTEST:

  
City Clerk

APPROVED AS TO FORM

  
CITY ATTORNEY

DATE 6-18-09

**8 B 1**

RESOLUTION NO. 09-86

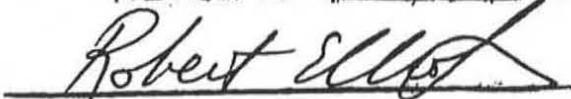
Continued

STATE OF CALIFORNIA)  
COUNTY OF LOS ANGELES) SS  
CITY OF GLENDALE)

I, Ardashes Kassakhian, City Clerk of the City of Glendale, do hereby certify that the foregoing Resolution No. 09-86 was adopted by the Council of the City of Glendale, California, at a regular meeting held on the 23rd day of June, 2009, and that the same was adopted by the following vote:

Ayes: Drayman, Friedman, Najarian, Weaver, Quintero  
Noes: None  
Absent: None

  
City Clerk

CITY OF GLENDALE  
DATE 6/18/09  
APPROVED AS TO FINANCIAL  
PROVISION FOR #808,124,762  
  
Director of Finance

Adopted  
6-23-09  
Weaver/Najarian  
All Ayes

RESOLUTION NO. 09-85

**A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE REDUCING THE PERCENTAGE OF THE OPERATING REVENUE OF THE GLENDALE WATER AND POWER DEPARTMENT TO BE TRANSFERRED FROM THE GLENDALE WATER AND POWER SURPLUS FUND TO THE GENERAL FUND FOR FISCAL YEAR 2008-09**

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLENDALE:**

**WHEREAS**, Section 22, Article XI of the City Charter provides that at the end of each fiscal year an amount equal to twenty-five percent (25%) of the operating revenue of the Glendale Water and Power Department for each year, hereinafter referred to as "revenue", excluding receipts from water or power supplied to other cities or utilities at the wholesale rates, shall be transferred from the Glendale Water and Power Surplus Fund to the General Fund; provided that the Council may annually, at or before the time for adopting the General Budget for the ensuing fiscal year, reduce said amount or wholly waive such transfer, if, in its opinion, such reduction or waiver is necessary to insure the sound financial position of said Glendale Water and Power Department, and it shall so declare by resolution; and

**WHEREAS**, prior to the time for adopting the General Budget for the fiscal year 2008-09, the Council considered the matter of reducing the amount and decided it should be reduced to the absolute sum of \$4,160,000 of said revenue for the Water Works Enterprise and decided that it should be reduced to \$19,107,000 of said revenue for the Electric Works Enterprise and that such reduction was necessary to insure the sound financial position of the Glendale Water and Power Department.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLENDALE** that the amount to be transferred from Glendale Water and Power Surplus Fund for the fiscal year 2008-09 shall be reduced to the absolute sum of \$4,160,000 of said Water Works and the absolute sum of \$19,107,000 of said Electric Works, and that such reduction is necessary to ensure the sound financial position of the Glendale Water and Power Department.

Adopted this 23rd day of June, 2009.

  
Mayor

ATTEST:

  
City Clerk

**APPROVED AS TO FORM**  
  
CITY ATTORNEY  
DATE 9-18-09  
**8 A 1**

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES) SS  
CITY OF GLENDALE )

I, Ardashes Kassakhian, City Clerk of the City of Glendale, certify that the foregoing Resolution No. 09-85 was adopted by the Council of the City of Glendale, California, at a regular meeting held on the 23rd day of June, 2009, and that the same was adopted by the following vote:

Ayes: Drayman, Friedman, Najarian, Weaver, Quintero

Noes: None

Absent: None

  
City Clerk