

City of Glendale
Second Quarter Financial Update
February 10, 2015



Agenda

- FY 2014-15 General Fund Second Quarter Results
- FY 2014-15 General Fund Projected Fund Balance
- Organizational Profile
- Fee Discussion
- Questions & Comments

FY 2014-15 Second Quarter Update
February 10, 2015

General Fund Resources - December 31, 2014 (In Thousands)

	Adopted Budget	Adjustments	Revised Resources	Actual Receipts	% Received
Property Taxes	\$ 46,865	\$ 750	\$ 47,615	\$ 11,468	24.1%
Sales Tax	34,700	725	35,425	8,474	23.9%
Utility Users Tax	27,746	-	27,746	12,630	45.5%
Occupancy & Other Taxes	9,340	260	9,600	2,809	29.3%
Licenses And Permits	6,925	1,350	8,275	4,645	56.1%
Revenue From Other Agencies	100	220	320	326	101.9%
Charges For Services	1,872	635	2,507	1,554	62.0%
Cost Allocation	16,523	-	16,523	8,403	50.9%
Fines & Forfeitures	950	-	950	333	35.1%
Interest/Use Of Money	3,215	-	3,215	1,599	49.7%
Intergovernmental	1,200	(1,200)	-	-	N/A
Misc & Non-Operating	1,164	25	1,189	903	75.9%
Transfers	23,407	-	23,407	1,525	6.5%
GSA Reimbursement	-	1,502	1,502	1,509	100.5%
Subtotal:	\$ 174,007	\$ 4,267	\$ 178,274	\$ 56,178	31.5%
Use of Fund Balance	7,495	(4,144)	3,351	-	0.0%
Total Resources:	\$ 181,502	\$ 123	\$ 181,625	\$ 56,178	30.9%

General Fund Expenditures - December 31, 2014 (In Thousands)

Slide 5

	Adopted Budget	Adjustments*	Revised Budget	Actual Expended	% Expended
Administrative Services	\$ 4,875	\$ 23	\$ 4,898	\$ 2,182	44.5%
City Attorney	3,291	21	3,312	1,641	49.5%
City Clerk	1,143	4	1,147	560	48.8%
City Treasurer	654	4	658	317	48.2%
Community Development	10,084	533	10,617	4,991	47.0%
Comm. Services & Parks	9,691	83	9,774	5,081	52.0%
Fire	42,761	219	42,980	21,457	49.9%
Human Resources	2,481	44	2,525	1,099	43.5%
Library, Arts & Culture	8,243	38	8,281	3,869	46.7%
Management Services	4,582	111	4,693	2,228	47.5%
Police	67,178	348	67,526	34,469	51.0%
Public Works	17,704	486	18,190	8,830	48.5%
Transfers	5,917	-	5,917	2,958	50.0%
Retirement Incentive	898	-	898	449	50.0%
Non-Departmental	2,000	534	2,534	1,509	59.6%
Total Expenditures:	\$ 181,502	\$ 2,448	\$ 183,950	\$ 91,640	49.8%
Projected Departmental Savings	-	(2,750)	(2,750)	-	N/A
<i>Items Pending Council Approval</i>	-	425	425	-	N/A
Adjusted Total Expenditures:	\$ 181,502	\$ 123	\$ 181,625	\$ 91,640	50.5%



* Includes Carryovers & Adjustments

FY 2014-15 General Fund Projected Fund Balance (In Thousands)

	Amount	% of Budget*
Unassigned & Charter Reserve, 6/30/2014	\$ 66,074	37.9%
FY 2014-15 Approved Items:		
Adopted Use of Fund Balance:		
Central Library Renovation Project	(5,000)	
ISD Data Center	(2,000)	
One-Time Use of Fund Balance	(495)	
Sub-Total:	(7,495)	
Post Adoption Adjustments/Savings:		
Budget Adjustments & Carryovers	(2,448)	
Revenue Adjustments	4,267	
Projected Departmental Savings	2,750	
Sub-Total:	4,569	
FY 2014-15 Items Pending Council Approval:		
Public Works	(129)	
Community Services & Parks	(256)	
Police	(40)	
Sub-Total:	(425)	
Projected Use of Fund Balance, 6/30/2015	\$ (3,351)	
Projected Ending Unassigned & Charter Reserve, 6/30/2015	\$ 62,723	35.9%

* Based on FY 2014-15 adopted recurring appropriation of \$174.5 million. Current policy is floor of 30% with a target of 35%



FY 2014-15 Second Quarter

Proposed Budget Adjustments Summary

- Budget adjustments in the sum of \$782,397 of which \$626,611 represents a net increase to the adopted FY 2014-15 Budget, for City Council consideration:
 - 1) General Fund- \$424,482
 - 2) Enterprise Fund-\$15,011
 - 3) Special Revenue Funds-(\$62,882)
 - 4) Internal Service Fund-\$250,000

FY 2014-15 Second Quarter Proposed Budget Adjustments

- 1) CSP- \$150,000 for Utilities
- 2) CSP-\$16,000 for After School Sports and Recreation Program
- 3) CSP –\$15,011 for shifting of 10% of a Senior Community Development Supervisor from the CDBG Fund into the General Fund, and shifting 10% of a Community Services Supervisor and Hourly Wages from the General Fund into the Recreation Enterprise Fund
- 4) CSP-\$40,000 for unarmed security patrol services to patrol the parks in the evening and night
- 5) CSP-\$50,000 for partial funding of the 2016 Rose Float

FY 2014-15 Second Quarter Proposed Budget Adjustments Continued

- 6) Police-\$40,000 for new bicycle patrols
- 7) Public Works-\$62,882 for shifting 25% of Public Works Director into General Fund from Transit Funds
- 8) Public Works-\$30,000 for adding crossing guards to three new locations within the city
- 9) Public Works-\$36,000 for installing High Visibility Crosswalks at six intersections within the city
- 10) ISD Infrastructure Fund-\$250,000 for PC Replacement

Cash Balances – All Funds

December 31, 2014 (In Thousands)

Major Funds:

General Fund		\$	47,168
Housing Assistance Fund			1,737
Capital Improvement Fund			3,406
Sewer Fund			67,084
Electric Fund			144,684
Cash from Operations	79,817		
Cash from Bond Proceeds	54,688		
Transfer Reserve	10,179		
Water Fund			4,891
Cash from Operations	(14,502)		
Cash from Bond Proceeds	19,393		
Major Funds Total:		\$	268,970

Other Funds:

Capital Projects Funds		\$	37,670
Debt Service Funds			23,992
Special Revenue Funds			21,088
Nonmajor Enterprise Funds			42,376
Internal Service Funds			95,335
Other Funds Total:		\$	220,461

Grand Total: \$ 489,431

FY 2014-15 Second Quarter Update
Organizational Profile

FY 2014-15 Second Quarter Update

Organizational Profile

	Adopted FY 2013-14	Adopted FY 2014-15
<ul style="list-style-type: none"> ■ Total Population (Per Department of Finance) 	193,652	195,799
<ul style="list-style-type: none"> ■ Total City Employees (FT) Budgeted <ul style="list-style-type: none"> • Total General Fund FT 	1,588	1,584*
<ul style="list-style-type: none"> <ul style="list-style-type: none"> • Total General Fund FT 	905	890
<ul style="list-style-type: none"> ■ Total Adopted Budget <ul style="list-style-type: none"> • Total General Fund Adopted Budget 	\$737,941,725	\$832,715,929
<ul style="list-style-type: none"> <ul style="list-style-type: none"> • Total General Fund Adopted Budget 	\$170,731,906	\$181,501,527
<ul style="list-style-type: none"> ■ Residents served per FT <ul style="list-style-type: none"> • Residents served per FT (General Fund) 	122	124
<ul style="list-style-type: none"> <ul style="list-style-type: none"> • Residents served per FT (General Fund) 	214	220
<ul style="list-style-type: none"> ■ Total Budget per capita <ul style="list-style-type: none"> • General Fund Budget per capita 	\$3,811	\$4,253
<ul style="list-style-type: none"> <ul style="list-style-type: none"> • General Fund Budget per capita 	\$882	\$927

*Shown as adopted, revised total count will be 1,512 post-Separation/Retirement Incentive as of second quarter

FY 2014-15 Second Quarter Update

Organizational Profile

	Adopted FY 2013-14		Adopted FY 2014-15	
Public Safety	\$ 130,131,085	18.3%	\$ 130,531,413	16.3%
Public Works, Utilities & Transit	406,345,956	57.3%	490,165,914	61.2%
Community Development	42,392,779	6.0%	43,193,442	5.4%
Quality of Life	38,039,162	5.4%	40,231,190	5.0%
Administration & Internal Service	92,701,619	13.0%	97,269,970	12.1%
Total Operational Expenditures*	\$ 709,610,601	100.0%	\$ 801,391,929	100.0%

*Excludes transfers

FY 2014-15 Second Quarter Update

Organizational Profile

Total Personnel Appropriation - All Funds Four-Year Comparison (in millions)

	Adopted FY 2011-12	Adopted FY 2012-13*	Adopted FY 2013-14	Adopted FY 2014-15	Revised FY 2014-15**	% Change from 13-14
Total City Salaries & Benefits	\$240.3	\$218.7	\$216.8	\$222.3	\$213.9	(1.3%)
Total City Operating Costs (not including transfers & capital improvement)	\$678.0	\$630.9	\$651.4	\$668.1	\$659.5	1.2%
Personnel v. Operating Costs All Funds	35.4%	34.7%	33.3%	33.3%	32.4%***	(2.7%)
Employee Count	1,873	1,605	1,588	1,584	1,512	(4.8%)

*Includes General Fund & GWP Balancing Strategies

**Includes Separation/Retirement Incentive

***Meets target of 35%

FY 2014-15 Second Quarter Update

Organizational Profile

Total Personnel Appropriation - **General Fund** Four-Year Comparison (in millions)

	Adopted FY 2011-12	Adopted FY 2012-13*	Adopted FY 2013-14	Adopted FY 2014-15	Revised FY 2014-15**	% Change from 13-14
Salaries & Benefits	\$ 142.2	\$ 131.4	\$134.2	\$136.9	\$133.7	(0.4%)
Maintenance & Operation / ISF Charges	32.7	33.4	35.8	38.6	38.5	7.5%
Capital Outlay	0.1	0.2	0.3	0.1	0.1	(66.7%)
Cost Savings Target	(7.7)	(0.6)	-	-	-	-
Annual Appropriations Fund (not including transfers)	\$ 167.2	\$ 164.4	\$170.3	\$175.6	\$172.3	1.2%
Personnel v. M&O General Fund	85.0%	79.9%	78.8%	78.0%	77.6%***	(1.5%)
Employee Count	998	896	905	890	862	(4.8%)

*Includes General Fund Balancing Strategies

**Includes Separation/Retirement Incentive

***Does not meet target of 75%

FY 2014-15 Second Quarter Update

Organizational Profile

Total Personnel Appropriation - **All Funds** Management v. Non-Management (in millions)

	Actual FY 2011-12	Actual FY 2012-13	Adopted FY 2013-14	Adopted FY 2014-15	Revised FY 2014-15*
Total Salaries** (w/o benefit roll-up)	\$143.2	\$129.8	\$129.3	\$128.8	\$123.0
Management Salaries	\$28.3	\$25.4	\$24.6	\$25.1	\$23.7
Non-Management Salaries	\$114.9	\$104.4	\$104.7	\$103.7	\$99.4
Management Salary Ratio	19.8%	19.6%	19.0%	19.5%	19.3%***

*Includes Separation/Retirement Incentive

**Does not include vacancies

***Meets target of 25%

Fee Discussion

Fee Discussion

Introduction

- News Rack Fee
- Kennel Application & Permit Fee
- Options for Council Consideration

FY 2014-15 Citywide Fee Schedule

Summary of Fee Changes

- Staff Recommendations via Fee Study (Number of Fees)
 - New Fees & Restructured Fees - 93
 - Increase to Existing Fees - 297
 - Decrease to Existing Fees - 51

- Other Fee Recommendations (Number of Fees)
 - New Fees - 19
 - Increase to Existing Fees - 69
 - CPI Increases - 185

- No Changes - 1,387

- Total Number of Fees for City Services - 2,101

Citywide User Fees, Fines, Rates & Charges

Time Estimate Calculation: News Rack Fees (1 of 2)

	N.S. Field Rep.	Principal N.S. Supr	N.S. Cust Serv Rep	Hrly City Worker	Admin. Officer	
Application Processing Input	-	-	.08	-	-	
Inspection / Travel / Re-Check	1.25	-	-	.08	-	
Documentation / Reports	.25	-	-	-	-	
Notification / Filing / Closeout	.08	-	.08	.08	-	
Investigation / Patrol / Response	-	-	-	-	-	
Administration	-	.08	-	.95	.05	
Other	.50	-	-	-	-	
Total Hours	2.080	.080	.166	1.116	.050	
X Fully Burdened Hourly Rate	\$78.18	\$140.69	\$68.92	\$30.82	\$93.47	
Total Cost	\$162.61	\$11.26	\$11.44	\$34.39	\$4.67	\$224.38
Other Support Costs						\$17.37
Total						\$241.75

Citywide User Fees, Fines, Rates & Charges

Fee Calculation: News Rack Fees (2 of 2)

	Old Fee	Adopted Fee (Full Cost)
News Rack Fee	\$52	\$241
Total Fee	\$52	\$241
x Annual Volume	550	550
Annual Revenue	\$28,600	\$132,550
Revenue Increase		\$103,950

Other City Comparisons

News Rack Fees

City	Permit Fee	Does Business License Tax Apply?
Glendale	\$241 Annual Registration Fee	N/A
Beverly Hills	\$478 One Time \$30 Annual Inspection \$59 Annual Permit Renewal	No
Burbank	\$50 Registration Fee \$20 Annual Renewal	No
Santa Monica	\$356.05 One Time Planning Review \$108.57 Annual Renewal 1 st Rack \$84.79 Annual Renewal Each Addtl.	Yes
Culver City	\$50 Annual Fee Per Location \$18 Per Rack for Free Publications \$1 per \$1,000 for revenue generated	Yes
Pasadena	\$45.53 Initial Application Fee \$11.42 Annual Per Rack plus Non-Refundable Admin. Processing Fee	Yes

FY 2014-15 Adopted Fees

News Rack Fee Options for Council Consideration

Fee Title	FY 2013-14 Fees	FY 2014-15 Fees	Cost Recovery Rate
News Rack Annual Registration Fee	\$52.00	\$241.00	100%
News Rack Annual Registration Fee	\$52.00	\$180.75	75%
News Rack Annual Registration Fee	\$52.00	\$120.50	50%
News Rack Annual Registration Fee	\$52.00	\$60.25	25%
News Rack Annual Registration Fee	\$52.00	\$0.00	0%

Citywide User Fees, Fines, Rates & Charges

Time Estimate Calculation: Kennel Application & Permit Fee (1 of 2)

	Principal N.S. Supr	License Investigator	Sr. Ofc. Splt.	Hrly City Worker	Dty. Dir. of Plan/NS	
Application Processing Input	-	-	.16	.12	-	
Research / Investigation	-	-	.05	.08	-	
Applicant Contact	-	-	.02	.08	-	
Inspection / Travel / Re-Check	-	.16	-	-	-	
Documentation / Reports	-	.08	.04	.08	-	
Notification / Filing / Closeout	-	.02	.05	.20	-	
Investigation / Patrol / Response	-	.96	-	-	-	
Administration	.33	-	-	-	.03	
Total Hours	.334	1.223	.390	.569	.034	
X Fully Burdened Hourly Rate	\$140.69	\$98.63	\$77.98	\$30.82	\$203.51	
Total Cost	\$46.99	\$120.66	\$30.41	\$17.54	\$6.92	\$222.51
Other Support Costs						\$7.13
Total						\$229.64

Citywide User Fees, Fines, Rates & Charges

Fee Calculation: Kennel Application & Permit Fee (2 of 2)

	Old Fee	Adopted Fee (Full Cost)
Application Fee	\$102	\$97
Permit Fee	\$51	\$132
Total Fee	\$153	\$229
x Annual Volume	255	255
Annual Revenue	\$39,015	\$58,395
Revenue Increase		\$19,380

Options for Council Consideration

- Keep FY 2014-15 Fees as is
- News Rack Fee
 - Provide direction regarding News Rack Fees and other fees as needed
- Kennel Fee
 - Staff is recommending to separate application and permit fee for Kennel
 - As part of review, staff also recommends to separate application and license fee for arcade devices
- Other alternatives as desired by City Council

*Questions
&
Comments*

Citywide User Fees, Fines, Rates & Charges

Fee Setting Guidance

- Proposition 218 Section 6(b)(2)
 - “Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed”
 - Must Pair Revenues to Costs - What are the Costs?
- CA Government Code §66014(a)
 - “Those fees may not exceed the estimated reasonable cost of providing the service for which the fee is charged”
- Proposition 26
 - Passed in 2010, provided new definition of the term “Tax”, which means, all Fees are Taxes with seven exceptions.
- Purpose of the study is to be in compliance with above mentioned propositions

Citywide User Fees, Fines, Rates & Charges

Fee Study Overview

- User Fees:
 - A fee or rate charged to an individual or group that receives a *Private Benefit* from services provided by the City

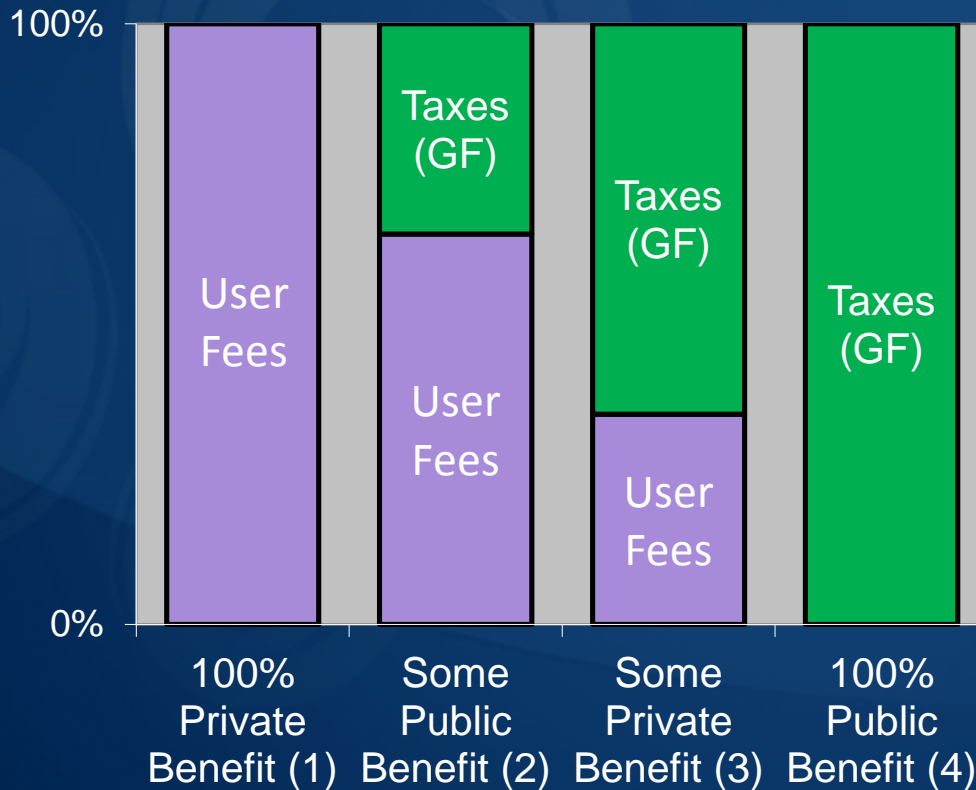
- Not a Tax:
 - The service is usually a discretionary activity requested by the payer
 - If a User Fee does not cover the City's full cost for the services, taxes (General Fund) pay for the remainder

Citywide User Fees, Fines, Rates & Charges

Fee Study Overview

Fee vs. Tax

Source of Service Funding



Examples:

- (1) Building Permits; Some Rec. Programs
- (2) Youth Programs
- (3) Historic Preservation
- (4) Police Patrol

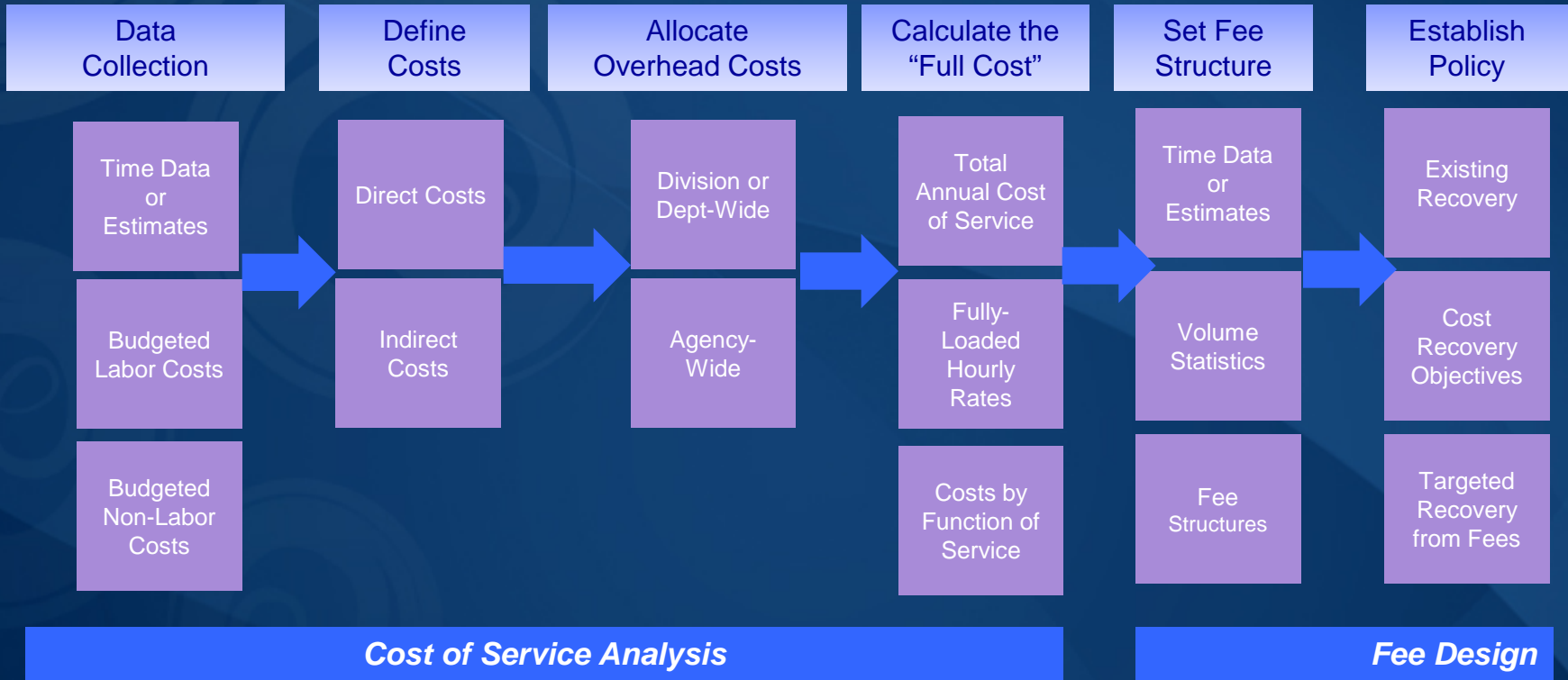
Citywide User Fees, Fines, Rates & Charges

Fee Study Overview

- Cost Study Objectives:
 - Establish Objective & Transparent Fee Information
 - Understand the Full Cost of Services
 - Develop a Rational Basis for Setting Fees
 - Understand Subsidies and Revenue Impacts
 - Understand User Fee Principles & Context
 - Fairness & Equity
 - Ensure Compliance with State Law
 - Simplify & Improve Fee Schedules

Fee Study Overview

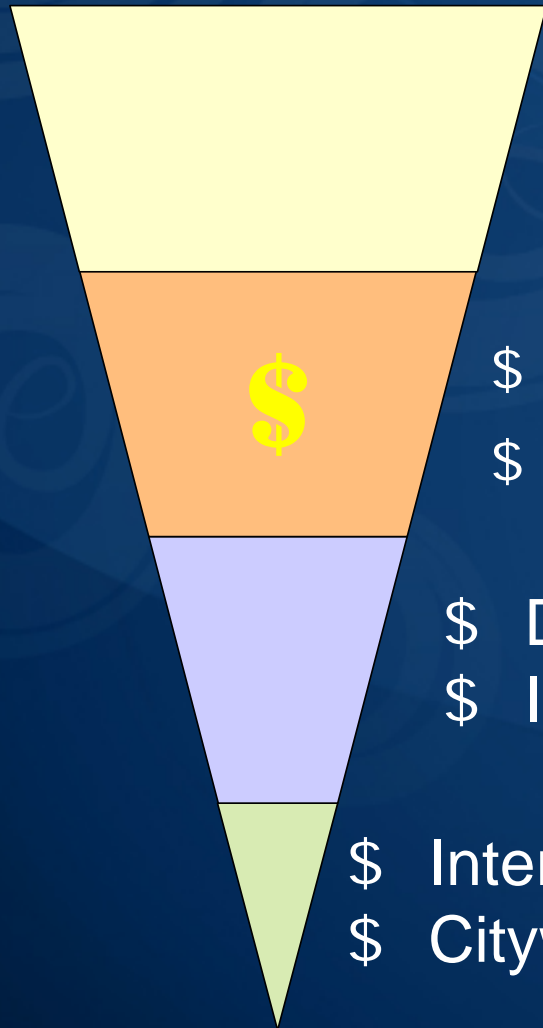
Road Map of a Fee Study



Citywide User Fees, Fines, Rates & Charges

Cost Study Approach & Methodology

“Full Cost” Includes:



\$ Direct Salaries & Benefits
\$ Services & Supplies

\$ Supervision & Support
\$ Capital, Growth, & Other Costs

\$ Department Administration
\$ Indirect Activities

\$ Inter-Department Support
\$ Citywide Administration

Citywide User Fees, Fines, Rates & Charges

Cost Study Approach & Methodology

Cost of Service Analysis

Full Cost of Service Recoverable in Fees

Fully-Burdened
Hourly Rates for All
Personnel Directly
Involved in Service

X

Estimated Time to
Provide Individual
Service

+

Other Materials or
Supplies

Outcome

Maximum Fee Amount

Citywide User Fees, Fines, Rates & Charges

Fee Setting Considerations

- Fairness and Equity
- Council Policy
 - Cost Recovery and Subsidization
 - Social Impacts / Affordability
 - Revenue Impacts
 - Activity Incentives / Disincentives
- Impact on Market Factors
 - Supply and Demand (elasticity)
 - Pricing
- Legal Compliance
- Other Factors
 - Constituencies Affected
 - Subsidies for selected services may be appropriate for public benefit

Citywide User Fees, Fines, Rates & Charges

Example: Fully Burdened Hourly Rate

Principal N.S. Supervisor

Direct Salaries		\$104,598
Direct Benefits		\$51,702
Direct Salary & Benefits		<hr/> \$156,300
÷ “Billable” Hours		<hr/> 1,500
Direct Salaries & Benefits Hourly Rate		\$104.20
Overhead Costs:		
Services & Supplies	\$3.72	
Citywide Administration	\$12.02	
Supervision & Support	\$20.48	
Indirect Activities	\$0.27	\$36.49
Fully Burdened Hourly Rate		<hr/> \$140.69