



GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers – Workshop Room
5850 West Glendale Avenue
March 27, 2007
1:30 p.m.

WORKSHOP SESSION

1. [FY 2007-08 BUDGET: 1ST WORKSHOP](#)

CITY MANAGER'S REPORT

This report allows the City Manager to update the City Council about issues raised by the public during Business from the Floor at previous Council meetings or to provide Council with a response to inquiries raised at previous meetings by Council members. The City Council may only acknowledge the contents to this report and is prohibited by state law from discussing or acting on any of the items presented by the City Manager since they are not itemized on the Council Workshop Agenda.

COUNCIL COMMENTS AND SUGGESTIONS

EXECUTIVE SESSION

1. **LEGAL MATTERS**

- A. The City Council will meet with the City Attorney for legal advice, discussion and consultation regarding the city's position in pending and contemplated litigation, including settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. §§38-431.03 (A)(3)(4)).

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- (i) **discussion or consideration of personnel matters (A.R.S. §38-431.03 (A)(1));**
 - (ii) **discussion or consideration of records exempt by law from public inspection (A.R.S. §38-431.03 (A)(2));**
 - (iii) **discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03 (A)(3));**

- (iv) discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S. §38-431.03 (A)(4));
- (v) discussion or consultation with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03 (A)(5)); or
- (vi) discussing or consulting with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03 (A)(7)).

Confidentiality Requirements Pursuant to A.R.S. §38-431.03 (C)(D): Any person receiving executive session information pursuant to A.R.S. §38-431.02 shall not disclose that information except to the Attorney General or County Attorney by agreement of the City Council, or as otherwise ordered by a court of competent jurisdiction.



CITY OF GLENDALE

Council Communication

Workshop Agenda

03/27/2007

Item No. 1

TO: Honorable Mayor and City Council

FROM: Ed Beasley, City Manager

PRESENTED BY: Art Lynch, Deputy City Manager for Administrative Services
Sherry M. Schurhammer, Management & Budget Director

SUBJECT: **FY 2007-08 BUDGET: 1ST WORKSHOP**

Purpose

- This is a request for City Council to review the two budget scenarios explained in the City Manager's memo included in your workbook containing the City Manager's recommended budget for FY 2007-08.
- This is also a request to review the recommended FY 2007-08 supplemental requests for the following departments, work groups, and areas:
 - Police Department
 - Fire Department

Council Strategic Goals or Key Objectives Addressed

- This item incorporates the Council's strategic goals and key objectives while ensuring the city's financial stability by presenting realistic analyses about the provision of city services and future revenue expectations.
- Both budget scenarios address Council's strategic goals and key objectives with public safety for our residents and visitors as the highest priority. Other Council priorities that provide benefit to the community also have been addressed in both scenarios.

Background

- Two budget scenarios are being presented for review and evaluation. Both budget scenarios are financially balanced as required by Arizona state law and are fiscally responsible. Both include a cushion above the required contingency amount to provide

Council with flexibility to address unexpected issues that might arise during the course of FY 2007-08.

- For both budget scenarios, the starting point for the FY 2007-08 base budget is the current fiscal year's base budget. One-time appropriations and credits for the staggered hiring of new staff are removed. By removing these credits, the full cost of the positions added as part of the FY 2006-07 budget is reflected in the FY 2007-08 base budget. The FY 2007-08 base budgets (and carryover requests) for the departments are contained in the Appendix section of the council budget workbook.
- The starting point for the FY 2007-08 transfer budget is the current fiscal year's transfer budget. One-time appropriations are removed as with the base budget. Some items in the transfer budget include known changes that must be accommodated. One such item is related to debt service for municipal property corporation (MPC) bonds that is covered by the General Fund (GF) operating budget. Based on the payment arrangements agreed upon when the MPC bonds were sold, there may be increases or decreases to the annual debt service payments for various projects. These changes are built into the transfer budget for the upcoming fiscal year.
- The total amount of additional GF ongoing capacity available for FY 2007-08 supplemental requests, after accounting for changes in the base and transfer budgets, is approximately \$12.5 million for both scenarios.
- There are several priority supplemental requests that are important to fund on an ongoing basis. For example, new capital amenities that attain Council's strategic goals will be opening later this spring/summer or sometime in the next fiscal year and therefore the operating and maintenance costs of those new amenities must be covered.
- The GF ongoing priority supplemental requests to be covered first by the \$12.5 million in additional GF ongoing capacity are summarized below. These ongoing supplemental requests are funded under both budget scenarios and are found in the "Priority Items" tab of the budget workbook (pages 2-23).

PS Training Facility Operations*	\$1,213,892
Media Center/Convention Center/Parking Garage Operations (page 3)	\$1,326,840
Downtown Beautification/Promotion (page 21)	\$328,739
Downtown Parking Garage (page 5)	\$156,400
Stadium Activities (after revenue offsets) (pages 185-205)	\$1,952,673
Fuel Increases (page 19)	\$370,000
Total Compensation (page 9)	\$3,947,355
Health Benefits Increase (page 13)	\$661,000
Retirement Increases (page 11)	\$236,231
Subtotal	\$10,193,130

*The additional staffing and related items required for the operation of the PS Training Facility were presented to Council at the February 27, 2007, evening meeting. This item is not presented as a supplemental request and is shown here only to illustrate that these ongoing GF costs are included in the FY 2007-08 operating budget.

- The one-time priority supplemental requests are also included in the “Priority Items” tab (pages 24 – 51). These requests do not impact the \$12.5 million in GF ongoing capacity.

Scenario 1

The remaining \$2.3 million in GF ongoing capacity is allocated as follows in Scenario 1:

- \$1,476,000 is allocated for Police (plus \$2,184,000 one-time funds.)
- \$569,000 is allocated for Fire (plus \$1,223,000 one-time funds.)
- \$291,000 is allocated for other GF departments to address additional Council goals (plus \$53,000 one-time funds.)
- This scenario allocates a total of approximately \$2 million in GF ongoing capacity to address Council’s goal of one community focused on public safety for citizens and visitors. The funding would be used to:
 - Add positions for police and fire.
 - Address increasing costs occurring in base budget items such as prisoner maintenance, vehicle repairs, supplies and equipment (forensics chemicals, crime scene equipment, etc) and the computer-aided dispatch (CAD) contract with the City of Phoenix.
- This scenario also allocates a total of \$899,000 additional Public Safety (PS) sales tax ongoing capacity to address Council’s goal of one community focused on public safety for citizens and visitors.
- The total number of additional public safety positions funded under Scenario 1 is as follows:
 - 14 positions for police (five (5) paid from the GF and nine (9) paid from the PS sales tax fund), which is consistent with the annual average number of officers added over the last few years
 - Six (6) positions for fire (three (3) paid from the GF and three (3) paid from the PS sales tax fund.)
- Under this scenario, the implementation timeframe for the Police and Fire needs assessment reports is unknown. Fluctuations in economic conditions, as well as the

opening of additional capital projects such as the new court facility, will influence the number of years it would take to implement the police and fire needs assessments. In addition, the implementation timeframe would be impacted by other demands on additional GF ongoing capacity such as cost increases for electricity, fuel, and rising costs for health benefits and retirement contributions.

- The remaining \$291,000 in GF ongoing capacity is allocated as follows in Scenario 1 to address additional Council goals:
 - Add a new signature special event called Fiesta Glendale that speaks to Council’s goal of a vibrant city center;
 - Add one (1) special events position to continue the high level of service expected in implementing the city’s signature events that, by drawing hundreds of thousands of visitors to downtown Glendale, address Council’s goal of a vibrant city center;
 - Add two (2) code compliance inspectors to address Council’s goal of strong neighborhoods; and
 - Continue with the neighborhood focus program on an ongoing basis to address Council’s goal of strong neighborhoods.

- This scenario also allocates a total of approximately \$6.7 million in GF one-time capacity to address Council’s goals.
 - Approximately \$3.4 million would be allocated for public safety to address one-time costs associated with adding positions and to address some of the base budget cost increases mentioned earlier as well as overtime costs for emergency medical services (EMS), fire station building repairs and maintenance, and the purchase of additional vehicles and equipment for police staff.
 - Approximately \$53,000 would be allocated for the one-time expenses associated with the addition of one (1) special events position and two (2) code compliance inspectors.
 - Approximately \$3.2 million would be allocated to address other Council goals. These one-time priority supplemental requests are included in the “Priority Items” tab (pages 24 – 51) of the Budget Workbook. Some examples are provided below:
 - \$700,000 for the Neighborhood Improvement Grants program and \$32,000 for implementation of neighborhood revitalization strategies, both of which address Council’s goal for strong neighborhoods;
 - \$1.3 million for contractual building inspectors that address Council’s goal for high quality city services; and

- \$105,000 for the annual contract with the Greater Phoenix Economic Council to address Council's goal of quality economic development.

Scenario 2

- A second scenario was developed to address Council's stated desire to implement the public safety needs assessments over a three to four-year period. The second scenario relies on an adjustment to the existing public safety sales tax rate.
- This scenario assumes all police and fire supplemental requests would be funded with additional public safety sales tax funds raised as a result of adjusting the existing public safety sales tax rate from 1/10th of one cent (0.1) to one-half of one cent (0.5), an increase of 4/10ths of one cent.
- A 4/10ths of one cent increase equates to an additional 4 cents on every \$10.
- In terms of revenue generated, the existing 0.1 rate is expected to generate about \$5.6 million in FY 2007-08, whereas a 0.5 rate is expected to generate about \$28.1 million. The additional \$22.5 million in revenue would be allocated solely to address public safety supplemental requests.
- Consequently, this scenario allocates more resources to substantially strengthening public safety services and therefore accommodates implementation of the police and fire needs assessments over a three to four-year period. A summary comparison of the two scenarios is provided below.
 - Under Scenario 1, a total of 20 new positions could be allocated to the police and fire departments.
 - Under Scenario 2, a total of 67 new positions could be allocated to the police and fire departments.
- The public safety supplemental requests funded are found in the "Police" and "Fire" tabs of the budget workbook, pages 52-123 and 124-181 respectively.
- As a result of funding police and fire supplemental requests with the public safety sales tax funds, this scenario provides 22.5 new positions for other GF departments to address critical needs in providing support services to the police and fire departments and other valuable city services.
- The supplemental requests that could be funded for other GF departments are found in the "General Fund" tab of the budget workbook, pages 357-426.

- Glendale’s public safety sales tax rate of 1/10th of one cent (0.1) was implemented in 1994 after a voter-initiated ballot proposition was approved. This rate has not changed in 13 years.
- The allocation of public safety sales tax funds was specified in the voter-initiated proposition, with 2/3rds allocated to police and 1/3rd allocated to fire. The purpose of the public safety sales tax was stated as:
 - Reducing response times and protecting neighborhoods by implementing community-based policing, combating gangs and violent crime, and providing backup for officers in dangerous situations; and
 - Improving fire protection and EMS by reducing response times.
- Currently there are 33 police positions (23 officers, six (6) detention officers, and four (4) police communications specialists) and 18 fire positions (14 firefighters and four (4) fire engineers charged to the public safety sales tax funds.
- Four other valley cities have a public safety sales tax. A comparison of those rates, and the revenue generated in FY 2005-06, is shown in the following table.

CITY	RATE	FY2005-06
Phoenix	2.10* effective 1993, 2005	\$49.4M
Mesa	.25 effective 2006	\$13.3M
Scottsdale	.10 effective 2004	\$9.97M
Avondale	.50 effective 2003	\$6.4M
Glendale	.10 effective 1994	\$4.6M

* Phoenix has two taxes that are designated for public safety. One is a 0.1 component of the city’s general sales tax rate and became effective in 1993. The other is a 2.0 city sales tax on the utilities with franchise agreement and became effective in 2005. It should be noted that Phoenix is considering an increase to its public safety sales tax component although it has not issued an official confirmation.

- The election results for implementation of a public safety sales tax in Glendale and other valley cities are shown in the following table.

ELECTION RESULTS FOR IMPLEMENTATION OF PUBLIC SAFETY SALES TAX

CITY	DATE	VOTE	PERCENT	NUMBER
Glendale	3/15/1994	YES	79.31%	4,400
		NO	20.69%	1,148
Avondale's Proposition 400	9/9/2003	YES	77.34%	2,706
		NO	22.66%	793
Mesa's Question 1	5/19/1998	YES	56.46%	14,918
		NO	43.54%	11,502
Scottsdale's Question 3	5/18/2004	YES	62.80%	19,825
		NO	37.20%	11,742
Phoenix's Proposition 301	10/5/1993	YES	74.52%	117,000
		NO	25.48%	40,000

- As Glendale continues to expand its reputation as a sports and entertainment destination market for Arizona and points beyond, the opportunity to attract more visitors greatly increases. Increased tourism in Glendale will directly result in more public safety sales tax dollars to the city. Increased tax revenue will directly contribute to and supplement services provided to the community, including public safety funding.
- Some of the marquee national events that Glendale will host include the annual Fiesta Bowl events, the 2008 Super Bowl events, and the periodic Bowl Championship Series events, all of which will draw visitors from across the country. Other features of the sports, entertainment, and retail destination market include Westgate, Cabela's, and the Arrowhead regional mall, all of which are already drawing visitors from outside the Glendale community. These destination points also include significant office space that brings employees from outside of Glendale who are likely to shift a portion of their spending to areas near their respective employer.
- The current general city sales tax rates of Glendale and other valley cities are shown in the following table.

General City Sales Tax Rates

City	Rate
Avondale	2.50%
Surprise	2.20%
Goodyear	2.00%
Glendale, Peoria, Phoenix, Tempe	1.80%
Mesa	1.75%
Scottsdale	1.65%

Previous Council/Staff Actions

- The Budget Workbook containing the City Manager's recommended budget for FY 2007-08 was delivered to the Mayor and Council on Wednesday, March 14, 2007.

Community Benefit

- Glendale's budget is an important financial, planning and public communication tool. It gives residents and businesses a clear and concrete view of the city's direction for public services, operations and capital facilities and equipment. It also provides the community with a better understanding of the city's ongoing needs for stable revenue sources to fund public services, ongoing operations and capital facilities and equipment.
- The budget provides Council, residents and businesses with a means to evaluate the city's financial stability.

Public Input

- All budget workshops are open to the public and are posted publicly per state requirements.
- Future budget workshops are scheduled as follows:
 - April 3, 8:30 a.m. – 12:00 p.m. and 1:30 p.m. – 5:00 p.m.
 - April 10, 1:30 p.m. – 5:00 p.m.
- If additional time is needed for budget workshop discussion, a tentative budget workshop is scheduled for April 17, 1:30 p.m. – 5:00 p.m.

Policy Guidance

Today's workshop is for information only. Decisions on the proposed budget will not be requested until the final balancing workshop, scheduled for April 3, 2007.