

# City of Glendale

General Fund Final Balancing

April 16, 2013

# TODAY'S TOPICS

- Secondary Property Tax Rate for Capital Improvement Plan
- FY 2014 General Fund Balancing Plan
- Special Revenue Funds (Designated Sales Tax Funds)
- Enterprise Funds (Water/Sewer, Sanitation, Landfill)
- Benefits Discussion
- Budget Calendar – Next Steps

# Financial Policies Update Needed

- Foundation for recovery.
- Roadmap for future budget decisions
- Minimum elements:
  - **Financial planning policies:** long-range planning, capital asset maintenance, etc.
  - **Revenue policies:** diversification, fees and charges, etc.
  - **Expenditure policies:** fund reserves, debt capacity, issuance and management, etc.

# Financial Policy Example: Debt Burden

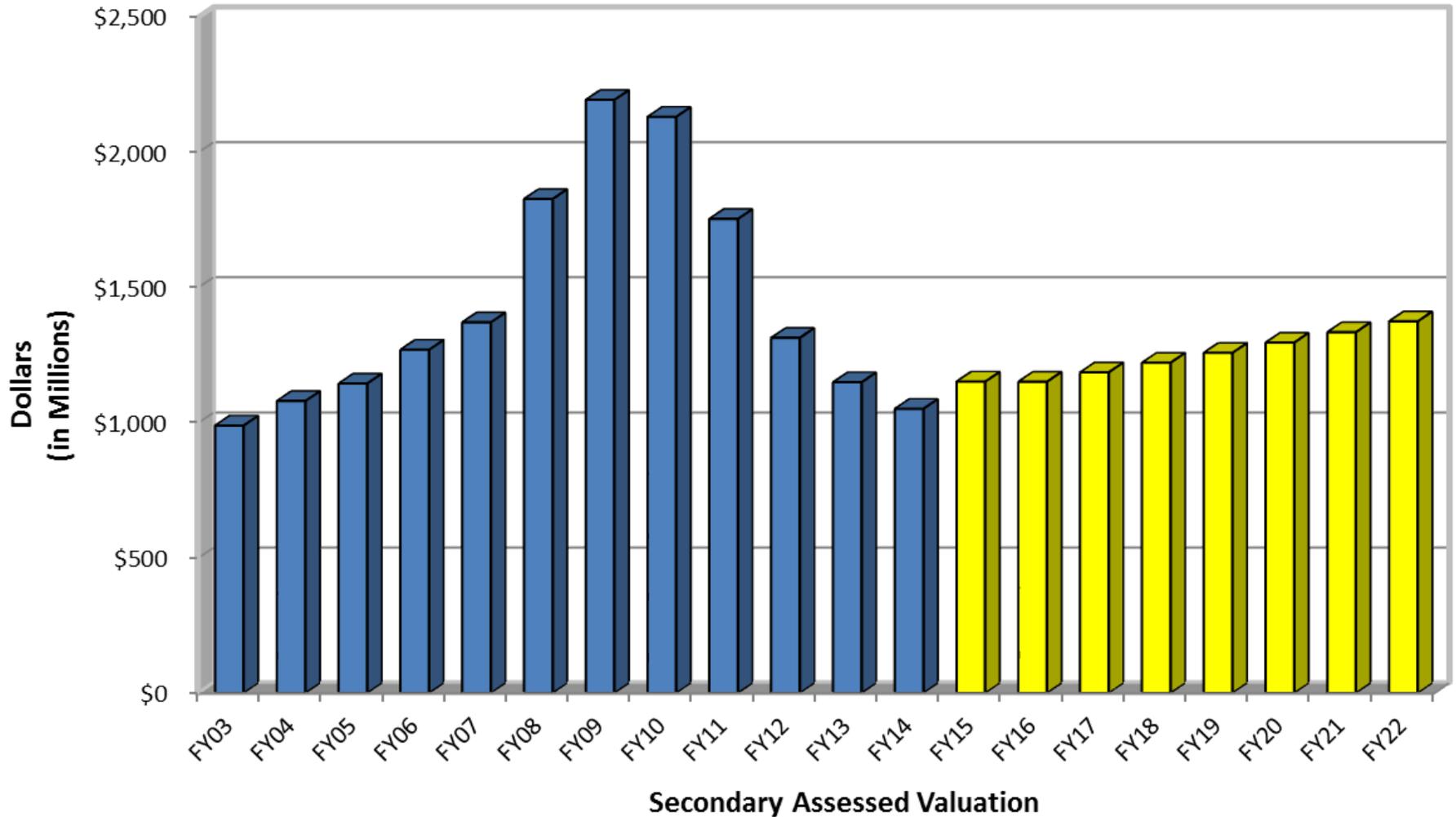
- Total outstanding debt: \$1.1 Billion
- Scheduled payoff for \$1.1B: CY 2030 or later
- GF op budget debt service: \$500M
  - FY 2013: \$14.3M [net of revenue]
  - FY 2018: \$29.9M [net of revenue]
- Annual MPC, lease debt service: 14% of FY 2014 GF op budget.
- Goal: 10% or less of GF operating budget

# Capital Improvement Plan

Section 4: Pages 260-358

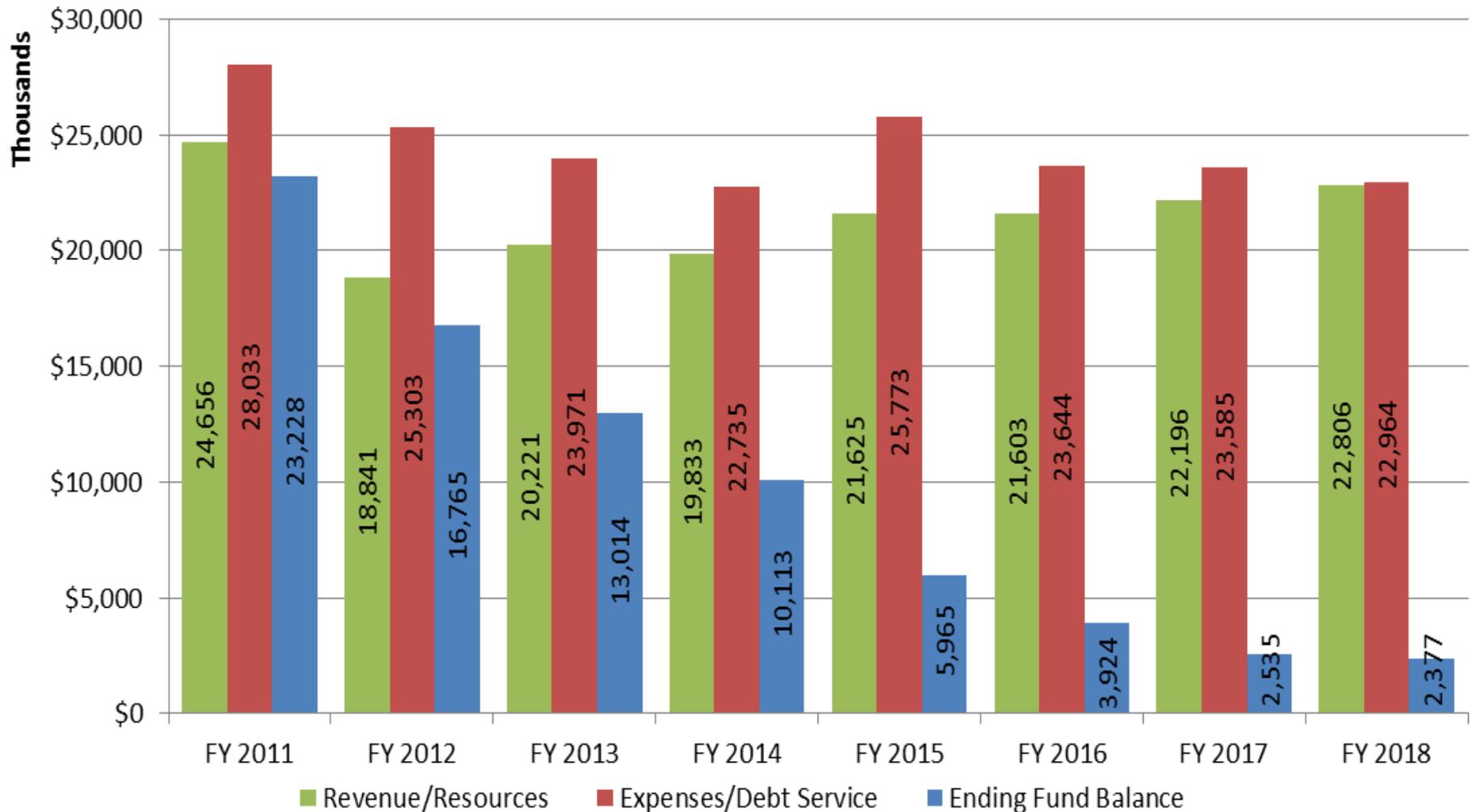
# Glendale's Secondary AV

## Historic and Projected Assessed Valuation



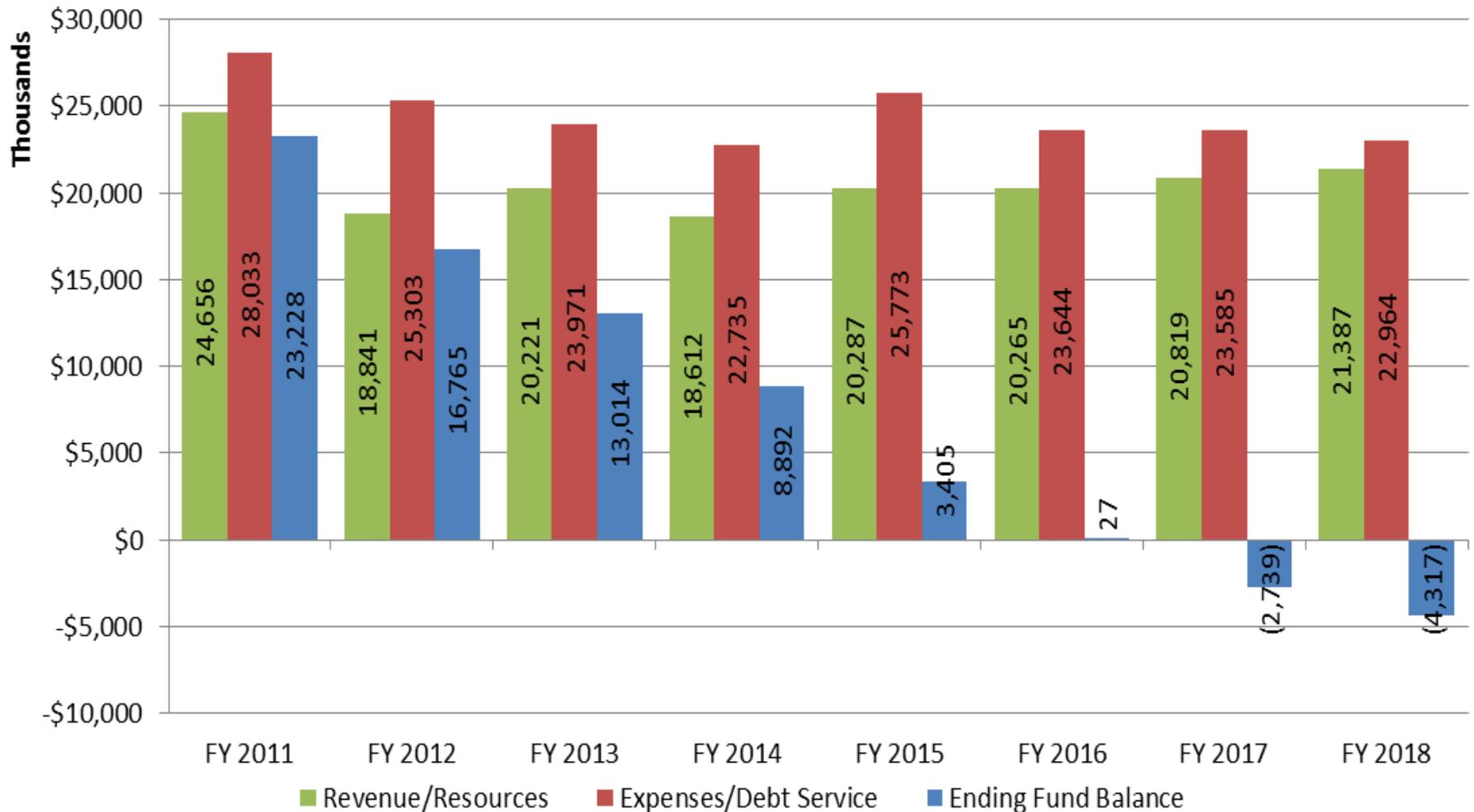
# GO Bond Debt Svc Fund

## Proposed \$1.7915 SPT Rate



# GO Bond Debt Svc Fund

Current \$1.6753 SPT Rate



# COG Property Tax Analysis

## Example: Residential Home w/ FY14 Secondary Valuation of \$142,500

	Average FY 94-2013	Minimum FY 1999	Maximum FY 2009	Current FY 2013	Proposed FY 2014
<b>COG Primary Property Tax Rate</b>		\$0.4400	\$0.2432	\$0.2252	\$0.4974
<b>COG Secondary Property Tax Rate</b>		\$1.3400	\$1.3519	\$1.6753	\$1.7915
<b>Primary Property Tax to COG</b>	\$71.17	\$64.73	\$81.08	\$39.77	\$70.88
<b>Secondary Property Tax to COG</b>	\$305.42	\$197.13	\$655.67	\$295.86	\$255.29
<b>Total Property Tax to COG</b>	<b>\$376.59</b>	<b>\$261.86</b>	<b>\$736.75</b>	<b>\$335.63</b>	<b>\$326.17</b>
<b>Secondary Valuation</b>	\$221,830	\$147,114	\$485,000	\$176,600	\$142,500

# GF Final Balancing & Five-Year Forecasts for Major Funds

# FY14 GF Balancing Update

- **Estimated beginning fund balance unchanged from 3/27 workshop = \$11.4M**

## REVENUE CHANGES:

- **Staff & indirect revenue increased from FY13 adopted budget levels.**
- **Primary property tax revenue set to allowable limit established by state law.**

Net Revenue Change = \$6.3M Increase

# FY14 GF Balancing Update, cont.

## EXPENDITURE CHANGES:

- **Risk, Workers' Compensation & Benefits**  
Fund expenses increased by \$828K
- **Electricity** (pg. 364), **utilities** (pg. 368) &  
**arena/stadium parking agreement** (pg. 372)  
supplementals = \$850K

Net Expenditure Change = \$1.7M Increase

# March 27th Preliminary Balancing

## General Fund: Five-Year Forecast

### Preliminary Balancing Projections (with Add'l Reductions)

(\$'s in Millions)

	Draft			.7 ST Sunset	
	FY14	FY15	FY16	FY17	FY18
Beginning Balance:	\$11.4	\$3.4	\$4.7	\$10.5	\$19.6
Revenue	155.2	159.2	165.3	171.8	156.0
Expenditures	(130.3)	(126.8)	(121.3)	(121.3)	(125.1)
COS Exp Cuts:	3.5	10.8			8.2
Inflationary Adj (3%)		(3.8)		(3.8)	
Transfers Out *	(30.3)	(32.1)	(32.3)	(31.6)	(33.1)
Arena Mgt Fee	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Ending Balance:	\$3.4	\$4.7	\$10.5	\$19.6	\$19.6
Contingency % (Goal = 10%)	2.2%	3.0%	6.3%	11.4%	12.6%

\* MPC Debt Svc, NHL Loan Repayments, Arena/Stadium/CR Ops, Civic Ctr, Airport, Special Events, etc.

# Revised Balancing Projections

## General Fund: Five-Year Forecast

### Draft Balancing Projections (with Add'l Reductions)

(\$'s in Millions)

	Draft				.7 ST Sunset
	FY14	FY15	FY16	FY17	FY18
Beginning Balance:	\$11.4	\$8.0	\$8.0	\$12.5	\$20.3
Revenue	161.5	165.5	171.6	178.1	162.3
Expenditures	(132.0)	(128.4)	(128.9)	(128.9)	(132.7)
COS Exp Cuts:	3.5	4.8			9.5
Inflationary Adj (3%)		(3.8)		(3.8)	
Transfers Out *	(30.3)	(32.1)	(32.3)	(31.6)	(33.1)
Arena Mgt Fee	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Ending Balance:	\$8.0	\$8.0	\$12.5	\$20.3	\$20.3
Contingency % (Goal = 10%)	5%	5%	7%	11%	12%

\* MPC Debt Svc, NHL Loan Repayments, Arena/Stadium/CR Ops, Civic Ctr, Airport, Special Events, etc.

# **SPECIAL REVENUE FUNDS**

# Police PSST: Five-Year Forecast

## Draft Balancing Projections (w/o Exp Reduct's)

(\$'s in Millions)

	Draft				
	FY14	FY15	FY16	FY17	FY18
Beginning Balance:	\$6.8	\$4.7	\$2.5	\$0.8	(\$0.7)
Revenue	13.3	13.3	13.8	14.2	14.7
Expenditures	(15.0)	(15.2)	(15.5)	(15.5)	(15.8)
SRO Supp (Net of Reimb.)	(0.3)				
Inflationary Adj (3%)*		(0.3)		(0.3)	
Ending Balance:	\$4.7	\$2.5	\$0.8	(\$0.7)	(\$1.8)

\* Inflationary adjustment on A6000 series expenditures to account for MOU related increases.

PD SRO Supp = \$153K ongoing (net of 75% salary reimb.)  
& \$184K one-time (100% city expense) – pg. 400

# Fire PSST: Five-Year Forecast

## Draft Balancing Projections (w/o Exp Reduct's)

(\$'s in Millions)

	Draft				
	FY14	FY15	FY16	FY17	FY18
Beginning Balance:	\$0.1	(\$0.2)	(\$0.6)	(\$0.8)	(\$0.9)
Revenue	6.6	6.6	6.9	7.1	7.3
Expenditures	(6.9)	(6.9)	(7.0)	(7.0)	(7.2)
Inflationary Adj (3%)*		(0.1)		(0.1)	
Ending Balance:	(\$0.2)	(\$0.6)	(\$0.8)	(\$0.9)	(\$0.7)

\* Inflationary adjustment on A6000 series expenditures to account for MOU related increases.

# Transportation ST: Five-Year Forecast

## Draft Balancing Projections

(\$'s in Millions)

Draft

	FY14	FY15	FY16	FY17	FY18
Beginning Balance:	\$22.7	\$10.6	\$5.2	\$4.8	\$6.7
Revenue & Transfers In	24.1	24.5	25.3	26.1	27.0
CIP Bond Proceeds	15.0				
Expenditures	(12.0)	(11.8)	(12.2)	(12.2)	(12.5)
Inflationary Adj (3%)*		(0.4)		(0.4)	
Debt Service	(9.4)	(9.4)	(9.4)	(8.4)	(8.4)
CIP Project Carryover	(21.0)				
CIP New Funding	(8.8)	(8.4)	(4.1)	(3.3)	(3.2)
Ending Balance:	\$10.6	\$5.2	\$4.8	\$6.7	\$9.5

\* Ongoing inflationary adjustment on all operating expenditures (A6000, A7000 & A7500).

FY14 GO! Prog. Audit Supp = \$250K 1x (pg. 398)

**HURF  
&  
PAVEMENT MGT.**

# HURF Supplementals – FY14

- Street Maint. - \$3M One-Time (Pavement Mgt.)
- ROW Maint. - \$229K Ongoing / \$382K 1x
- Traffic Signals - \$80K Ongoing / \$375K 1x
- Signs & Markings - \$60K Ongoing / \$50K 1x
- Street Light Mgt. - \$515K Ongoing / \$210K 1x

**Totals: \$884K Ongoing, \$4M One-Time**

Section 5: Pages 376-397

# HURF: Five-Year Forecast

## Draft Balancing Projections

(\$'s in Millions)

	Draft				
	FY14	FY15	FY16	FY17	FY18
Beginning Balance:	\$16.8	\$13.2	\$9.4	\$5.7	\$3.8
Revenue	12.8	12.8	12.8	12.9	12.9
Expenditures	(6.8)	(7.7)	(7.9)	(7.9)	(8.2)
Ongoing Supp's	(0.9)				
One-Time Supp's	(4.0)	(3.0)	(3.0)	(3.0)	(2.0)
Inflationary Adj (3%)*		(0.2)		(0.2)	
Existing Debt Svc	(4.7)	(2.0)	(2.0)	-	-
New Debt Svc**		(3.7)	(3.7)	(3.7)	(3.7)
Ending Balance:	\$13.2	\$9.4	\$5.7	\$3.8	\$2.8

\* All expenditures and ongoing supplementals include a 3% inflationary adjustment in FY15 & FY17.

\*\* Proposed \$28M bond sale in FY15 to support a more comprehensive pavement management strategy.

# ENTERPRISE FUNDS

# Sanitation & Landfill: Five-Year Forecast

## Draft Balancing Projections

(\$'s in Millions)

	Draft				
	FY14	FY15	FY16	FY17	FY18
Beginning Balance:	\$8.8	\$9.8	\$8.1	\$7.2	\$4.3
Revenue	22.6	22.6	22.6	22.6	22.6
Bonds/Leases/Other	10.2	9.3	19.2	6.5	9.7
Expenditures	(20.6)	(20.3)	(20.8)	(21.1)	(21.6)
Inflationary Adj. (3%) *	-	(0.5)	-	(0.5)	-
Debt Service	(0.8)	(1.6)	(3.4)	(4.8)	(6.5)
Capital Projects	(10.5)	(11.1)	(18.6)	(5.5)	(8.3)
Ending Balance:	\$9.8	\$8.1	\$7.2	\$4.3	\$0.2

\* Ongoing inflationary adjustment on all operating expenditures (A6000, A7000 & A7500).

# Water Services: Five-Year Forecast

## Draft Balancing Projections

(\$'s in Millions)

	Draft				
	FY14	FY15	FY16	FY17	FY18
Beginning Balance:	\$63.4	\$58.6	\$41.2	\$22.5	\$3.7
Revenue (Rate Study in FY15)	78.7	78.7	78.7	78.7	78.7
2010 Bond Proceeds	5.8				
Expenditures	(48.5)	(48.5)	(50.0)	(50.0)	(51.5)
Inflationary Adj. (3%) *		(1.5)		(1.5)	
Debt Service	(23.3)	(23.3)	(25.8)	(25.8)	(25.7)
Capital Projects	(17.5)	(22.8)	(21.7)	(20.2)	(3.1)
Ending Balance:	\$58.6	\$41.2	\$22.5	\$3.7	\$2.2
Min. Contingency **	\$14.2	\$14.5	\$14.5	\$14.8	\$14.8

\* Ongoing Inflationary adjustment on all operating expenditures (A6000, A7000 & A7500).

\*\* 21% of O&M + \$4M for main replacement costs in accordance with FY13 Financial Plan.

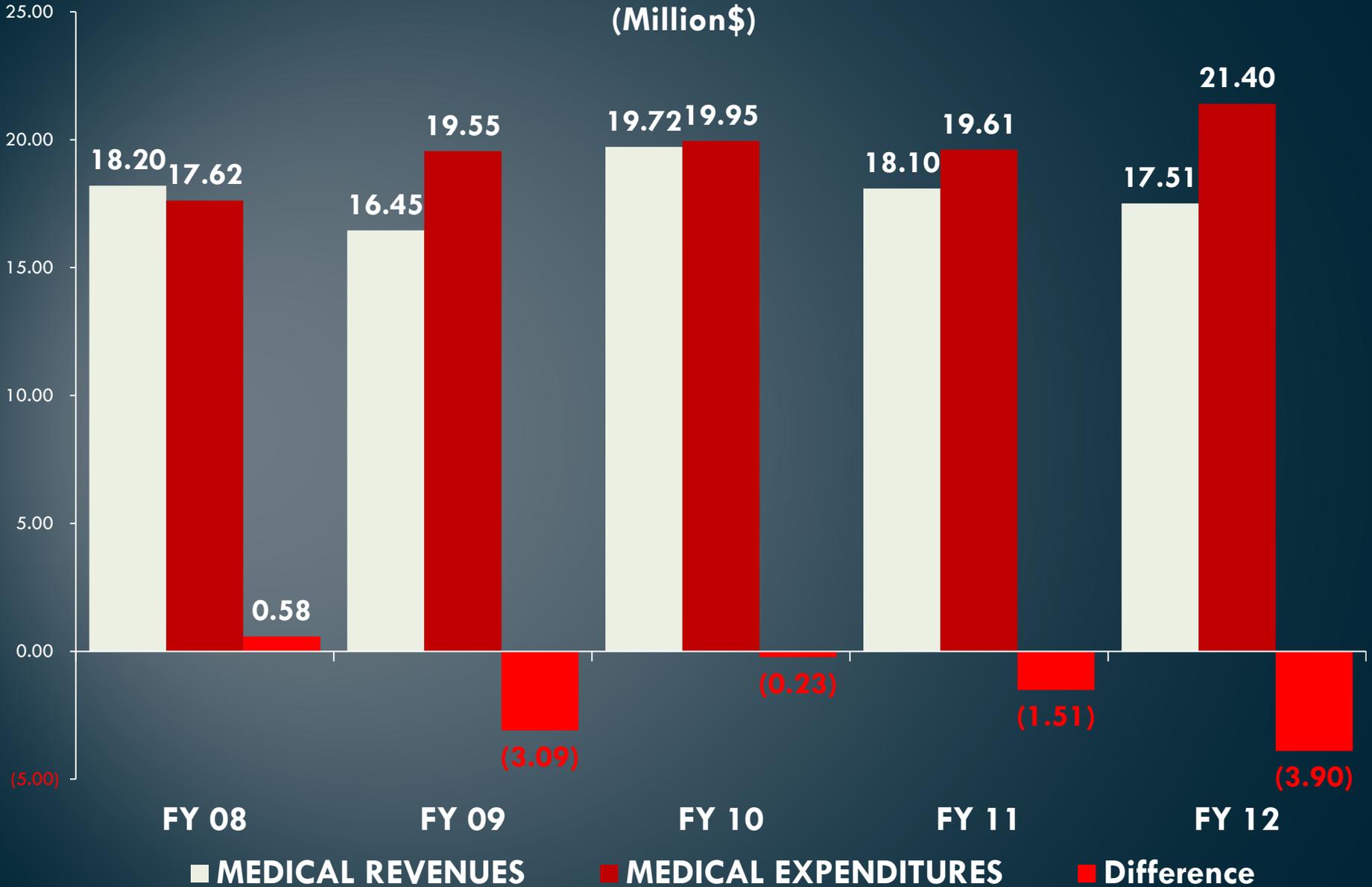
## FINAL SECTION

- ✓ **Benefits Discussion**
- ✓ **Supp's & Carryover  
for Other Funds (Non-GF)**
- ✓ **Budget Calendar**

# Medical Benefits Plan

- City of Glendale entered into a service agreement with Blue Cross July 1, 2008
- Service Agreement was for 1 year with the option to renew of up to 5 years
- Premium rates from FY2009 – current have remained unchanged for the employee and City, however the cost for health care has increased
- For FY14, a Service Agreement extension with Blue Cross is recommended with no changes in the current plan, however an increase in premiums for both employee and City is necessary to sustain the plan

# REVENUES and EXPENDITURES (Million\$)

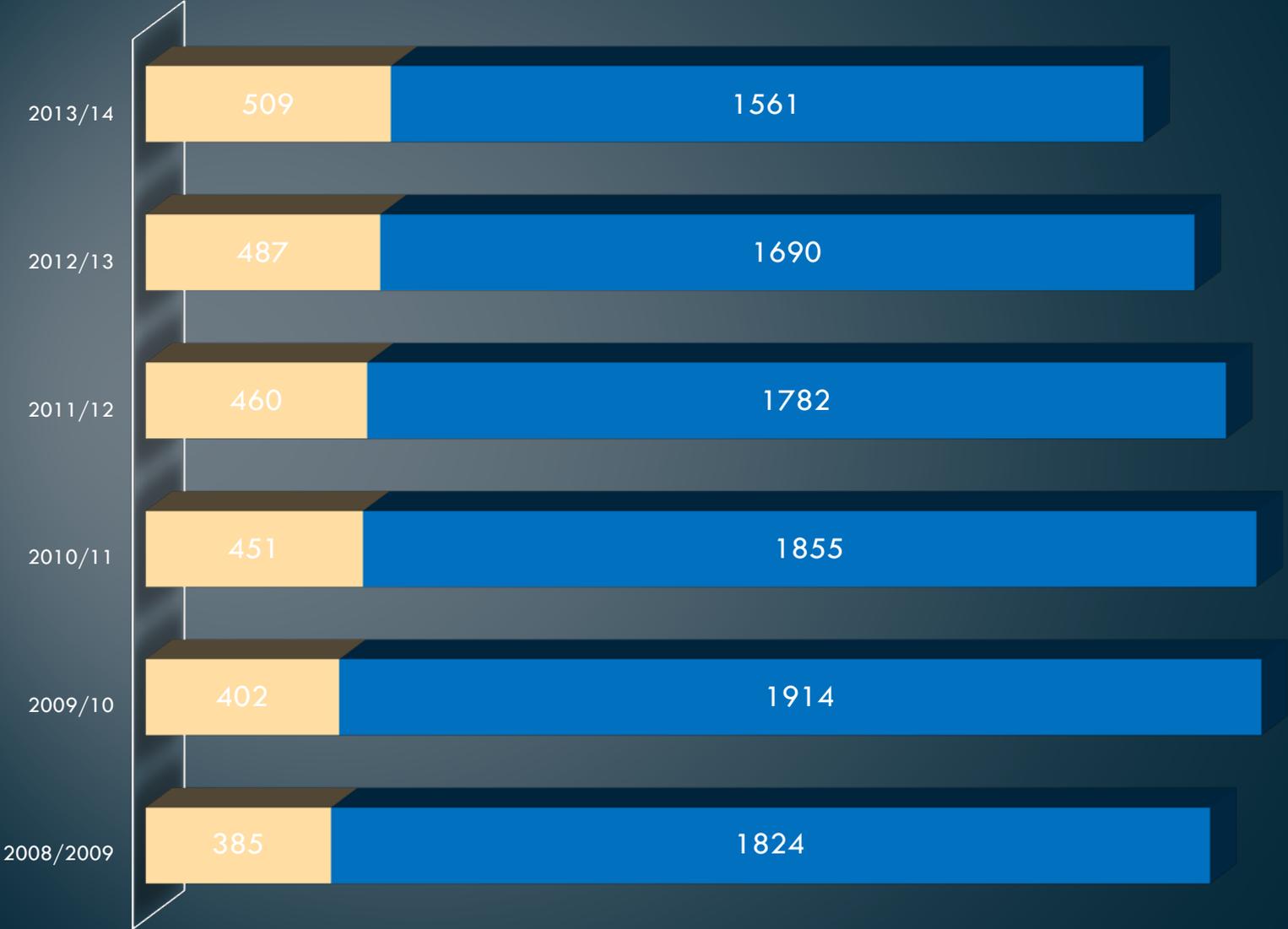


# Actuarial Premium Rate Recommendations (FY09-FY13)

Plan Type	5-Year Average Actuarial Recommended Premium	5- Year Average City Premium	Difference
HMO Employee Only	\$400.82	\$396.30	\$4.52
HMO Retiree Only	\$483.32	\$352.37	\$130.95
HMO Employee Plus Family	\$1,089.48	\$1072.48	\$17.00
HMO Retiree Plus Family	\$1,117.60	\$731.12	\$386.48

# Retirees to Active Employee Enrollment

Retiree Active Employees



# Proposed Premiums – Active EE's

FY 2013-2014

FY 2012-2013

- 3-tier rates (EE, EE+1, Family)
- 2-tier rates (EE, Family)

PPO	FY 13/14	FY 12/13	Difference
	\$72.14/\$408.7		
EE/City	8	\$35.00/\$334.48	\$37.14/\$74.30
	\$233.68/\$701.		
EE+1/City	04	\$245.28/\$755.04	(\$11.60)/(\$54.00)
	\$326.50/\$979.		
EE+2+/City	52	\$245.28/\$755.04	\$81.22/\$224.48
HMO	FY 13/14	FY 12/13	Difference
	\$74.60/\$422.6	\$40.00	
EE/City	9	/\$356.30	\$34.60/\$66.39
	\$238.02/\$714.	\$265.48/\$807.2	
EE+1/City	06	4	(\$27.46)/(\$93.18)
	\$331.04/\$993.	\$265.48/\$807.2	
EE+2+/City	14	4	\$65.56/\$185.90

# Proposed Premiums – Retiree <65

FY 2013-2014

- 3-tier rates (EE, EE+1, Family)
- No City contribution to premiums

FY 2012-2013

- 2-tier rates (EE, Family)
- Retiree is offered a 25% discount on premium.

PPO	FY 13/14	FY 12/13	Difference
Retiree <65	\$480.92	\$369.47	\$111.45
Retiree <65 +1	\$934.72	\$781.54	\$153.18
Family	\$1,306.02	\$781.54	\$524.48

HMO	FY 13/14	FY 12/13	Difference
Retiree <65	\$497.28	\$396.30	\$100.98
Retiree <65 +1	\$952.08	\$839.27	\$112.81
Family	\$1324.18	\$839.27	\$484.91

# Proposed Premiums – Retiree >65

FY 2013-2014

- 3-tier rates (EE, EE+1, Family)
- No City contribution to premiums

FY 2012-2013

- 2-tier rates (EE, Family)
- Retiree is offered a 25% discount on premium.

PPO	FY 13/14	FY 12/13	Difference
Retiree >65	\$480.92	\$287.47	\$193.45
Retiree >65 +1	\$ 934.72	\$580.91	\$353.81
Family	\$ 1,306.02	\$580.91	\$725.11

HMO	FY 13/14	FY 12/13	Difference
Retiree >65	\$497.28	\$308.43	\$188.85
Retiree >65 +1	\$952.08	\$622.97	\$329.11
Family	\$ 1,324.18	\$622.97	\$701.21

# Other Supplementals – FY14

- **General Services (F1040) - \$500K ongoing**  
**Appropriation request for fuel purchases offset by chargebacks to users (pg. 370)**
- **C'back Ranch Ops (F1283) - \$31K ongoing**  
**Appropriation request for landscape maint. offset by event revenues (pg. 374)**
- **Parks Self-Sust (F1880) - \$36K ongoing**  
**Temporary labor pay funded with savings from converted FTE dollars (pg. 403)**

# Carryover Requests – FY14

- **GRPSTC (F2530) – Glendale Regional Public Safety Training Center requesting \$30K to be used for unforeseen facility repairs**
- **Transportation Grants (F1650) - \$130K of requested for bus service related grants that will continue into FY14**

## Budget Adoption Calendar (1 of 2)

- **April 11:** 60-day notice of prop tax rate increase on website
- **April 17 – May 9:** FY 2014 budget doc prep (AG and other budget schedules)
- **May 10 – 16:** print production and final review
- **May 17:** delivery of FY2014 tentative budget
- **May 28:** Adopt resolution – FY2014 tentative budget, notice for dates of 2 public hearings and final budget adoption, and publication of budget schedules

## Budget Adoption Calendar (2 of 2)

- **May 30 & June 6:** 2 notices of scheduled public hearings & budget schedules in *Glendale Star*.
- **June 11:** Public hearings on Truth in Taxation, FY 2014 property tax levy and FY 2014 budget, adopt resolution for FY 2014 budget
- **June 25:** Adopt ordinance for FY 2014 prop tax levy
- **July 1:** first day of FY 2014

# City of Glendale

End of Budget Workshop

April 16, 2013