

City Council Budget Workshop

February 4, 2014

Agenda

1. Review January 21 Budget Workshop discussion items
2. Review Deficit
3. Budget Balancing Revenue Opportunities
4. Budget Balancing Expenditure Opportunities
5. Alternative Service Delivery Approach

Debt Service Requirements

As of 6/30/2013 (millions)	HURF	Trans.	M.P.C. (General Fund)	G.O. (secondary prop taxes)	G.O. (water/ sewer)	Revenue (water/ sewer)	Total
Principal	\$ 8.1	\$ 90.6	\$ 468.9	\$ 163.0	\$ 5.4	\$ 273.3	\$1,009.3
Interest	0.6	48.1	345.8	45.7	0.7	120.7	561.6
Total	\$ 8.7	\$ 138.7	\$ 814.7	\$ 208.7	\$ 6.1	\$ 394.0	\$ 1,570.9
Through	FY15-16	FY31-32	FY37-38	FY29-30	FY17-18*	FY29-30	

* The G.O. water supported bonds were paid off in FY13-14.

Debt Service Requirements

As of 6/30/2013 (millions)	HURF	Trans.	M.P.C. (General Fund)	G.O. (secondary prop taxes)	G.O. (water/ sewer)	Revenue (water/ sewer)	Total
2014	\$ 4.7	\$ 7.3	\$ 32.2	\$ 22.7	\$ 1.3	\$ 32.7	\$ 100.9
2015	2.0	7.3	31.4	25.7	1.2	25.5	93.1
2016	2.0	7.3	31.9	23.3	1.2	25.5	91.2
2017	-	7.3	31.4	23.3	1.2	25.4	88.6
2018	-	7.3	31.2	22.6	1.2	25.5	87.8
2019	-	7.3	33.6	20.3	-	25.4	86.6
2020	-	7.3	34.7	16.4	-	25.1	83.5
2021	-	7.3	36.6	15.4	-	24.4	83.7
2022	-	7.3	36.6	12.7	-	24.1	80.7
2023	-	7.3	36.6	3.4	-	25.3	72.6
2024	-	7.3	36.6	3.4	-	25.3	72.6
2025	-	7.3	36.6	3.4	-	25.3	72.6
After	-	51.1	405.3	16.1	-	84.5	557.0
Total	\$ 8.7	\$ 138.7	\$ 814.7	\$ 208.7	\$ 6.1	\$ 394.0	\$ 1,570.9
Through	FY15-16	FY31-32	FY37-38	FY29-30	FY17-18*	FY29-30	

Property Taxes Levies/Rates

	Total Rate	Total Levy
<i>FY14-15 Est.</i>	\$2.2750	\$25,932,929
FY13-14	\$2.2889	\$24,023,530
FY12-13	\$1.9005	\$21,835,958
FY11-12	\$1.5951	\$20,937,987
FY10-11	\$1.5951	\$27,746,286
FY09-10	\$1.5951	\$32,707,176
FY08-09	\$1.5951	\$33,710,096
FY07-08	\$1.6200	\$28,015,723
FY06-07	\$1.7200	\$23,354,869
FY05-06	\$1.7200	\$21,194,093

Property Taxes Levies

	Primary Levy	Secondary Levy	Total Levy
<i>FY14-15 Est.</i>	\$5,300,929	\$20,632,000	\$25,932,929
FY13-14	\$5,196,766	\$18,826,764	\$24,023,530
FY12-13	\$2,582,325	\$19,253,633	\$21,835,958
FY11-12	\$2,943,561	\$17,994,426	\$20,937,987
FY10-11	\$3,724,139	\$24,022,147	\$27,746,286
FY09-10	\$4,099,701	\$28,607,475	\$32,707,176
FY08-09	\$4,053,801	\$29,656,295	\$33,710,096
FY07-08	\$3,810,240	\$24,205,483	\$28,015,723
FY06-07	\$3,784,000	\$19,570,869	\$23,354,869
FY05-06	\$3,606,400	\$17,587,693	\$21,194,093

Property Taxes Rates

	Primary Rate	Secondary Rate	Total Rate
<i>FY14-15 Est.</i>	\$0.4835	\$1.7915	\$2.2750
FY13-14	\$0.4974	\$1.7915	\$2.2889
FY12-13	\$0.2252	\$1.6753	\$1.9005
FY11-12	\$0.2252	\$1.3699	\$1.5951
FY10-11	\$0.2252	\$1.3699	\$1.5951
FY09-10	\$0.2252	\$1.3699	\$1.5951
FY08-09	\$0.2432	\$1.3519	\$1.5951
FY07-08	\$0.2681	\$1.3519	\$1.6200
FY06-07	\$0.2925	\$1.4275	\$1.7200
FY05-06	\$0.3064	\$1.4136	\$1.7200

2013 Property Tax Bill

	Scenario 1	Scenario 2	Median 2013
Value of Property	\$ 200,000	\$ 100,000	\$ 72,100
	<u>Property Tax Levy Calculation</u>		
Schools/Education (75%)	\$ 2,440.68	\$ 1,220.34	\$ 879.87
City of Glendale (14%)	457.78	228.89	165.03
County (8%)	256.14	128.07	92.34
Special Districts (3%)	105.80	52.90	38.14
Total	\$ 3,260.40	\$ 1,630.20	\$ 1,175.38

Inter-fund Loan

- Proposal

- Make the loans variable interest rate based on the City's rate of return on investments
- Reset the interest rate each year
- Keep the same principal amortization
- Estimated savings

	Est. Savings
FY13-14	\$ 1,437,707
FY14-15	\$ 1,341,592
FY15-16	\$ 1,246,098
FY16-17	\$ 1,151,287
FY17-18	\$ 1,046,439
FY18-19	\$ 938,857

Inter-fund Loan

	Current			Proposal (Same Principal, Variable Interest Rate)					
	Principal	Interest	Total	Principal	Interest Rate	Interest	Total	Savings	
2012	120,000	980,000	1,100,000	120,000	44,880,000	3.62%	980,000	1,100,000	-
2013	220,000	1,624,296	1,844,296	220,000	44,660,000	3.62%	1,624,296	1,844,296	-
2014	225,000	1,616,347	1,841,347	225,000	44,435,000	0.40%	178,640	403,640	1,437,707
2015	235,000	1,608,202	1,843,202	235,000	44,200,000	0.60%	266,610	501,610	1,341,592
2016	245,000	1,599,699	1,844,699	245,000	43,955,000	0.80%	353,600	598,600	1,246,099
2017	650,000	1,590,837	2,240,837	650,000	43,305,000	1.00%	439,550	1,089,550	1,151,287
2018	930,000	1,566,100	2,496,100	930,000	42,375,000	1.20%	519,660	1,449,660	1,046,440
2019	960,000	1,532,108	2,492,108	960,000	41,415,000	1.40%	593,250	1,553,250	938,858

Target Reductions/ Increased Revenue

	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Operating Expenditures	\$181,076,077	\$182,363,159	\$190,800,298	\$191,498,710	\$193,806,382
Less: Transfers	(43,878,928)	(39,126,366)	(43,697,484)	(41,944,972)	(44,306,501)
Net Operating Expenditures	\$137,197,149	\$143,236,793	\$147,102,814	\$149,553,738	\$149,499,881
Target Reduction/ Increased Revenue	\$20,000,000	\$25,000,000	\$25,000,000	\$30,000,000	\$30,000,000
% Target Reduction/ Increased Revenue	14.6%	17.5%	17.0%	20.1%	20.1%

Budget Balancing - Revenue

- Transfer of Arts Fund – one-time
- Sales tax auditing – ongoing
- Increase inter-fund support – ongoing
- Asset dissolution – one-time
- Sales tax sunset – ongoing

Budget Balancing – Revenue Discussion

- Transfer of Arts Fund – one-time
 - Current fund balance = \$1.066 million
 - Funding used to administer public art and performing arts program
- Sales tax auditing
 - Contract for sales tax auditor
 - Focus on specific type of audits
 - Could require current year funding

Budget Balancing – Revenue Future Discussion

- Increase inter-fund support
 - FY13-14 = \$9.2million
 - FY14-15 & beyond = \$9.7 million
- Asset dissolution
 - List is being developed in conjunction with physical relocation and source of purchase funds
- Sales Tax
 - Sunset
 - Rate
 - Taxable items

Budget Balancing - Expenditures

- Restructure inter-fund loan
- Eliminate TPT charged on City water utility payments
- Reduce/eliminate retiree health subsidy
- Alternative Service Delivery
- Adjust contingency funding

Budget Balancing – Expenditures Discussion

- Restructure inter-fund loan
 - Will include in FY14-15 budget request
- Eliminate TPT charged on City water utility payments
 - Item completed

Budget Balancing – Expenditures

Future Discussion

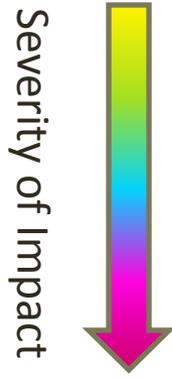
- Reduce/eliminate retiree health subsidy
 - Currently evaluating
- Alternative Service Delivery
- Review contingency funding

Budget Balancing – Expenditures

Future Discussion

- Alternative Service Delivery
 - Departments developing recommendations over next 30-60 days
 - Services totaling \$30 million will be prioritized & brought to Budget Workshop
 - Must include lost revenue, where applicable
 - Interactive process to further prioritize services
 - Sample process

Alternative Service Delivery



Reduction Priority	Alternative Service Delivery Proposals
Level 1	\$0 - \$6 million
Level 2	\$6 - \$12 million
Level 3	\$12 - \$18 million
Level 4	\$18 - \$24 million
Level 5	\$24 - \$30 million

Alternative Service Delivery

- Sample Process

Item #	Description	Reduction	Cumulative
1	Eliminate service 1	\$790,000	\$790,000
2	Privatize service 2	\$1,025,000	\$1,815,000
3	Reduce service 3 level	\$3,750,000	\$5,565,000
4	Eliminate service 4	\$960,000	\$6,525,000
5	Reduce service 5 level	\$1,967,000	\$8,492,000
6	Reduce service 6 level	\$1,072,000	\$9,564,000
7	Eliminate service 7	\$3,857,000	\$13,421,000
8	Eliminate service 8	\$4,936,000	\$18,357,000
9	Reduce service 9 level	\$1,800,000	\$20,157,000
10	Reduce service 10 level	\$2,576,000	\$22,733,000
11	Reduce service 11 level	\$3,040,000	\$25,773,000
12	Privatize service 12	\$1,050,000	\$26,823,000
13	Privatize service 13	\$2,000,000	\$28,823,000
14	Reduce service 14 level	\$1,700,000	\$30,523,000
Total		\$30,523,000	

Next Steps

February 18 – Other fund review

- CIP
- Other operating funds
- March 18 – General Fund Budget Balancing