



**City of Glendale
Special Workshop
September 12, 2012**

Budget Discussion

Previous Council Actions

- June 26, 2012, Two-level sales tax structure: 2.2% for single item retail and use tax purchases exceeding \$5,000. Expires August 2017.
- June 12, 2012, FY 2012-13 budget approved, and increased sales and use tax rate to 2.9%. Expires August 2017.
- June 8, 2012, Arena Lease and Management, and Non-competition and Non-relocation agreements.

Budget Discussion

Possible Funding Scenarios

1. City sales tax stays in place, potential successful renegotiation of Arena Management Agreement, and debt is restructured.
2. City sales tax goes away (collections stop the end of Nov 2012), potential successful renegotiation of Arena Management Agreement, and debt is restructured.
3. City sales tax goes away, unsuccessful renegotiation of the Arena Management Agreement (Coyotes leave Glendale), Arena Management fee adjusted to \$6 million.

Scenario 1

Sales Tax Increase Stays in Place/Arena Mgmt Fee Reduced/Debt is Restructured

- City collects an estimated additional \$22M in sales tax
- Arena Management fee reduced to \$13M for FY13
- Debt restructured resulting in \$8M annual savings in FY13
- Expenditures reduced by \$6M annually (Starting Jan 2013)

Five Year Forecast Summary

(\$'s in Millions)

	Adopted FY 2013	Revised FY 2013
Beginning Fund Balance	2.0	2.0
Revenues	<u>168.0</u>	<u>168.0</u>
Total Rev & Fund Balance	<u>\$170.0</u>	<u>\$170.0</u>
<u>Expenditures</u>		
All General Fund Expenses	131.0	131.0
Expenditure Reduction		(3.0)
New MOU Expenses	2.0	2.0
3% Inflationary Factor	-	-
Transfers	14.0	14.0
Arena Management Fee	17.0	13.0
Spring Training Facility	-	6.6
Total Expenditures	<u>\$164.0</u>	<u>\$163.6</u>
Ending Fund Balance	\$6.0	\$6.4
Targeted Fund Balance	\$16.8	\$16.8

Scenario 1

Sales Tax Increase Stays in Place/Arena Mgmt Fee Reduced/Debt is Restructured

Five Year Forecast Summary

(\$'s in Millions)

	Adopted	Revised				
	FY 2013	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Beginning Fund Balance	2.0	2.0	6.4	8.5	10.6	15.0
Revenues	<u>168.0</u>	<u>168.0</u>	<u>173.9</u>	<u>180.0</u>	<u>186.3</u>	<u>192.8</u>
Total Rev & Fund Balance	<u>\$170.0</u>	<u>\$170.0</u>	<u>\$180.3</u>	<u>\$188.4</u>	<u>\$196.9</u>	<u>\$207.8</u>
<u>Expenditures</u>						
All General Fund Expenses	131.0	131.0	133.0	136.8	140.8	144.9
Expenditure Reduction		(3.0)	(6.0)	(6.0)	(6.0)	(6.0)
New MOU Expenses	2.0	2.0	-	3.0		3.0
3% Inflationary Factor	-	-	3.8	4.0	4.0	4.3
Transfers	14.0	14.0	18.0	16.0	16.0	20.5
Arena Management Fee	17.0	13.0	14.0	14.0	15.0	16.0
Spring Training Facility	-	6.6	9.0	10.0	12.0	13.0
Total Expenditures	<u>\$164.0</u>	<u>\$163.6</u>	<u>\$171.8</u>	<u>\$177.8</u>	<u>\$181.9</u>	<u>\$195.6</u>
Ending Fund Balance	\$6.0	\$6.4	\$8.5	\$10.6	\$15.0	\$12.2
Targeted Fund Balance	\$16.8	\$16.8	\$17.4	\$18.0	\$18.6	\$19.3

Scenario 2

Sales Tax Increase Goes Away Nov 2012/Arena Mgmt Fee Reduced/Debt is Restructured

- City collects approx. \$8M of the estimated \$22M in sales tax revenue that was included in FY13 adopted budget
- Arena Management fee reduced to \$13M for FY13
- Debt restructured resulting in \$8M annual savings in FY13
- Expenditures reduced by \$25M annually (Starting Jan 2013)

Five Year Forecast Summary

(\$'s in Millions)

	Adopted FY 2013	Revised FY 2013
Beginning Fund Balance	2.0	2.0
Revenues	<u>168.0</u>	<u>154.0</u>
Total Rev & Fund Balance	<u>\$170.0</u>	<u>\$156.0</u>
<u>Expenditures</u>		
All General Fund Expenses	131.0	131.0
Expenditure Reduction		(11.0)
New MOU Expenses	2.0	2.0
3% Inflationary Factor	-	-
Transfers	14.0	14.0
Arena Management Fee	17.0	13.0
Spring Training Facility	-	6.6
Total Expenditures	<u>\$164.0</u>	<u>\$155.6</u>
Ending Fund Balance	\$6.0	\$0.4
Targeted Fund Balance	\$16.8	\$15.4

\$8 million collected in the first year before tax repeal

Scenario 2

Sales Tax Increase Goes Away Nov 2012/Arena Mgmt Fee Reduced/Debt is Restructured

Five Year Forecast Summary

(\$'s in Millions)

	Adopted	Revised				
	FY 2013	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Beginning Fund Balance	2.0	2.0	0.4	4.4	8.5	14.8
Revenues	<u>168.0</u>	<u>154.0</u>	<u>156.3</u>	<u>161.8</u>	<u>167.4</u>	<u>173.3</u>
Total Rev & Fund Balance	<u>\$170.0</u>	<u>\$156.0</u>	<u>\$156.7</u>	<u>\$166.2</u>	<u>\$175.9</u>	<u>\$188.1</u>
<u>Expenditures</u>						
All General Fund Expenses	131.0	131.0	133.0	136.2	139.7	143.1
Expenditure Reduction		(11.0)	(25.0)	(25.0)	(25.0)	(25.0)
New MOU Expenses	2.0	2.0	-	3.0	-	3.0
3% Inflationary Factor	-	-	3.2	3.4	3.4	3.6
Transfers	14.0	14.0	18.0	16.0	16.0	20.5
Arena Management Fee	17.0	13.0	14.0	14.0	15.0	16.0
Spring Training Facility	-	6.6	9.0	10.0	12.0	13.0
Total Expenditures	<u>\$164.0</u>	<u>\$155.6</u>	<u>\$152.2</u>	<u>\$157.7</u>	<u>\$161.1</u>	<u>\$174.2</u>
Ending Fund Balance	\$6.0	\$0.4	\$4.4	\$8.5	\$14.8	\$13.9
Targeted Fund Balance	\$16.8	\$15.4	\$15.6	\$16.2	\$16.7	\$17.3

\$8 million collected in the first year before tax repeal

Scenario 3

Sales Tax Increase Goes Away Nov 2012/Coyotes Leave Glendale/\$6M Arena Mgmt Fee

- City collects approx. \$8M of the estimated \$22M in sales tax revenue that was included in FY13 adopted budget
- Coyotes do not play the 2012-13 season resulting in \$2.5M loss of revenue that was included in FY13 adopted budget
- Unable to realize \$8M of savings through debt restructuring in FY13
- Expenditures reduced by \$23M annually (Starting Jan 2013)

Five Year Forecast Summary

(\$'s in Millions)

	Adopted FY 2013	Revised FY 2013
Beginning Fund Balance	2.0	2.0
Revenues	168.0	151.5
Total Rev & Fund Balance	<u>\$170.0</u>	<u>\$153.5</u>
<u>Expenditures</u>		
All General Fund Expenses	131.0	131.0
Expenditure Reduction		(11.0)
New MOU Expenses	2.0	2.0
3% Inflationary Factor	-	-
Transfers	14.0	14.0
Arena Management Fee	17.0	6.0
Spring Training Facility	-	13.2
Total Expenditures	<u>\$164.0</u>	<u>\$155.2</u>
Ending Fund Balance	\$6.0	(\$1.7)
Targeted Fund Balance	\$16.8	\$15.2

\$8 million collected in the first year before tax repeal
Loss in team revenues of \$2.5 million

Scenario 3

Sales Tax Increase Goes Away Nov 2012/Coyotes Leave Glendale/\$6M Arena Mgmt Fee

Five Year Forecast Summary

(\$'s in Millions)

	Adopted	Revised				
	FY 2013	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Beginning Fund Balance	2.0	2.0	(1.7)	0.4	1.8	8.5
Revenues	<u>168.0</u>	<u>151.5</u>	<u>154.3</u>	<u>159.8</u>	<u>165.5</u>	<u>171.3</u>
Total Rev & Fund Balance	<u>\$170.0</u>	<u>\$153.5</u>	<u>\$152.6</u>	<u>\$160.2</u>	<u>\$167.3</u>	<u>\$179.8</u>
<u>Expenditures</u>						
All General Fund Expenses	131.0	131.0	133.0	136.3	139.7	143.2
Expenditure Reduction		(11.0)	(24.0)	(24.0)	(24.0)	(24.0)
New MOU Expenses	2.0	2.0	-	3.0	-	3.0
3% Inflationary Factor	-	-	3.3	3.5	3.5	3.7
Transfers	14.0	14.0	18.0	16.0	16.0	20.5
Arena Management Fee	17.0	6.0	6.0	6.0	6.0	6.0
Spring Training Facility	<u>-</u>	<u>13.2</u>	<u>15.9</u>	<u>17.7</u>	<u>17.6</u>	<u>15.3</u>
Total Expenditures	<u>\$164.0</u>	<u>\$155.2</u>	<u>\$152.2</u>	<u>\$158.4</u>	<u>\$158.8</u>	<u>\$167.7</u>
Ending Fund Balance	\$6.0	(\$1.7)	\$0.4	\$1.8	\$8.5	\$12.1
Targeted Fund Balance	\$16.8	\$15.2	\$15.4	\$16.0	\$16.5	\$17.1

\$8 million collected in the first year before tax repeal

Loss in team revenues of \$2.5 million

FY13 Operating Budgets

	a	b	c	a + b + c		
<i>Descending \$ Sort</i>	Salary	Non-Salary	Required			
Dept Name	A6000	A7000	A7500	Total	FTE's	
Police Services	42,612	5,405	1,931	49,948	452.0	41.2%
City Court	2,837	686	48	3,570	37.8	3.4%
Fire Services	21,180	3,945	536	25,661	220.0	20.1%
Parks, Rec & Library	7,595	4,852	433	12,880	111.3	10.1%
Public Works	3,139	4,012	259	7,409	53.8	4.9%
Community & Econ Dev	3,337	1,094	74	4,506	38.0	3.5%
Financial Services	2,624	556	1,230	4,410	32.0	2.9%
Tech. & Innovation	2,637	120	738	3,495	28.0	2.6%
City Attorney	2,385	617	53	3,055	25.0	2.3%
Communications	2,238	287	253	2,778	25.5	2.3%
N'Hood & Human Svcs	1,728	375	74	2,177	21.0	1.9%
HR & Risk Mgt	1,591	100	31	1,721	17.8	1.6%
Mayor & Council	1,195	182	29	1,406	17.0	1.6%
City Manager	733	85	10	828	5.0	0.5%
City Clerk	493	193	13	699	6.0	0.5%
Non-Departmental	50	595	-	645	0.0	0.0%
Intergovt. Programs	427	207	6	641	4.0	0.4%
Internal Audit	280	9	3	292	2.5	0.2%
GF Total	97,081	23,318	5,719	126,118	1,096.5	100%
	77%	18%	5%	100%		
HURF	2,434	3,901	407	6,742	36.0	
GF/HURF Total	99,515	27,219	6,126	132,860	1,132.5	

Options and Considerations

- Elimination of portions of non-essential city operations while maintaining minimal service levels where practical.
- Consolidation of city departments and elimination of any duplication.
- Eliminate of all or a portion of the optional contractual obligations.
- Reexamine the MOU contracts
- Benefit Package (Furlough/Pay Adjustments/Hours of Operation)
- Privatizing Services where possible
- Closing Down or Selling/Leasing of Facilities
- Other (Council Suggestions)



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