

Glendale City Council Budget Workshop & Executive Session Agenda

March 30, 2010 – 1:30 p.m.

Budget workshop meetings are telecast live at the times indicated above. Repeat broadcasts are telecast the first and third week of the month – Wednesday at 3:00 p.m., Thursday at 1:00 p.m., Friday at 8:30 a.m., and Sunday at 9:00 a.m. on Glendale Channel 11.

Welcome!

We are glad you have chosen to attend this City Council workshop. We hope you enjoy listening to this informative discussion. At these “study” sessions, the Council has the opportunity to review and discuss important issues, staff projects and future Council meeting agenda items. Staff is present to answer Council questions. Citizens may also be asked by the Council to provide input.

The City Council does not take official action during workshop sessions; therefore, audience comments on agenda items are made only at the request of the Mayor.

Workshop Schedule

Council workshops are held on the first and third Tuesday of each month at 1:30 p.m. in the Council Chambers of the Glendale Municipal Office Complex, 5850 W. Glendale Ave., Room B-3, lower level. The exact dates of workshops are scheduled by the City Council at formal Council meetings. The workshop agenda is posted at least 24 hours in advance.

Agendas may be obtained after 4 p.m. on the Friday before a Council meeting, at the City Clerk's Office in the Municipal Complex. The agenda and supporting documents are generally posted to the city's Internet web site,

www.glendaleaz.com.

Executive Session Schedule

Council may convene in “Executive Session” to receive legal advice and discuss land acquisitions, personnel issues, and appointments to boards and commissions. As provided by state statute, this session is closed to the public.

Questions or Comments

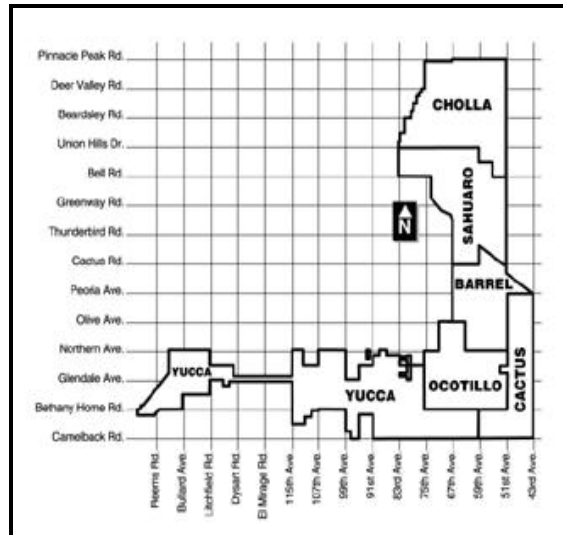
If you have any questions or comments about workshop agenda items or your city government, please call the City Manager's Office at (623) 930-2870.

If you have a concern you would like to discuss with your District Councilmember, please call (623) 930-2249, Monday - Friday, 8 a.m. - 5 p.m.

Form of Government

Glendale follows a Council-Manager form of government. Legislative policy is set by the elected City Council and administered by the Council-appointed City Manager.

The City Council consists of a Mayor and six Councilmembers. Voters citywide elect the Mayor every four years. Councilmembers hold four-year terms with three seats decided every two years. Each of the six Councilmembers represents one of six electoral districts.



For special accommodations or interpreter assistance, please contact the City Manager's Office at (623) 930-2870 at least one business day prior to this meeting. TDD (623) 930-2197.

Para acomodacion especial o traductor de español, por favor llame a la oficina del administrador del ayuntamiento de Glendale, al 623-930-2870 un día hábil antes de la fecha de la junta.

Councilmembers

David M. Goulet - Ocotillo District
H. Philip Lieberman - Cactus District
Steven E. Frate - Sahuaro District
Joyce V. Clark - Yucca District
Yvonne J. Knaack - Barrel District



MAYOR ELAINE M. SCRUGGS

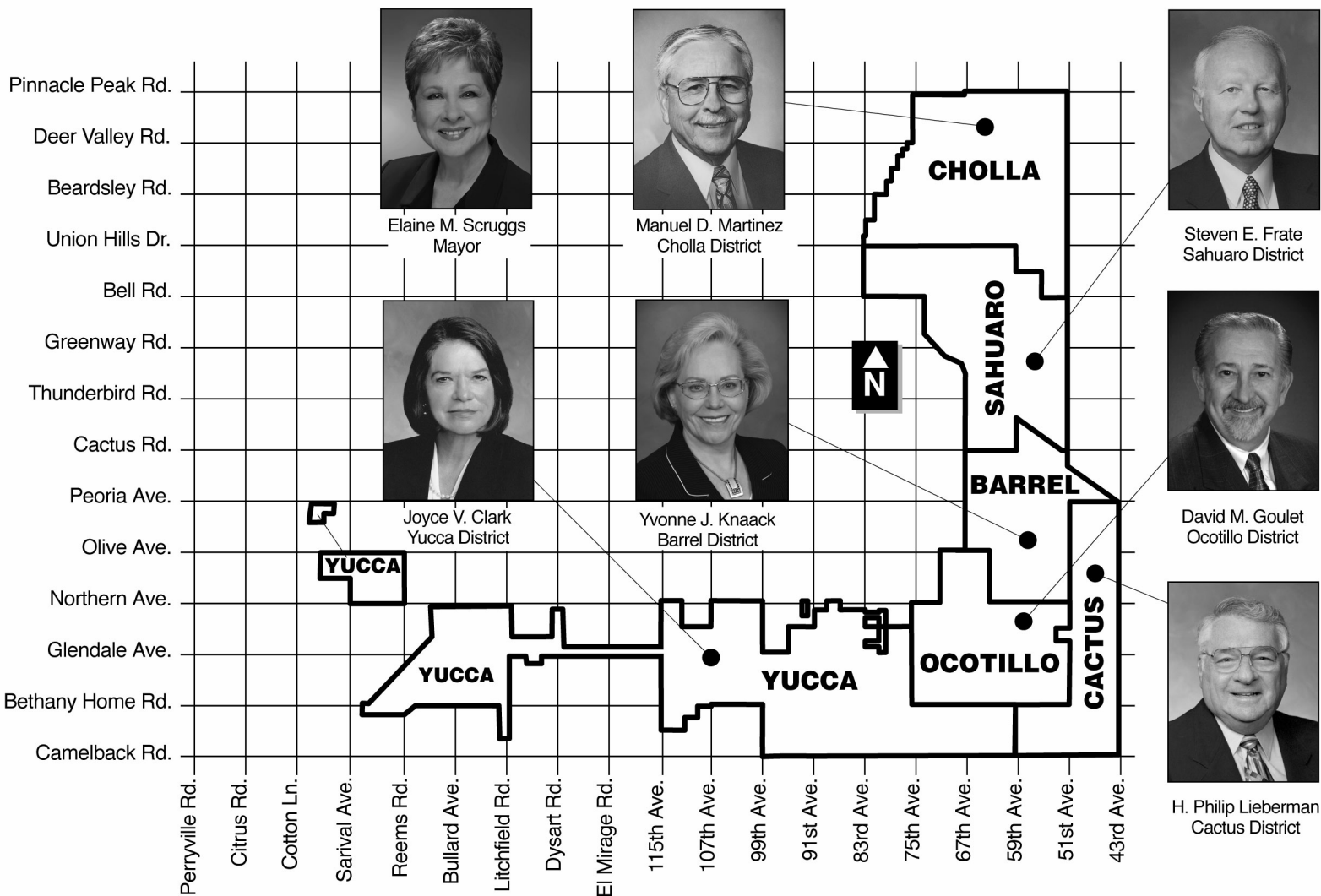
Vice Mayor Manuel D. Martinez - Cholla District

Appointed City Staff

Ed Beasley – City Manager
Craig Tindall – City Attorney
Pamela Hanna – City Clerk
Elizabeth Finn – City Judge

GLENDALE

Council District Boundaries





GLENDALE CITY COUNCIL BUDGET WORKSHOP SESSION
Council Chambers – Workshop Room
5850 West Glendale Avenue
March 30, 2010
1:30 p.m.

WORKSHOP SESSION

1. [FY 2011 BUDGET – 2ND WORKSHOP – 60 MINUTES](#)

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.

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)).
- B. Discussion and consultation with the City Attorney and City Manager to receive an update, to consider its position and obtain legal advice regarding the city’s position related to property located at approximately 91st and Northern Avenues. (A.R.S. § 38-431.03(A)(3)(4)(6))

2. LEGAL MATTERS – PROPERTY & CONTRACTS

- A. Discussion and consultation with the City Attorney and City Manager to receive an update, to consider its position and provide instruction and direction to the City Attorney and City Manager regarding Glendale's position in connection with agreements associated with the Arena and the Hockey Team, which are the subject of negotiations. (A.R.S. § 38-431.03(A)(3)(4)(7))

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

03/30/2010

Item No. 1

TO: Honorable Mayor and City Council

FROM: Ed Beasley, City Manager

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

SUBJECT: [FY 2011 BUDGET – 2ND WORKSHOP](#)

Purpose



- This is a request for City Council to review the proposed capital improvement plan that is included in the Council budget workbook.
- The information to be addressed at today's workshop is shown below:
 - Follow up information regarding the
 - Operating budgets for the Police and Fire Departments and
 - The impact on Glendale's fixed route bus and Dial-A-Ride services, and alternatives to address the impact, as a result of the state's reduction in funding for the Local Transportation Assistance Fund (LTAF) (see attached memo).
 - The proposed capital improvement plan (CIP), as reflected in the Council budget workbook.
- Included with this council communication agenda item are memos that provide follow up information that Council requested during the March 23 budget workshop discussion.
 - The uses of the designated sales taxes for public safety;
 - The City of Phoenix' application fees for liquor licenses,
 - The proposed changes to Glendale's planning review process for cell towers placed on privately-owned property;
 - The proposed transaction fees for pawn shops;

- The expenditure, revenue and attendance information for the Glendale Adult Center, Rose Lane Center, O’Neil Center, and the Glendale Community Center; and
- The proposed fire prevention inspection fees.

Council Strategic Goals or Key Objectives Addressed

- Council’s goals continue to serve as the foundation for the development of the city’s annual budget regardless of whether the economy is growing or contracting. Vision, innovation, partnerships, and dedicated employees continue to play a central role in making the city’s efforts over the past year rewarding and successful in areas of key importance to Council.

Background

- The proposed CIP was developed over the last several months based on the factors listed below:
 - City Council’s strategic goals,
 - The city’s secondary assessed valuation (AV),
 - Council’s decisions regarding secondary property tax rates and
 - The revenue generated from the city’s secondary AV and secondary property tax rate for the payment of debt service on general obligation bonds already issued and anticipated future issuances.
- The proposed CIP reflects the remaining portion of the new Municipal Court project moving to FY 2015, and the West Area Library moving from FY 2014 to FY 2015. An explanation for this change is provided in the remaining portion of this section.
- Given that the CIP is a 10-year plan, it is necessarily based on assumptions made about future secondary AV and secondary property tax rates, the two factors that determine the amount of revenue generated to pay general obligation bond debt service. For the purposes of the proposed CIP, the future secondary property tax rate was assumed to remain unchanged at \$1.3699.
- The assumptions regarding the city’s secondary assessed valuation were challenging to develop given the unprecedented real estate market for residential and commercial properties that permeates the valley and the state.
 - The Maricopa County Assessor’s Office announced that single family residential properties across the county have experienced three consecutive years of valuation declines. This trend is found in the vast majority of cities in the county.
 - Also, for the first time in several decades, commercial properties experienced a decline as reflected in the tax year 2011 notices sent to commercial property owners in February 2010. This trend is found in every city in the county.

- In February 2010, the assessor’s office mailed assessed valuation notices for tax year 2011 (the city’s FY 2012) to property owners that reflect the proposed valuations to be used for FY 2012 secondary property tax revenue.
- Based on those notices, we project that Glendale’s secondary AV will decline another 14% (see Table 1 below), the 3rd year of secondary AV declines for the city of Glendale.
- The total decline in Glendale’s secondary AV from the peak in FY 2009 to the projected figure for FY 2012 – from \$2.19 billion in value to \$1.51 billion in value – equates to a loss of almost one-third of the city’s secondary assessed valuation.
- Given the sizeable decline in secondary AV expected for FY 2012, property tax revenue to pay secondary property tax-funded debt service would be insufficient if corrective actions to the current plan (adopted as part of the FY 2010 budget) were not taken. As a result of this information, the proposed CIP reflects the remaining portion of the new Municipal Court project moving to FY 2015, and the West Area Library moving from FY 2014 to FY 2015.

**Table 1 – Glendale’s Secondary Assessed Valuation (AV)
& Glendale’s Property Tax Rate**

Fiscal Year	Secondary AV & Calendar Year (CY) Real Estate Market the AV Reflects	% Change in AV		Secondary Prop Tax Rate	Primary Prop Tax Rate	Total Prop Tax Rate
FY 2007	\$1.37B CY 2005	8%		\$1.4275	\$0.2925	\$1.7200
FY 2008	\$1.83B CY 2006	33%		\$1.3519	\$0.2681	\$1.6200
FY 2009	\$2.19B CY 2007	20%		\$1.3519	\$0.2432	\$1.5951
FY 2010	\$2.13B CY2008	(3%)		\$1.3699	\$0.2252	\$1.5951
FY 2011	\$1.75B CY 2009	(18%)		\$1.3699	\$0.2252	\$1.5951
FY 2012 <i>projected</i>	\$1.51B CY 2010	(14%)		\$1.3699	\$0.2252	\$1.5951
FY 2013 <i>projected</i>	\$1.51B CY 2011	0%		\$1.3699	\$0.2252	\$1.5951
FY 2014 <i>projected</i>	\$1.52B CY 2012	1%		\$1.3699	\$0.2252	\$1.5951

- The city did not build a capital improvement program based on any expectations of a windfall in projected property tax revenue as a result of rising property values. In fact, at that time, the growth projections for secondary assessed valuation were very conservative

at a 3% - 4% growth rate. This conservative assumption is in contrast to the 10 year [1997 – 2007] average annual growth rate of 8.7% in Glendale's secondary assessed valuation.

- Nevertheless, corrective action to the FY 2010 CIP (current plan) was required because of
 - Three consecutive years of secondary AV declines resulting in a projected return to a valuation amount that is less than the secondary AV level for FY 2008,
 - A reduction in the secondary property tax rate, and
 - The fact that we issued over \$130 million in general obligation bonds since FY 2006 for general obligation bond-funded projects.
- The alternative to the proposed CIP shown in this budget workbook, which shows the continuation of the new Municipal Court in FY 2015 and the West Area Library in FY 2015, is the following:
 - Adjust the secondary rate by approximately 11 cents so the new Municipal Court could be completed in FY 2011 and 2012.
 - This option would require increasing the secondary rate by approximately 11 cents, and leaving the primary rate unchanged, for a total property tax rate change from \$1.5951 to \$1.7023.
 - The opening of a new court facility will bring with it new, additional operating costs of at least \$1 million that would have to be added to the GF operating budget for the start of FY 2013.
 - The West Area Library would remain in FY 2015.

Previous Council/Staff Actions

- The first budget workshop was held on March 23, 2010. The following items were presented at the meeting:
 - The proposed operating budget for all departments and all funds. The FY 2011 General Fund (GF) operating budget does not reflect the proposed service and program reductions, the elimination of the 100.5 frozen positions, the furlough or the represented employees' adjustments. If Council provides direction to proceed with these recommended actions, then the FY 2011 budget will be adjusted accordingly for the tentative and final budget adoption documents to be presented in June 2010 to Council.
 - The proposed service and program adjustments for the GF totaling \$14.7 million.
 - The written report about the community's feedback regarding the proposed program and service adjustments.
 - The proposed revenue enhancement opportunities.

- Council was provided the FY 2011 budget workbook during the week of March 15, 2010.
- On February 16, 2010, Council reviewed the strategy for balancing the GF operating budget for FY 2010-11 in preparation for the first budget workshop scheduled for March 23, 2010.
- On June 23, 2009, Council conducted a public hearing and adopted a resolution approving the FY 2009-10 final budget. This final budget included a GF operating base budget that was \$26.5M or 14.6% less than the FY 2008-09 GF operating base budget.

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.
- The Council budget workbook materials are posted publicly along with the meeting agenda.
- Community-wide public meetings on the proposed program and service adjustments for FY 2010-11 occurred on March 3, 4, and 8. A document summarizing the \$14.7 million in proposed program and service adjustments was posted publicly in advance of the meetings.
- The public also was given the opportunity to provide feedback on the proposed program and service adjustments through the city's website and a telephone hotline, both of which were available through the close of business on March 11, 2010.
- A total of 200 responses were received plus 52 citizens spoke at the public meetings. The majority of comments from all sources reflected concerns about the proposed adjustments to the CAT and library hours.

Budget Impacts & Costs

- Arizona's property tax system consists of two tiers. The secondary property tax revenue funds the city's capital improvement plan (CIP). The primary property tax levy has state-mandated maximum limits, but it can be used by a city for any purpose. The primary property tax revenue is included in the General Fund's operating budget. The secondary property tax levy is not limited, but it can be used only to retire the principal and interest on a municipality's bonds.

- While the GF operating budget includes only the primary property tax revenue, the recommendation for Glendale’s primary property tax rate takes into account how the secondary assessed valuation (AV) has been and will continue to be impacted by the plummeting value of residential and commercial property, as discussed in the Background section of this report.
- The city will remain in compliance with the Truth in Taxation law, which applies to the primary property tax levy, if the primary rate is left unchanged at \$0.2252. Even so, we will see a \$459,229 decline in revenue generated from the primary rate, as shown in Table 2 below, because primary assessed valuation of existing property declined 12.5%.

Table 2 – Primary Property Tax Rate & Revenue for GF

	Primary Rate	Revenue for GF	Variance
FY 2010	\$0.2252	\$4,183,368	
FY 2011	\$0.2252	\$3,724,139	(\$459,229)

- This decline in primary property tax revenue has been accounted for in the FY 2011 GF revenue projection.

Policy Guidance

Today’s workshop is for information only. Decisions on the FY 2010-11 recommended budget are not required until the last budget workshop.