

EXPENDITURES

The FY 2013 Operating Budget

The starting point for the FY 2013 operating base budget is the current fiscal year’s ongoing base budget. It continues to focus on the Mayor and Council strategic goals and will carry on the process of transforming the vision of one community into reality. The operating budget also reflects the constrained and challenging economic conditions that the nation currently faces.

The FY 2013 operating budget totals \$347.7 million, which is a decrease of 4% (\$14.4 million) from the FY 2012 budget of \$362.1 million. The graph below shows a comparison of the changes in the operating budget from FY 2012 to FY 2013 by fund grouping.

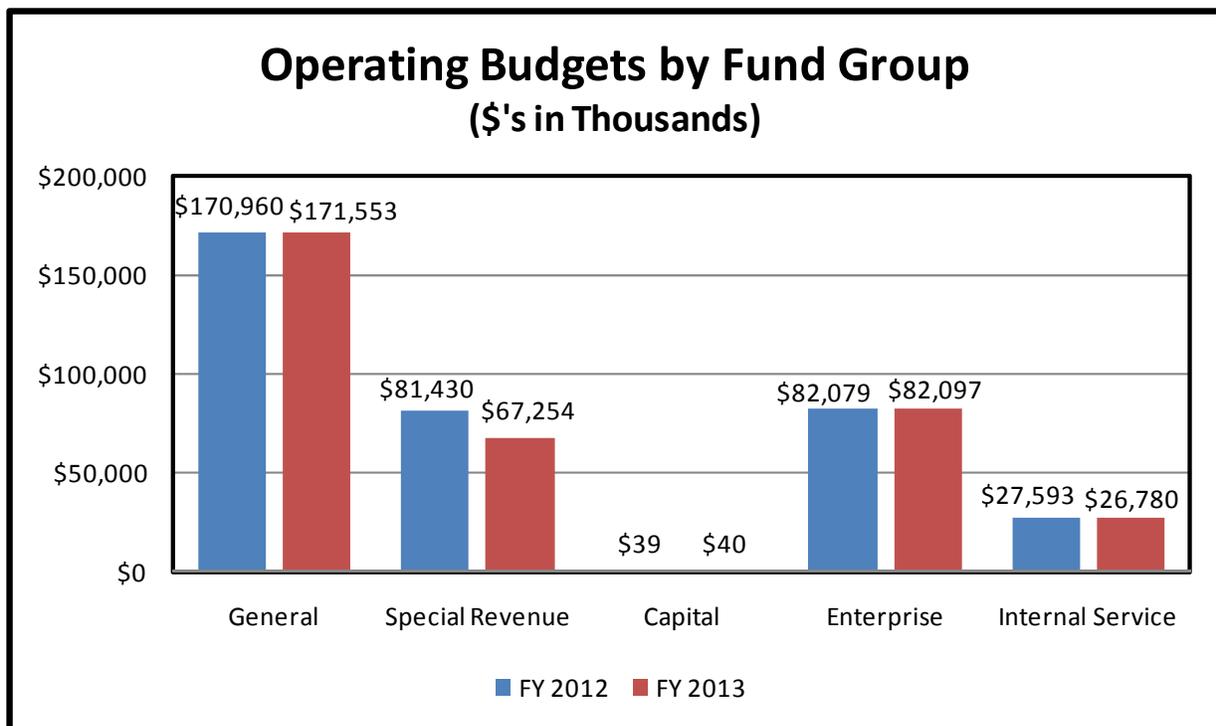


Table 2, on the following page, shows the year over year changes in the operating budgets for some of the City’s largest operating funds within the general, special revenue, capital, enterprise and internal service fund groupings. It is sorted in descending order based upon the size of the FY 2013 operating budget within each fund grouping. It also calculates the percentage change for the fund from the FY 2012 operating base budget.

The operating summary that follows Table 2 describes each of these main fund groupings and provides explanations for material changes year over year.

Table 2: Comparison of Operating Budgets
FY 2012 vs. FY 2013

(All Dollars in Thousands)

Fund Name	FY 2012	FY 2013	% Change
General (1000)	\$123,525	\$126,118	2.1%
Arena Event Operations (1282)	\$21,204	\$18,207	-14.1%
General Services (1040)	\$8,934	\$8,993	0.7%
PC Replacement (1140)	\$3,512	\$3,166	-9.8%
Stadium Event Operations (1281)	\$2,967	\$2,884	-2.8%
Vehicle Replacement (1120)	\$3,030	\$2,796	-7.7%
Stadium City Sales Tax - AZSTA (1790)	\$1,746	\$2,400	37.4%
Training Facility Revenue Fund (2530)	\$1,545	\$1,496	-3.1%
Marketing Self Sust (1870)	\$753	\$1,303	73.0%
Telephone Services (1100)	\$979	\$982	0.3%
All Other Funds	\$2,765	\$3,209	16.1%
Sub-Total General Fund Group	\$170,960	\$171,553	0.3%
Police Special Revenue (1700)	\$14,174	\$14,240	0.5%
Other Federal & State Grants (1840)	\$18,995	\$12,706	-33.1%
Transportation Sales Tax (1660)	\$11,841	\$11,823	-0.2%
Highway User Gas Tax (1340)	\$8,218	\$6,742	-18.0%
Fire Special Revenue (1720)	\$6,396	\$6,559	2.6%
RICO Funds (1860)	\$3,895	\$3,895	0.0%
C.D.B.G. (1320)	\$3,719	\$2,337	-37.2%
ARRA Stimulus Grants (1842)	\$2,672	\$1,967	n/a
N'hood Stabilization Pgm III (1311)	\$3,368	\$1,684	-50.0%
CAP Grant (1820)	\$1,603	\$1,287	-19.7%
All Other Funds	\$6,550	\$4,013	-38.7%
Sub-Total Special Rev Fund Group	\$81,430	\$67,254	-17.4%
Sub-Total Capital Fund Group	\$39	\$40	4.5%
Water/Sewer (2360/2400/2420)	\$47,790	\$48,095	0.6%
Landfill (2440)	\$7,099	\$6,978	-1.7%
Sanitation (2480)	\$14,581	\$14,323	-1.8%
Community Housing Services (2500)	\$12,609	\$12,700	0.7%
Sub-Total Enterprise Fund Group	\$82,079	\$82,097	0.0%
Benefits Trust Fund (2580)	\$23,118	\$22,349	-3.3%
Risk Management Self Insurance (2540)	\$3,068	\$3,025	-1.4%
Workers Comp. Self Insurance (2560)	\$1,407	\$1,407	0.0%
Sub-Total Internal Svc Fund Group	\$27,593	\$26,780	-2.9%
Grand Total: Operating Budget	\$362,100	\$347,725	-4.0%



Operating Budget Summary

The majority of the general fund group's operating budget expenditures are included in the General (Fund 1000), which encompasses 74% of that group's total operating budget. This fund, along with the Highway User Gas Tax (Fund 1340) that is part of the special revenue group, were the main focus of the City Council budget workshop presentations and are often collectively referred to as the "General and Streets Fund" operating budget for the city. These two funds are discussed in more detail in the following pages starting with Table 3: Comparison of General and Streets Funds Operating Budgets.

The decrease in the Arena Event Operations (Fund 1282) operating budget is the direct result of an anticipated \$3 million reduction in the budgeted arena management fee from \$20 million to \$17 million. This fund also includes the operating expenses associated with providing police, fire and transportation related services during events held at Jobing.com Arena. At the time this budget book was produced, a tentative agreement was in place related to the sale of the NHL Coyotes hockey team that included new contractual payments from the city for arena management services.

The reduction in both the PC and Vehicle Replacement Funds is due to the timing of when scheduled inventory replacements are expected to occur as the City continues to extend the useful lives of all non-public safety related equipment. The Stadium City Sales Tax – AZSTA and Marketing Self-Sustaining operating budgets increased due to planned expenditures tied to the sales tax and bed tax increases discussed in the *City Manager's Budget Message*. Both sales tax increases are effective August 1, 2012, or for eleven months of FY 2013. The decrease in All Other Funds is a result of budget reductions in the Civic Center, Arena Renewal & Replacement and the Library Book funds.

The special revenue fund group includes grant-related operating budget appropriation to accommodate grant opportunities that may arise during the course of the fiscal year, or those that have already been awarded to the city. Decreases in anticipated grant opportunities or the reduction of funding for existing state/federal programs are reflected in the Other Federal and State Grants (Fund 1840), Neighborhood Stabilization Program III (Fund 1311), C.D.B.G. (Fund 1320), Cap Grant (Fund 1820) and the All Other funds within the special revenue group. The reduction in the Highway User Gas Tax (Fund 1340) is a direct result of operating budget staffing reductions.

It is important to note that the city only pursues grant opportunities that are in line with council goals and objectives and that make strong financial business sense. Grant appropriation cannot be spent unless the city applies for and actually receives the corresponding grant monies.

The capital, enterprise and internal services groups did not see any material changes year over year. However, it is important to note that the 3.3% reduction in the Benefits Trust Fund is a result of city-wide staffing reductions that saw authorized staffing levels drop from 1,966.38 FTEs in FY 2012 to 1,824.25 FTEs in FY 2013.

Table 3 includes a tabular comparison of the departmental operating base budgets over the last two fiscal years and calculates the percentage change for the department from the FY 2012 operating base budget.

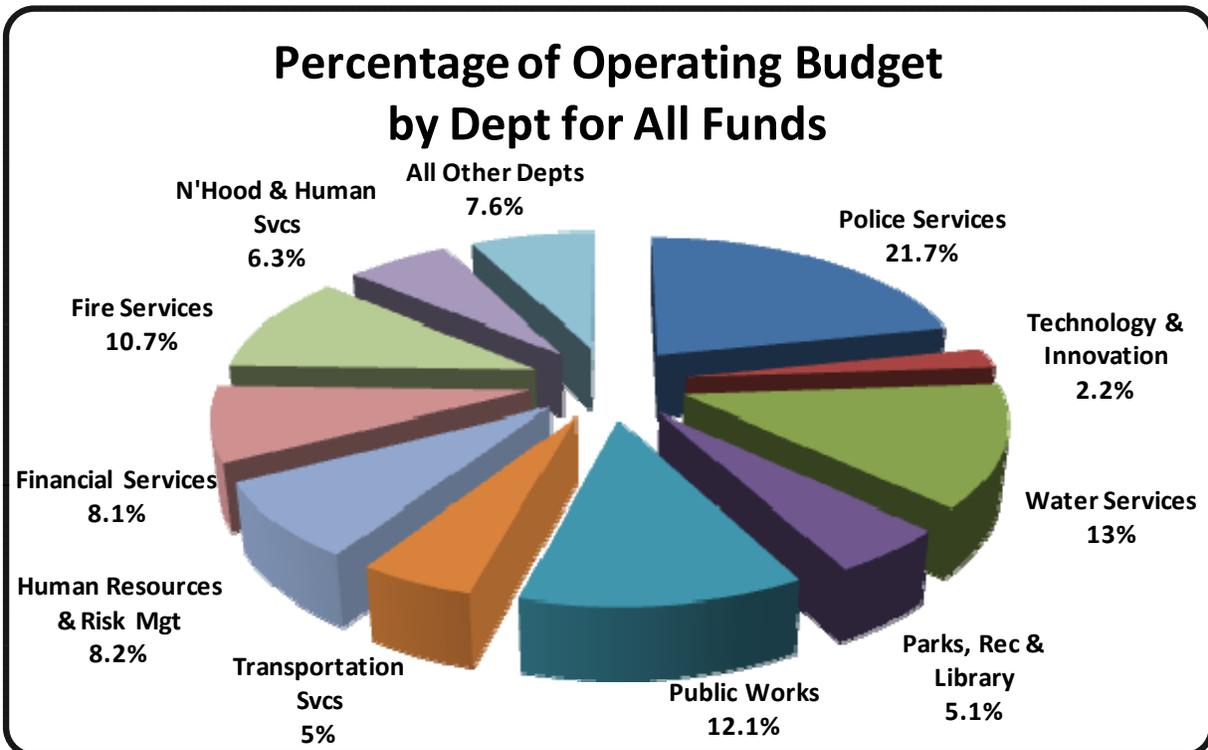
**Table 3: Comparison of All Funds
 Operating Budgets: FY 2012 vs. FY 2013**

(All Dollars in Thousands)

Department Name	FY 2012	FY 2013	% Change
Police Services	\$74,247	\$75,365	1.5%
Water Services	\$45,634	\$45,824	0.4%
Public Works	\$44,938	\$42,056	-6.4%
Fire Services	\$36,665	\$37,233	1.6%
Human Resources & Risk Mgt	\$29,623	\$28,521	-3.7%
Financial Services	\$29,136	\$28,020	-3.8%
N'Hood & Human Svcs	\$27,938	\$21,793	-22.0%
Parks, Rec & Library	\$19,664	\$17,649	-10.2%
Transportation Svcs	\$17,704	\$17,307	-2.2%
Technology & Innovation	\$7,248	\$7,643	5.5%
Miscellaneous Grants	\$8,627	\$4,961	-42.5%
Communications	\$4,247	\$4,794	12.9%
Community & Econ Dev	\$4,699	\$4,767	1.5%
City Court	\$4,040	\$4,228	4.7%
City Attorney	\$2,885	\$3,055	5.9%
Mayor & Council	\$1,424	\$1,406	-1.3%
City Manager	\$1,047	\$828	-21.0%
City Clerk	\$618	\$699	13.0%
Non-Departmental	\$765	\$645	-15.8%
Intergovt. Programs	\$687	\$641	-6.7%
Internal Audit	\$265	\$292	10.0%
Total Operating Budget	\$362,100	\$347,725	-4.0%

The Neighborhood & Human Services Department administers federally funded grant programs including C.D.B.G., HOME and Neighborhood Stabilization programs. Reduced funding for these grant programs account for the majority of this department's operating budget declining \$6.1 million in FY 2013 (22%). As discussed previously, the Miscellaneous Grants operating budget appropriation was reduced as available grant opportunities are tightening. The double digit reductions in Parks, Recreation and Library, City Manager and the Non-Departmental departments is a result of not only operating budget reductions, but also re-organizational changes including the elimination of the Administrative Services Admin division (deputy city manager office), that accounted for \$152,316 of the reduction in the City Manager operating budget in FY 2013. The Communications Department saw an increase in their Convention &

Visitors Bureau operating budget totaling \$418,130 as a result of the increase in the bed tax discussed previously. The City Clerk operating budget includes an increase of \$27,385 for budgeted carryover from FY 2012 to FY 2013 to cover upcoming election costs. The Financial Services Department's operating budget includes the \$17 million arena management fee, down from \$20 million in FY 2012, associated with the city's Jobing.com Arena, home of the NHL's Phoenix Coyotes team.



The largest operating department, regardless of funding source, is the **Police Services**, which accounts for \$75.4 million or 21.7% of the total operating budget. The Police Department provides police protection and related support services such as 9-1-1 dispatch, short-term detention and community education. It is accredited through the independent Commission on Accreditation for Law Enforcement.

The second largest department in terms of funding is **Water Services** at \$45.8 million, which makes up 13.2% of the total operating budget. This department is responsible for treating and distributing potable water that meets all federal and state standards, collecting and treating wastewater in compliance with all regulatory requirements, implementing odor and pest infestation control measures and reading all water meters on a daily basis. Environmental Services provides water conservation programs, water quality testing services for the city's drinking water and reclaimed water services, and long-term water resource planning.

The next largest department in terms of funding is **Public Works** at \$42.1 million, which makes up 12.1% of the total operating budget. This department is made up of Field Operations and Engineering staff. Among the many services that this department provides are the following:

BUDGET SUMMARY

Expenditures



- solid waste collection and disposal services and processing of recyclable products;
- building and equipment maintenance services for city vehicles and facilities;
- street and right-of-way maintenance;
- fuel services, custodial services and graffiti removal; and
- design and construction management for all city capital projects.

Fire Services accounts for \$37.2 million or 10.7% of the total operating budget. This department provides fire protection, emergency medical services and natural disaster planning. It also provides core life safety services involving fire suppression, property preservation, basic and advanced life support (paramedics), hazardous and technical response teams, fire code enforcement, fire investigation and child safety car seat installation. It is accredited by the Commission of Fire Accreditation International.

Human Resources & Risk Management totals \$28.5 million or 8.2% of the total operating budget. The department provides proactive customer service and consultation in the areas of total compensation, organizational development, employee relations and staffing. This department also administers the self insured employee health benefits, risk management and workers' compensation programs and services.

The sixth largest department in terms of funding is **Financial Services**. It totals \$28 million or 8.1% of the total operating budget. It is important to note that \$17 million or 61% of the total Financial Services operating budget is related to the arena management fee administered within this department. This department provides financial information to the public, state agencies, bondholders, grantors, auditors, City Council and management. This department is responsible for budget development and management, banking services and investment management, debt management as well as administering the sales tax code. Additional functions include preparation of external financial reports, managing the city payroll and accounts payable processes and maintaining, updating and testing accounting and budget input system changes and upgrades.

The next largest department in terms of funding is **Neighborhood & Human Services** at \$21.8 million, which makes up 6.3% of the total operating budget. This department provides direct city services that maintain the quality of life and build stronger neighborhoods for all residents. Some of the services these divisions provide include:

- addressing the housing needs of over 4,400 Glendale residents by operating three public housing complexes and a Section 8 voucher program;
- providing affordable housing, housing rehabilitation assistance and emergency home repair for eligible Glendale residents; and
- administering the federal Community Development Block Grant (CDBG), the Community Action Program (CAP) and other related federal programs.

The eighth largest department in terms of funding is the **Parks, Recreation & Library Department**. It provides services that are probably the most visible to the public and includes library services and parks, open space and recreational activities for residents. This department accounts for \$17.6 million or 5.1% of the total operating budget. The library serves Glendale



citizens by providing books, programming, audio-visual materials and electronic resources that inform, educate and entertain residents. The department also offers opportunities to enhance the social, physical, mental and economic health of the community by offering a wide variety of programs and events. They also maintain, protect and manage parks, open spaces, trails and aquatic and recreational facilities located throughout the community.

The next largest department is **Transportation Services** which totals \$17.3 million, and makes up 5% of the total operating budget. This department is responsible for transportation planning, traffic engineering, traffic signals, signs, striping, street lighting, transit services and educational program services to meet the transportation needs of the city. This department is also responsible for operating the Glendale Municipal Airport. The airport is a regional general aviation facility that provides hangar facilities, aviation planning, maintenance, safety and educational tours.

The **Technology & Innovation Department** expenses round out the top ten departments and this area accounts for another \$7.6 million or 2.2% of the operating budget. This department supports the City's technology infrastructure such as application support, network, data services, email and telephony. In addition, this department supports the enhancement of business processes through the use of the LEAN methodology.

The remaining departments in the all other category include: Misc. Grants, Communications, Community & Economic Development, City Court, City Attorney, Mayor & Council, City Manager, City Clerk, Non-Departmental, Intergovernmental Programs and Internal Audit. These departments make up the remaining \$26.4 million or 7.6% of the total operating budget.

The *Operating Budget* section in this budget book includes more detailed information on all the departments mentioned in this section.

Staffing and Personnel Issues

As with any service organization, personnel costs are a significant part of the total operating budget of the city. In fact, 78% or \$103.5 million of the \$132.9 million FY 2013 operating budget for the General and Streets funds is attributable to wages, salaries and benefits. Almost two-thirds (64%) of the wages, salaries and benefits budget for the General and Streets funds is budgeted for Police and Fire Services as shown in Table 4.



Table 4: GF/HURF Salaries and Benefit Related Costs
 (All Dollars in Thousands)

Department	Wages & Salaries	Retirement Costs	Social Sec. & Medicare	Medical & Dental Insurance	OT, Hourly & Other Spec Pays	Total
Police Services	28,981	7,502	2,529	3,601	1,258	43,871
Fire Services	15,917	3,195	335	1,733	1,420	22,600
All Other	25,980	3,577	2,477	3,689	1,275	36,998
Total	70,878	14,274	5,341	9,023	3,954	103,469

The FY 2012 General Fund budget included 27 frozen public safety positions. These 27 positions will be frozen for another year in the FY 2013 budget. It is important to note that these frozen positions are still included in the Full-Time Equivalent (FTE) counts that appear on the following pages. Only the salary and benefits associated with the frozen positions are removed from the department's respective operating budgets. This is done because the positions are still authorized by City Council to be filled when the economy and revenue collections improve to the point where it makes business sense to fund the positions once again.

Table 5 provides a comparison of staffing levels in recent years for all funds which accounts for all changes in authorized staffing city-wide. The overall staffing level decreased by 142.13 FTE's or 7.2% from FY 2012 to FY 2013. The majority of the decreases were realized in the General and Highway User Gas Tax Funds as these two funds accounted for a reduction in force equivalent to 102.38 and 29 FTE's, respectively. Sanitation & Landfill accounted for 10 FTE's and the remaining minor staffing changes were spread over several funds.

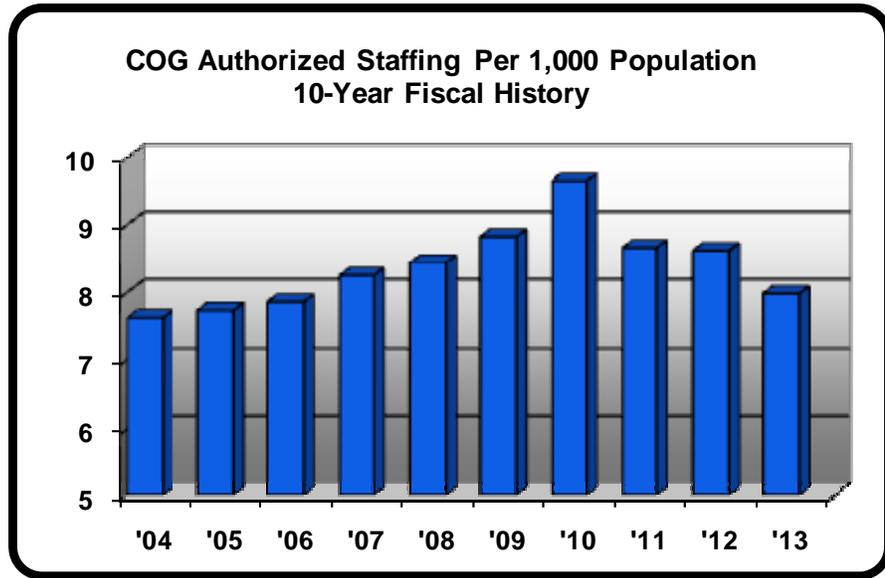
The city has historically taken a conservative approach to adding new positions and expanding its service delivery system to ensure that basic services can be sustained regardless of revenue and expense fluctuations. Therefore, staff increases are typically closely tied to population growth. However, severe economic downturns can impact staffing levels given the fact that a high percentage of overall operating costs are staffing related. City-wide authorized staffing experienced ten straight years of modest growth before staffing reductions were implemented from FY 2010 thru FY 2013. Since FY 2009, staffing in the General and Streets Fund decreased from 1,501.76 to 1,132.5 FTEs, a reduction of 369.26 or 25%.



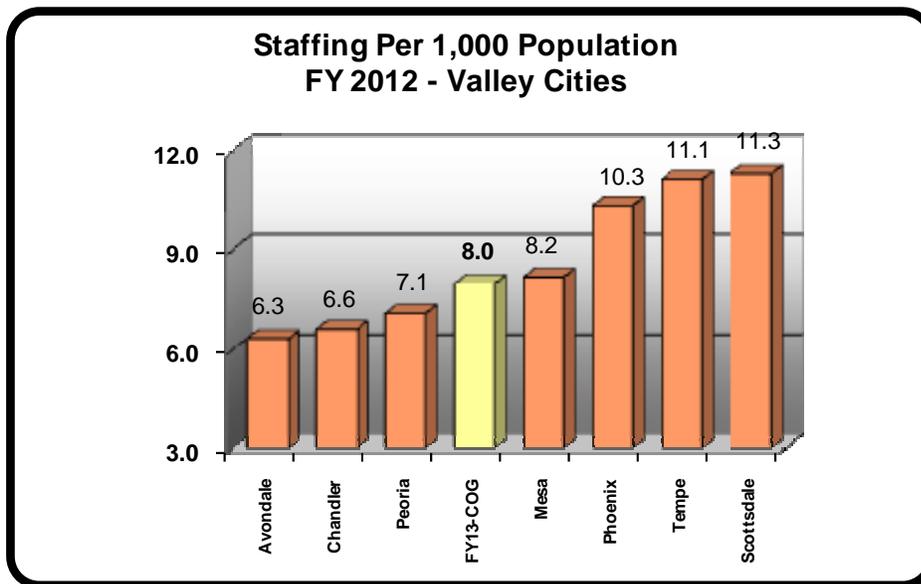
Table 5: Staffing Levels by Fund
(Full-Time Equivalents)

Fund	2008-09	2009-10	2010-11	2011-12	2012-13
General-1000	1,403.76	1,389.76	1,202.26	1,198.88	1,096.50
Water and Sewer-2360/2400/2420	242.25	242.25	242.25	242.25	242.25
Police Special Revenue-1700	118.00	118.00	118.00	118.00	118.00
Sanitation-2480	78.00	80.00	80.00	79.00	74.00
Fire Special Revenue-1720	50.00	50.00	51.00	51.00	51.00
Transportation Sales Tax-1660	50.25	50.25	49.25	49.25	49.25
Landfill-2440	41.00	41.00	44.00	44.00	39.00
Highway User Gas Tax-1340	98.00	90.00	67.00	65.00	36.00
General Services-1040	42.00	41.00	37.00	34.00	34.00
Pub Housing Budget Activities-2500	25.00	25.00	24.00	24.00	25.00
Training Facility Revenue Fund-2530	12.00	12.00	10.00	12.00	10.00
C.D.B.G.-1320	8.75	8.75	8.75	8.75	8.75
CAP Grant-1820	7.00	7.00	7.00	7.00	7.00
Parks & Recreation Self Sust-1880	5.00	5.00	7.00	7.00	7.00
Airport Special Revenue-1760	5.00	5.00	5.00	5.00	6.00
Civic Center-1740	7.00	7.00	6.00	6.00	5.00
Risk Management Self Ins.-2540	0.00	0.00	1.00	3.75	3.00
Court Security/Bonds-1240	1.00	1.00	2.00	2.00	3.00
Grants-1840	4.00	3.00	3.00	3.00	2.00
Stadium Event Operations-1281	2.00	2.00	2.00	2.00	2.00
Arena Event Operations-1282	2.00	2.00	2.00	2.00	2.00
Telephone Services-1100	1.00	1.00	1.00	1.00	1.00
Arts Commission Fund-1220	0.00	0.00	0.00	0.00	1.00
PC Replacement-1140	1.00	1.00	1.00	1.00	1.00
RICO Funds-1860	0.50	0.50	0.50	0.50	0.50
Total	2,204.51	2,182.51	1,971.01	1,966.38	1,824.25

The FY 2010 staffing per 1,000 (all funds) increased because the 2010 census numbers came in 23,090 less than the previous year's population figure. In addition, the vacant positions accumulated in all funds were not eliminated from the budget until the following fiscal year.



The FY 2011 budget included a decrease in total authorized staffing by 211.5 FTEs across all funds. The majority of the staffing decreases related to the elimination of vacant GF positions and city-wide budget reductions. While the FY 2012 staffing per 1,000 population saw a minimal reduction, a 142.13 FTE reduction in FY 2013 equated to a 7.5% reduction in staffing per 1,000 population. Schedule 6, found in the *Schedules* section of this document, provides detail on the city's authorized staffing by position for all departments and funding sources.



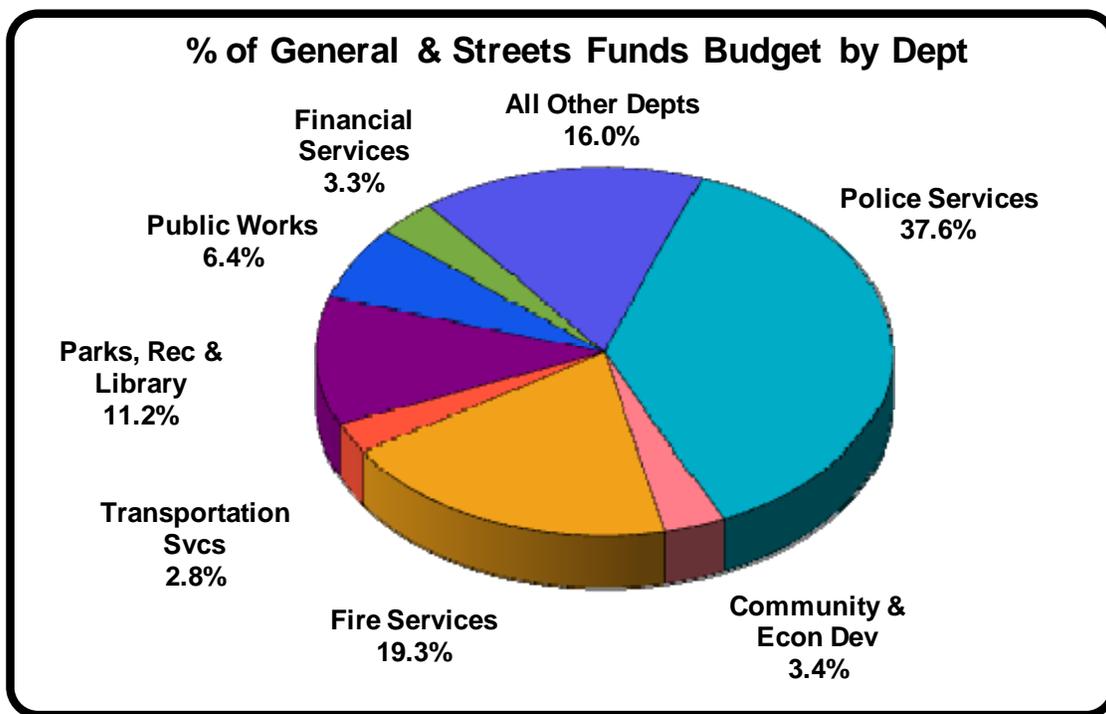
The total authorized staffing of 1,824.25 FTE positions will serve an estimated population of 228,585 at the start of FY 2013. This results in a staffing ratio of 7.98 employees per 1,000 residents in FY 2013. As the accompanying graph indicates, Glendale continues to maintain a low staff to population ratio compared to Mesa,

Phoenix, Tempe and Scottsdale and does so without sacrificing the quality of services provided to residents. Please note that the ratio for all staffing-per-each-1,000 residents is from FY 2012 adopted budget numbers except for the City of Glendale, which represents the FY 2013 ratio. This is done because the FY 2013 adopted budget numbers for other cities was not known at the time this budget book was published.

General and Streets Funds Operating Expenditures

The total operating budget for FY 2013 is \$132.9 million. Police Services, at 37.6% or \$49.9 million, is the largest component of the General Fund budget, followed by Fire Services at approximately 19.3% or \$25.7 million, Parks, Recreation & Library at 11.2% or \$14.9 million and finally Public Works at 6.4% or \$8.5 million. These four departments comprise 74.5% or \$99 million of the total General and Streets Funds operating budgets. The remaining 25.5% or \$33.9 million of the \$132.9 million budget is within Community and Economic Development, Transportation Services, Financial Services and the All Other Departments categories.

The All Other Departments category includes City Court, Technology and Innovation, City Attorney, Communications, Neighborhood and Human Services, Human Resources and Risk Management, Mayor and Council, City Manager, City Clerk, Non-Departmental, Intergovernmental Programs and Internal Audit departments. The accompanying graph displays the General and Streets Funds budgets by department as a percentage of the whole.



All street-related costs eligible for the Highway User Revenue Fund (HURF) allocation are budgeted as expenses of the Streets Fund and are included in the Public Works and Transportation Departments. The following table compares the FY 2013 General and Streets Fund operating budgets by department to FY 2012 in tabular form.

Table 6: General & Streets Funds Operating Budgets By Dept

(All Dollars in Thousands)

Dept Name	FY 2012 Budget	FY 2013 Budget	% Change
Police Services	\$47,636	\$49,948	4.9%
Fire Services	\$24,157	\$25,661	6.2%
Parks, Rec & Library	\$16,415	\$14,892	-9.3%
Public Works	\$10,779	\$8,453	-21.6%
Community & Econ Dev	\$4,386	\$4,506	2.7%
Financial Services	\$3,582	\$4,410	23.1%
Transportation Svcs	\$3,783	\$3,686	-2.6%
City Court	\$3,388	\$3,570	5.4%
Technology & Innovation	\$2,757	\$3,495	26.8%
City Attorney	\$2,885	\$3,055	5.9%
Communications	\$2,620	\$2,778	6.0%
N'Hood & Human Svcs	\$2,575	\$2,177	-15.5%
Human Resources & Risk	\$1,946	\$1,721	-11.6%
Mayor & Council	\$1,424	\$1,406	-1.3%
City Manager	\$1,047	\$828	-21.0%
City Clerk	\$618	\$699	13.0%
Non-Departmental	\$765	\$645	-15.8%
Intergovt. Programs	\$687	\$641	-6.7%
Internal Audit	\$265	\$292	10.0%
Water Services	\$27	\$0	-100.0%
Total	\$131,743	\$132,860	0.8%

The bullet points below provide an explanation for the material changes in the FY 2013 General and Streets Funds departmental operating budgets.

- The Police and Fire Services operating budgets increased by \$2.3 million and \$1.5 million, respectively, due primarily to salary and benefit related increases negotiated by the labor unions.
- Half of the Parks, Recreation & Library reduction pertained to library operations that cut \$760,812 out of its FY 2012 adopted budget with the remainder of the department's reductions spread across the parks and recreation divisions.
- The Public Works Department reduced street maintenance (\$1.3 million) and engineering, design and facilities management divisions by another \$870,761 collectively, accounting for 94% of their overall reduction.



- Despite additional staffing reductions, the Financial Services Department's operating budget increased 23.1% due to increases in scheduled lease debt principal and interest payments as outlined on Schedule Eight.
- The Technology and Innovation Department operating budget increased as a result of additional maintenance costs associated with Tax Mantra (sales tax and licensing software) in addition to the consolidation of three informational technology positions previously housed in other departments into the Technology & Innovation Department.
- Neighborhood and Human Services Department staffing decreased by 6.5 FTEs and that drove the department's 15.5% reduction in the operating budget year over year.
- A staffing reduction of four FTEs in Human Resources and Risk Mgt was the primary reason for their 11.6% decrease
- The City Manager's Office reduction of 21% was directly related to the elimination of the Administrative Services Admin division resulting in \$152,316 of savings year over year.
- The last five departments in the table saw a reduction of \$86,617, or 3.7%, when combined together.

General and Streets Funds Transfers to Other Funds

The General and Streets Funds support a number of other funds within the city. The amount of support can vary from year to year based on projected revenue for the supported funds as well as debt service schedules. A net transfer amount of \$31.1 million is projected to be transferred to other funds in FY 2013. This amount is \$1.2 million less than the net GF transfers included in the FY 2012 budget.

The \$31.3 million transfer includes \$17.6 million for arena event operations, including the \$17 million arena management fee, and it includes another transfer of \$6.9 million to the Municipal Property Corporation debt service fund to cover principal and interest payments related to several capital projects such as the Glendale Media Center and Expo Hall, Convention Center and Parking Garage in the west area, infrastructure for the Zanjero development, the Jobing.com Arena and a portion of the Glendale Regional Public Safety Training Center. The \$6.9 million is the net amount after accounting for expected revenue per the respective development agreements for the various facilities named above.

A total transfer of \$2.5 million is projected for the Stadium, Youth Sports Complex and Camelback Ranch spring training funds. \$1.4 million will be transferred from the Streets Fund to the Street Debt Service Fund to help pay the principal and interest payments for previously funded HURF bond projects. Another \$900,000 will go to the Transportation Fund and is done annually per the 2001 election approving the transportation sales tax. A transfer of \$320,145 will be made to the Marketing Special Events Fund to support the special events held in downtown Glendale. Other transfers will go to the Civic Center, Airport, Housing, Employee

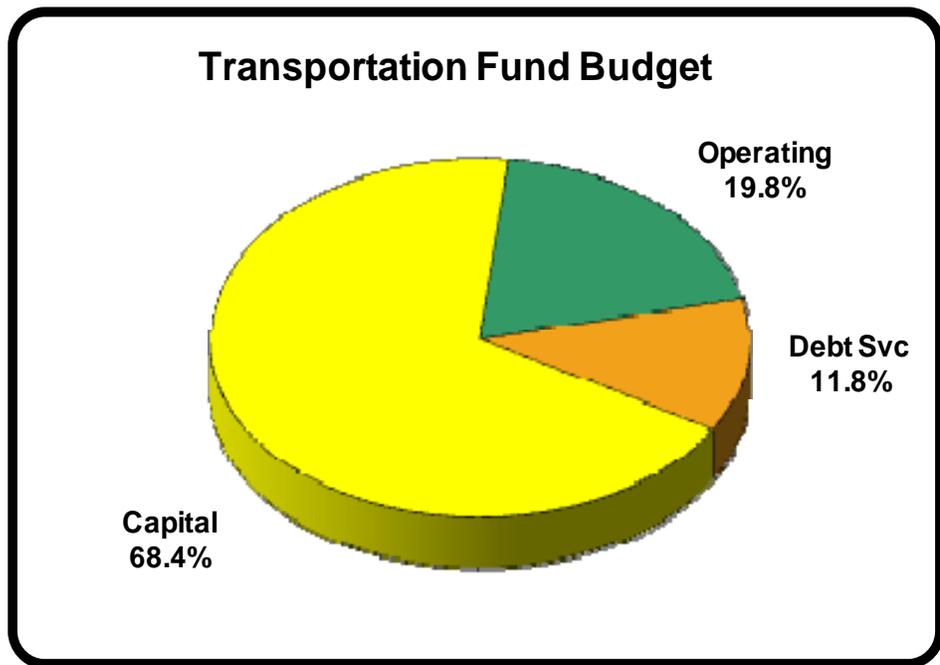
Group and various other grant funds. Transfers between funds are detailed in Schedule 4 of the Schedules section of this document.

Police and Fire Sales Tax Fund Expenditures

These fund resources are designated to support the salaries of additional police officers and firefighters, as well as the equipment and services needed to support those positions. A total of \$14.2 million will be appropriated from the Police Special Revenue Fund to provide police services. An additional \$6.6 million from the Fire Special Revenue Fund is designated to provide fire protection and emergency medical services. The Police fund supports 118 authorized police staffing positions while the Fire fund supports 51 fire staffing positions.

Transportation Fund Expenditures

The Transportation Fund includes operating, capital and debt service expenses related to providing a range of transportation services in accordance with the ballot initiative that Glendale voters approved in a 2001 election. Although the majority of expenditures totaling \$42.4 million are budgeted for capital outlays (including grant funded capital



projects), the total operating budget of \$12.3 million is used for Fixed Route services (public transportation) at \$5.1 million and Dial-A-Ride at \$2.5 million. The latter program serves physically challenged residents and individuals with special transportation needs.

The Transportation Program Management division includes funding for the streetlight maintenance contract and program audit services, as well as various other items and has a total budget of \$2.4 million. The remaining \$2.3 million, or 18% of the operating budget, is used for traffic engineering, safety education, traffic mitigation, management oversight and grant related operating appropriation. Debt service payments totaling \$7.3 million are budgeted for FY 2013 and represent the final appropriation component.

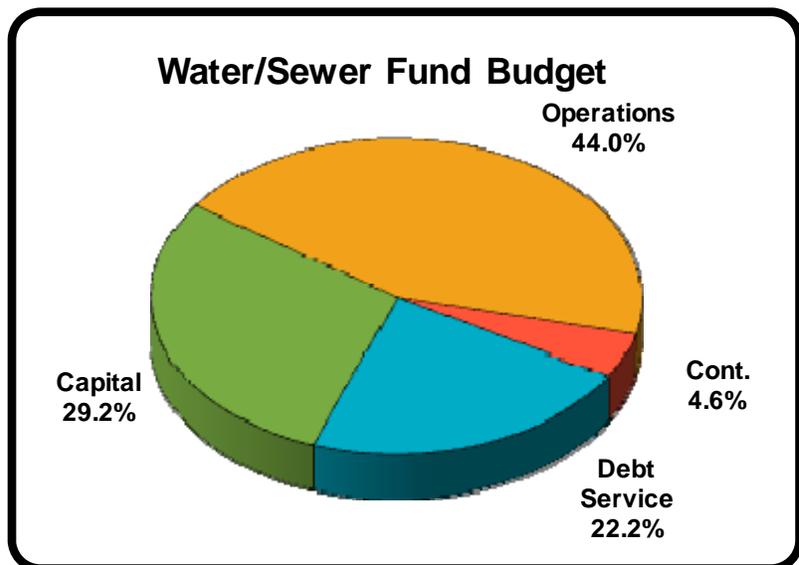
Airport Fund Expenditures

The Airport Fund operating budget is \$600,451 that is funded by airport revenues of \$456,036 with the remaining \$144,415 covered through a transfer from the General Fund. Much of these appropriations fund daily operations at the airport, including fulfilling FAA safety regulations.

Continuing efforts to develop more revenue sources, coupled with prudent cost control measures, have brought the airport much closer to self-sufficiency when comparing revenue sources generated and actual expenditures. Once runway and facility improvements are completed, and the economy recovers, staff believes the Glendale Airport will attract more corporate jet customers. When these improvements are coupled with uses from professional football, hockey and baseball spring training, as well as other major national events occurring in Glendale, the city's airport is expected to be a fully self-sustaining transportation hub for the West Valley.

Water/Sewer Fund Expenditures

In Arizona's desert environment, water treatment and delivery is one of the most essential services the city provides. Glendale is fortunate to have reliable, long-term sources of water from the Salt River Project, the Central Arizona Project (Colorado River water) and groundwater. Although water from these sources is becoming more expensive to obtain and treat, Glendale water rates are reasonable when compared to both local and national standards.



The operating budget for this fund is \$48.1 million for FY 2013. Almost half of this budget, or \$18.2 million, is used to support the Oasis Water Campus; the Cholla and Pyramid Peak Water Treatment Plants; the West Area and Arrowhead Wastewater Treatment Plants; and the regional sewer treatment facility that the City of Phoenix operates through the Sub-Regional Operating Group (SROG). In addition, water distribution, wastewater collection, customer service and utilities administration costs make up another \$20.4 million. The remaining \$9.5 million of the operating budget is used for meter maintenance, central system control, water quality testing and information management services.

Many significant capital projects are planned for FY 2013 and they account for the \$31.9 million in capital expenditures, as well as the corresponding \$24.2 million in debt service payments required for those capital projects. The *Capital Improvement Plan* of this book includes project

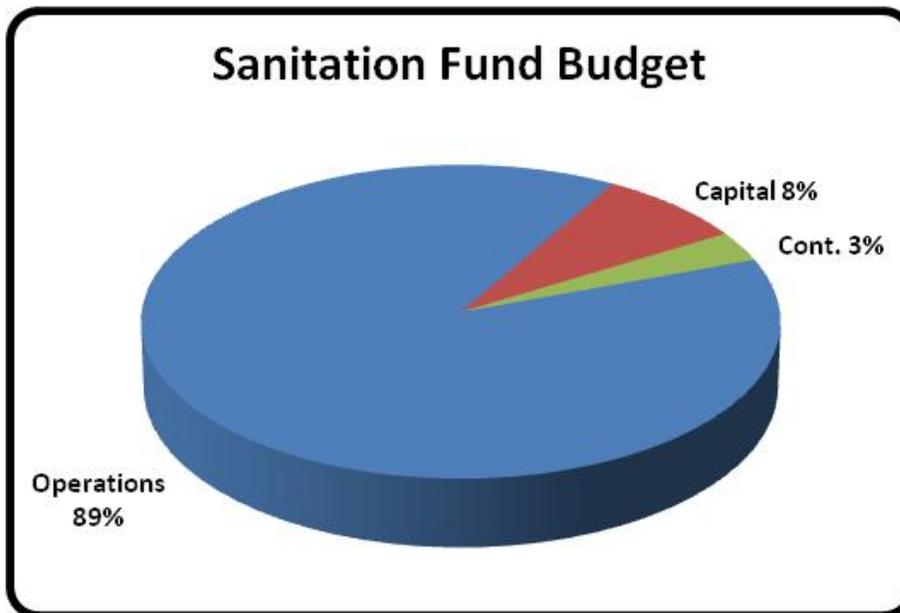
descriptions and detailed cost estimates for all planned water and sewer capital projects. A \$5 million contingency appropriation is supported by fund balance and will be used at the direction of City Council for any unplanned emergencies or if any capital construction projects get ahead of schedule.

Landfill Fund Expenditures

The total operating budget for FY 2013 is \$7 million, relatively unchanged from the \$7.1 million in FY 2012. Landfill operations total \$3.1 million, the materials recycling facility accounts for \$1.8 million and other recycling at \$886,721, all of which accounts for 84.1% of the operating budget. The remaining amount, or \$1.1 million, is used for solid waste administration and landfill gas management. The FY 2013 capital budget totals \$2.8 million and the Landfill Fund also has a \$2 million contingency appropriation to be used at City Council discretion for any unplanned emergencies.

The recycling program has been in operation for just over a decade, which includes the recycling education and inspection programs and the full cost of the materials recycling facility. Recycling accomplishes a number of objectives such as improving the environment, extending the useful life of Glendale’s landfill, and generating revenue from the sale of reusable materials.

Sanitation Fund Expenditures



The total operating budget for FY 2013 is \$14.3 million, which represents a 2% decrease from the \$14.6 million in FY 2012. Residential curb service includes trash, recycling and loose trash collection and accounts for \$10.2 million or 71% of the operating budget. The commercial front-load and roll-off divisions account for another \$4.1 million. The FY 2013 capital budget

includes \$1.3 million for the purchase of side load refuse trucks and replacement pickup trucks, which makes up 11% of the total operating budget. The Sanitation Fund has a \$500,000 contingency appropriation to be used at City Council discretion for any unplanned emergencies.



Benefits Trust Fund Expenditures

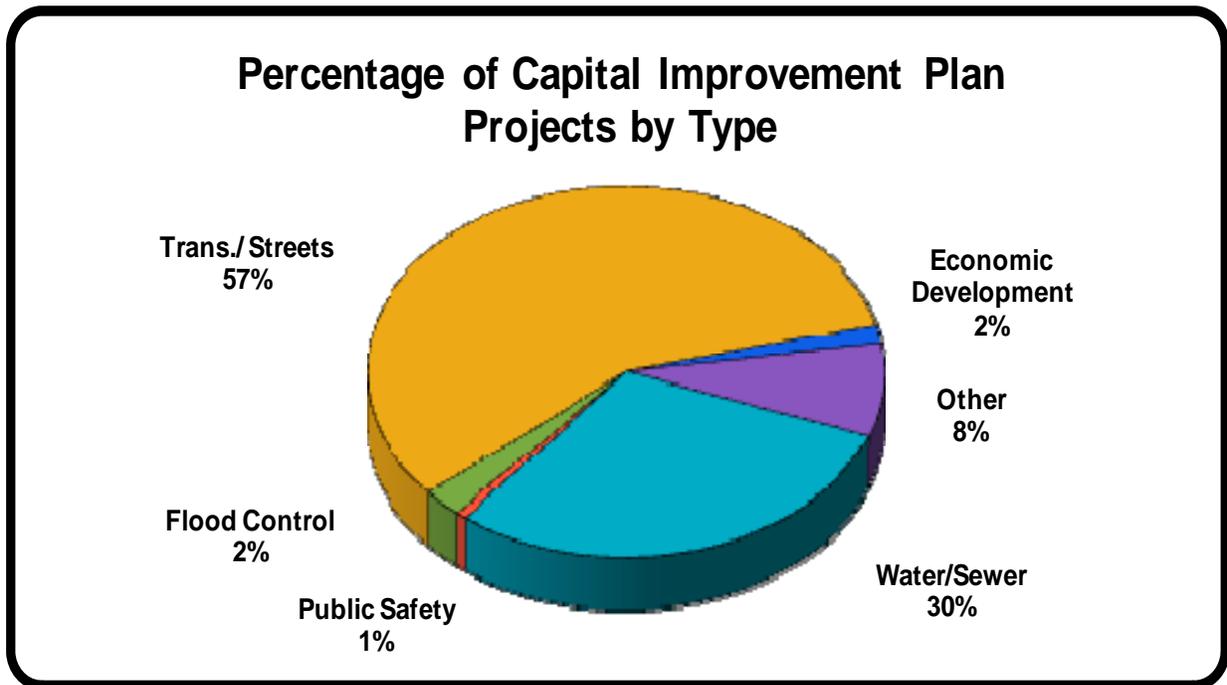
The Benefits Trust Fund is used to track city and employee health care contribution payments and to pay health insurance policy premiums for employees and retirees. The fund currently administers the medical, dental, life insurance and vision plans and coverage for both premiums and claims related expenses. The fund has an operating budget of \$22.3 million for FY 2013.

FY 2013 projected revenues total \$22.3 million and include \$13.7 million from employer contributions, \$4.6 million from employee contributions and retiree contributions totaling \$4 million. Modest interest earnings projected at \$18,000. The beginning fund balance is projected to be approximately \$1.3 million and the fund is projected to end the year with the same \$1.3 million fund balance it started with. Benefit rates offered current employees will remain flat year over year.

Capital Improvement Plan Expenditures

The total capital improvement budget for FY 2013 is \$106.2 million, and 92.2% of this amount relates to transportation, public safety, flood control, and water and sewer projects. The \$106.2 million includes carryover appropriation from FY 2012 of \$74.3 million to complete existing projects and \$31.9 million for new projects. This is a decrease of \$38 million, or 35.8%, compared to the FY 2012 capital improvement budget of \$144.2 million. Approximately half of the reduction was driven by a year over year reduction in the new funding included in the FY 2012 capital budget (\$49.7 million) versus FY 2013 (\$31.9 million) that accounted for \$17.8 million of the decrease. The remainder is a result of a decrease in funding for carryover capital projects of \$20.2 million accounted for the remaining year over year reduction.

The graph below shows the percentage of capital improvement plan projects by type and as a percentage of the whole. The graph includes new funding and carryover for FY 2013. For more details, please refer to the *Capital Improvement Plan* section of this document.

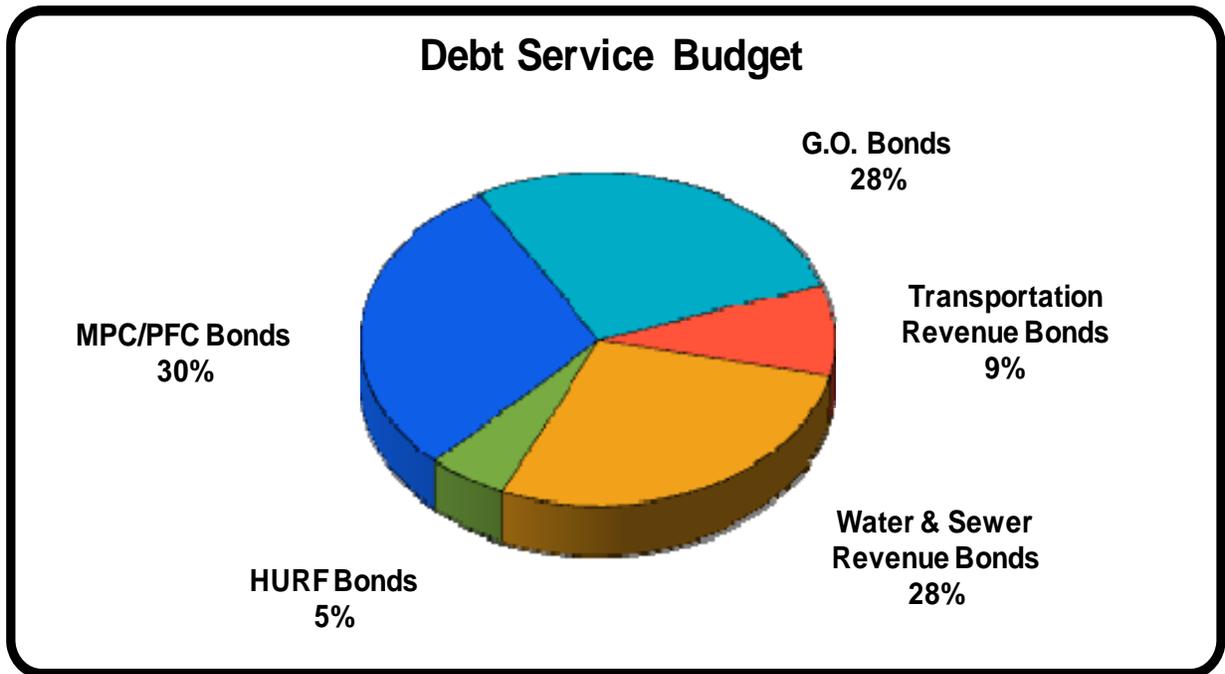


Debt Service Expenditures

The City has used debt financing for a number of years to finance most capital projects. The amount of debt incurred must be compatible with the City's goals pertaining to the capital program, the financial plan and the operating budget.

The Government Finance Officers Association recommends local governments develop a formal comprehensive debt management plan. The City maintains a formal *Debt Management Plan*, which is a separate document that the Finance Department develops in conjunction with the Management and Budget Department. The *Debt Management Plan*, which was updated in early FY 2012 and presented to City Council in January 2012, is designed to manage the issuance of the city's debt obligations in order to maintain the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment beneficial to the city and necessary for essential services. This section is not intended to review the City's total debt position. That discussion is found in the *Debt Management Plan*.

The total debt service budget for FY 2013 is \$86 million, compared to \$85.1 million in FY 2012. The accompanying graph illustrates how the debt service budget is divided among different types of debt service categories. For a discussion about these debt service categories, please see the *Financing the Capital Improvement Plan* section in this budget document.



CONCLUSION

This *Budget Summary* is intended to provide a general overview of the FY 2013 budget document and to highlight some of the more significant program changes and policy issues addressed in the budget document. The sections that follow the *Budget Summary* section provide more detailed information about the city’s organizational structure, its goals and objectives, and operating budgets for each city department.

Documents comprising the foundation for Glendale’s annual budgeting process have been included in this budget document as well. The *Financial Plan* and *Financial Policies* documents identify and explain the strategies used to meet and stabilize city revenues and expenses, and ensure the continuity and reliability of basic services. The *Five-Year Forecast* addresses the long-term financial projection for city revenues and expenditures.

In addition, the city continues to implement of the business-based approach to providing and evaluating city services. Accompanying this approach are departmental business plans that were initiated in FY 2004 and continue to be based on the City Council’s strategic priorities. In future city budgets, the Mayor and Council’s vision for the community will continue to be outlined and then translated into specific actions and programs through departmental business plans. This will then guide the budget process to ensure the Council goals are achieved through each dollar spent by the city.

The long-range blueprint for the financing and construction of large projects is contained in the *Capital Improvement Plan*. The *Schedules* section contains detailed information about the City of Glendale’s fund accounting system, operating revenues and expenditures, debt service and authorized staffing levels.

A *Frequently Asked Questions* (FAQ) guide is included in the appendix to help clarify the words and phrases that may have specialized meaning when applied to municipal government budgeting practices. This FAQ document is a good primer for those who wish to brush up on their financial terminology or want to find parallels between their own personal budgets and the city's overall budget.

The City of Glendale publishes several other documents that may be of interest and assistance in understanding city operations. These include the *Comprehensive Annual Financial Report* and *Debt Management Plan*, available from the Financial Services Department; the *Glendale General Plan*, which was overwhelmingly approved by voters in 2002 and is available from the Community and Economic Development Department; and the *Glendale Annual Report* distributed by the Communications Department.

Questions, comments or observations regarding this annual budget document should be directed in writing to:

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