



REVENUES

Total revenues available to the city in FY 2009 from all sources are estimated at \$682.4 million, of which \$167.5 million goes into the General Fund. Table 1 shows changes expected in the revenue funds included in the table. Please note that numbers in parentheses denote a decrease in revenues in FY 2009 from FY 2008.

Table 1: Total Revenues by Fund—FY 2008 vs. 2009

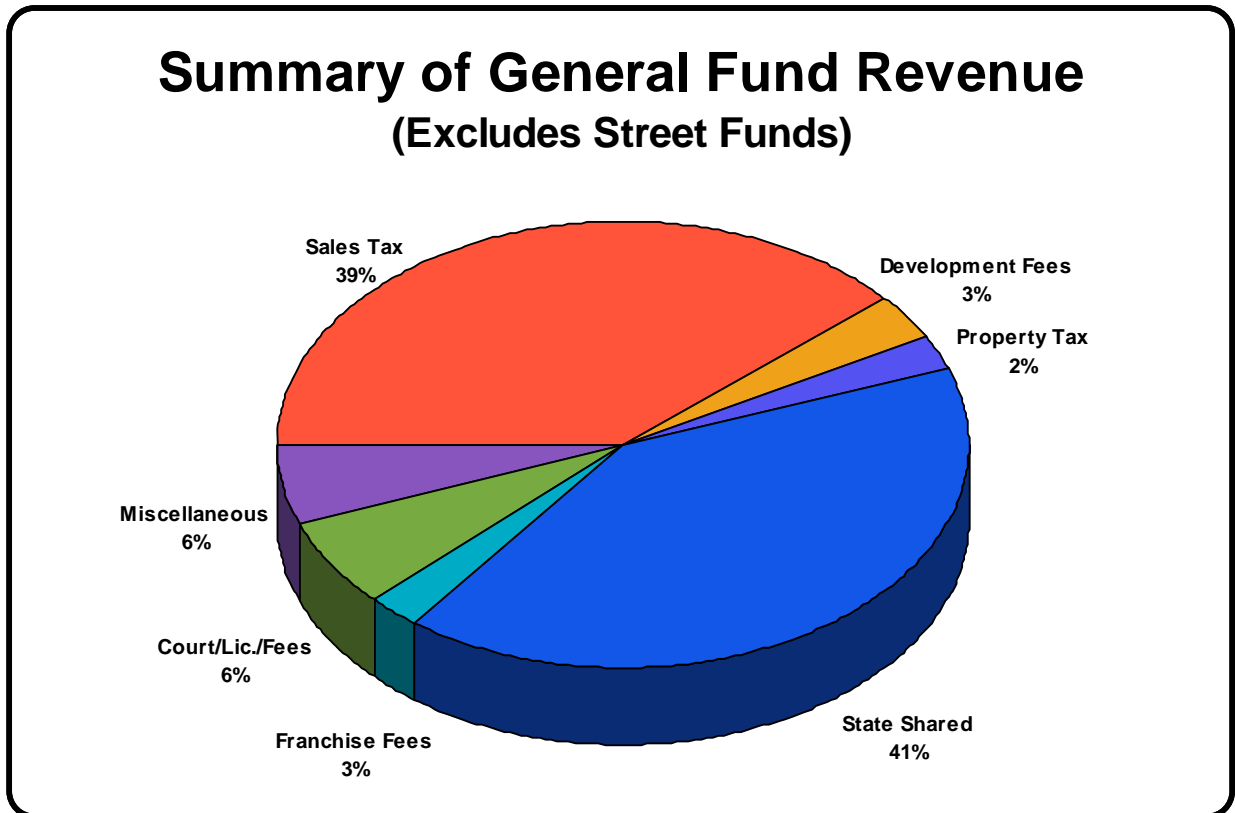
(All Dollars in Thousands)

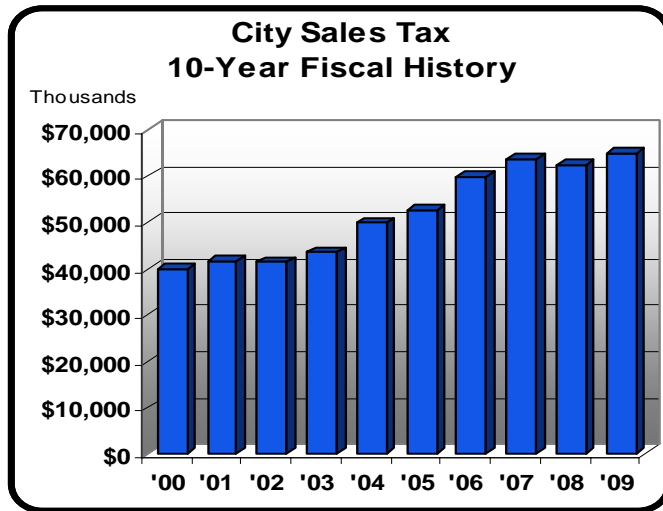
Fund	FY 2008 Estimate	FY 2009 Projection	Change FY 08 to FY 09
1000-General	\$163,475	\$167,497	\$4,022
1040-General Services	\$9,434	\$9,774	\$340
1100-Telephone Services	\$642	\$1,112	\$470
1120-Vehicle Replacement	\$3,359	\$3,196	(\$163)
1140-PC Replacement	\$2,259	\$2,087	(\$172)
1240-Court Security/Bonds	\$357	\$350	(\$7)
1260-Library	\$263	\$263	\$0
1340-Highway User Gas Tax	\$17,442	\$17,616	\$174
1640-Local Transp. Assistance	\$1,000	\$1,000	\$0
1650-Transportation Grants	\$4,368	\$12,685	\$8,316
1660-Transportation Sales Tax	\$22,842	\$26,805	\$3,963
1700-Police Special Revenue	\$3,734	\$15,917	\$12,183
1720-Fire Special Revenue	\$1,867	\$8,365	\$6,499
1740-Civic Center	\$509	\$530	\$21
1760-Airport Special Revenue	\$468	\$522	\$53
1780-Arena Special Revenue	\$5,332	\$5,580	\$248
1880-Parks & Recreation Self Sust	\$945	\$1,105	\$160
2360-Water and Sewer	\$131,176	\$146,090	\$14,914
2440-Landfill	\$9,738	\$9,335	(\$403)
2480-Sanitation	\$15,617	\$15,667	\$50
2500-Pub Housing Budget Activities	\$8,221	\$8,268	\$47
2540-Risk Management Self Insurance	\$3,813	\$3,828	\$15
2560-Workers Comp. Self Insurance	\$1,117	\$1,118	\$1
2580-Benefits Trust Fund	\$19,037	\$23,481	\$4,444
Total Operating	\$427,015	\$482,191	\$55,175
Capital and Other Revenue	\$175,085	\$200,198	\$25,114
Grand Total	\$602,100	\$682,389	\$80,289

General Fund Revenues

Total resources available in FY 2009 to support General Fund services include the estimated beginning fund balance of \$41.4 million and revenues of \$167.5 million. Estimated total revenues for FY 2009 are expected to increase approximately \$4.0 million, or 2.5% from the FY 2008 year-end estimate. The increase from the prior year-end estimate is attributable primarily to increases in city sales tax and state-shared revenues.

The city's overall General Fund revenue projections are based on historic trend data, expected population increases, disposable personal income, inflation, performance of the national, state and local economies and statistical analyses.



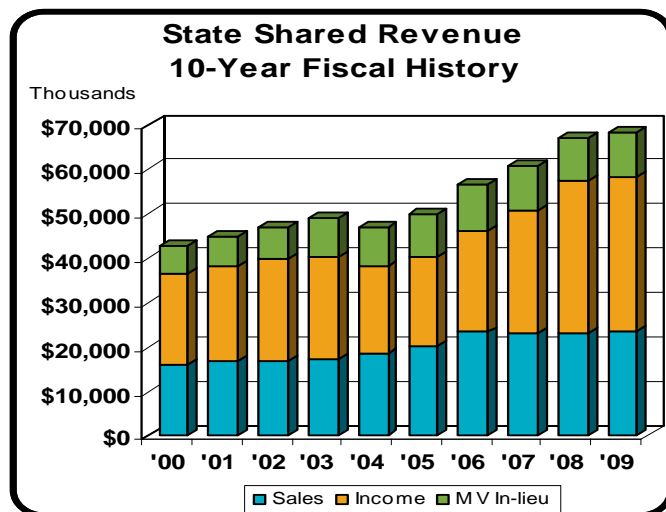


City Sales Tax: City sales tax represents 38.7% of the General Fund total operating resources and is expected to be Glendale’s second largest source of locally generated revenue. The General Fund receives 1.2% of the city’s 2.2% sales tax on all retail sales occurring within the city. For FY 2009 the adopted revenue budget is \$64.9 million, which is approximately a \$2.6 million, or a 4.2% increase over the FY 2008 year-end estimate of \$62.3 million.

This revenue source has performed very strongly in recent years as reflected in an annual average growth rate of 9.7%

between FY 2002 and FY 2006. After seeing a slight decrease in FY 2008 it is expected to grow modestly for FY 2009.

State-Shared Revenues: State-shared revenues include state income tax, state sales tax, and motor vehicle in-lieu tax, which are shared with all cities and towns throughout the state. The formula for distribution of the sales and income tax revenue is based upon the relation of the city’s population to the total state population. Under this distribution method, mature cities reaching build-out will see their portion of state-shared tax revenues decrease, as rapidly growing cities receive a greater share of the revenue distribution. The motor vehicle in-lieu distribution is based on the city’s population in relation to the total incorporated population of Maricopa County. The State Department of Revenue collects and distributes funds to cities and towns for these revenue sources.



A mid-decade census was conducted in FY 2006 for Maricopa County. Originally the city expected to see a loss in FY 2007 state-shared revenue as a result of the mid-decade census, but due to economic growth the city continues to see revenue growth. The city is expected to realize a \$1.1 million or 1.7% increase over the FY 2008 year-end estimate of \$67.1 million. State-shared revenue represents 40.7% of the General Fund total operating revenue resources and is expected to be Glendale’s largest source of revenue.

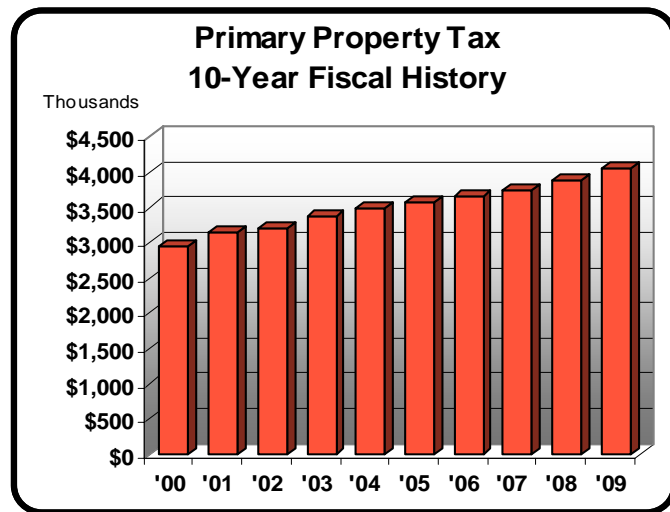
For FY 2009 the adopted revenue budget for state-shared income tax is \$34.7 million, which is \$579,575 or 1.7% higher than the FY 2008 year-end estimate of \$34.1 million. This revenue source is primarily driven by personal income growth.

Income tax revenue lags by two years so the state income tax receipts for FY 2009 will reflect the income tax receipts the state collected in 2007 for income earned in 2006. Personal income in the Phoenix metropolitan area grew about 10.3% in 2006. However, Glendale's share of state income tax revenue is expected to increase only 1.7% because of the 10% income tax rate reduction the State Legislature approved in the 2006 legislative session. Income tax receipts the state received in 2007 reflect the first year the income tax rate reduction took effect [5% rate cut for income earned in 2006 and paid to the state in 2007]. The second half of the rate reduction will be reflected in the state income tax distribution cities receive in FY 2010 [5% rate cut for income earned in 2007 and paid to the state in 2008].

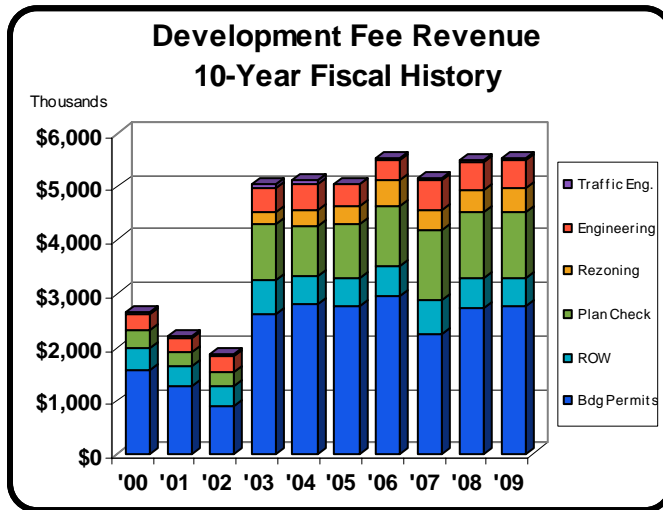
Cities and towns share in a 5.0% sales tax collected by the state. The forecast calls for FY 2009 state-shared sales tax of \$23.5 million, a modest increase of \$463,493 over the FY 2008 estimate of \$23 million.

State motor vehicle in-lieu tax is part of the vehicle license fees collected by the state. The projection for FY 2009 is \$10.0 million, an increase of \$99,433 from the FY 2008 estimate of \$9.9 million.

Primary Property Tax: As a result of increasing assessed valuation the city reduced the primary property tax from \$0.2681 to \$0.2432 for FY 2009. Using Maricopa County estimates for assessed valuation, a primary property tax rate of \$0.2432 per \$100 of assessed valuation will result in revenues of approximately \$4.1 million. This is a slight increase from FY 2008 receipts and is attributable to appreciation of existing property values and new construction in the city.

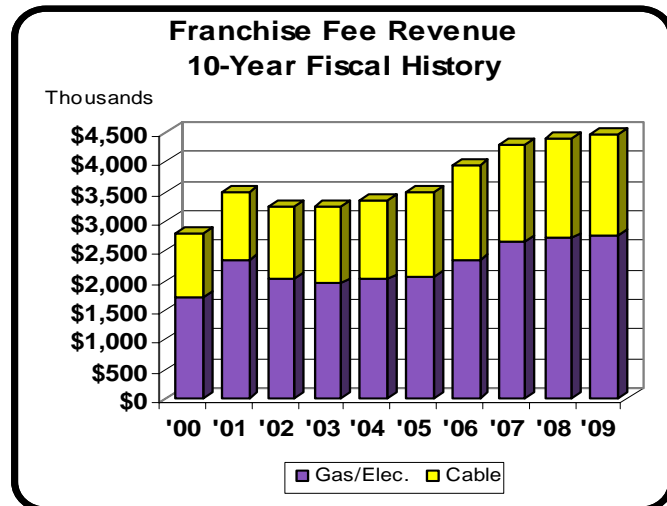


To ease the tax burden for existing residents the property tax rate was reduced from \$1.62 to \$1.5951. Since the end of FY 2007, City Council has lowered Glendale's property tax rate by almost 12.5 cents from \$1.72 to \$1.5951. The current levy is below the legal maximum, and the city is in compliance with applicable property tax law.

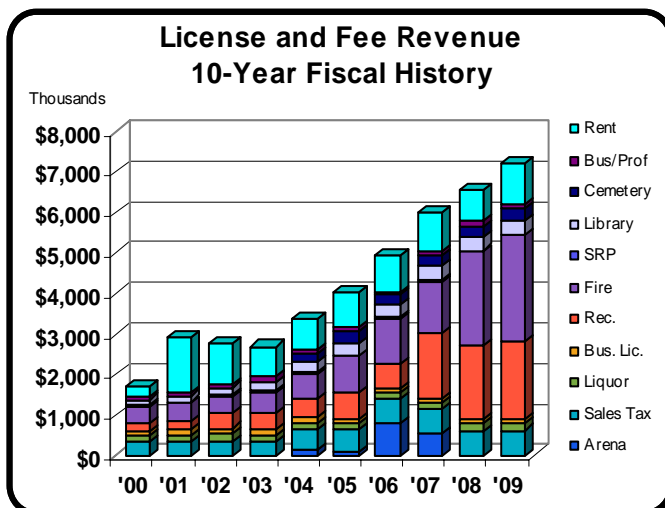


Development Fees: Development-related fees include building permits, right-of-way permits, plan review fees, rezoning fees and engineering and traffic engineering plan check fees. These revenue sources tend to reflect the economic health of the construction sector. Development fee revenue is predicted to increase to almost \$5.5 million in FY 2009 as a result of a strong commercial and institutional construction market in Glendale. This represents a slight increase from the FY 2008 estimate.

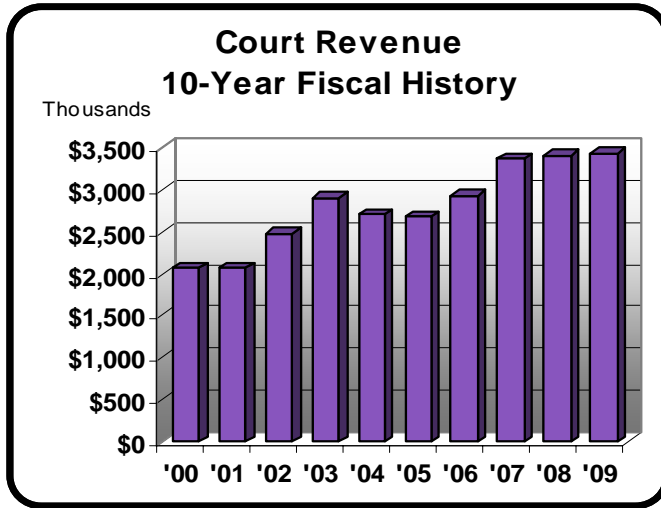
Franchise Fees: Franchise fees are paid to the city by the electric, gas and cable companies operating within the city. These fees tend to increase in response to population growth and rate increases by the various utilities. In all cases, the fees due to the city are based on gross receipts for the franchised organization. Anticipated revenues from this source are approximately \$4.5 million for FY 2009.



License and Fee Revenues: This revenue category includes business and professional licenses, sales tax licenses, liquor licenses, special regulatory



licenses, recreation fees, fire department fees, library fines and fees, cemetery fees, arena fees and rental/lease income. As a group they are expected to generate \$7.2 million in FY 2009. This represents an increase of 683,366 or 10% from the FY 2008 year-end estimate, primarily due to the expected revenue from new retail lease fees and fire department fees.



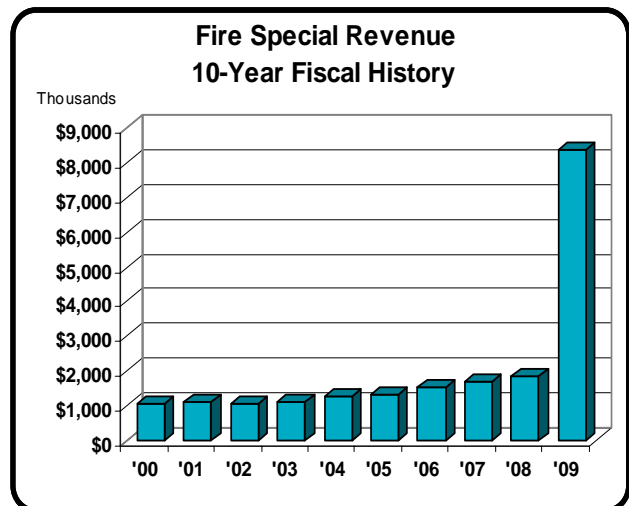
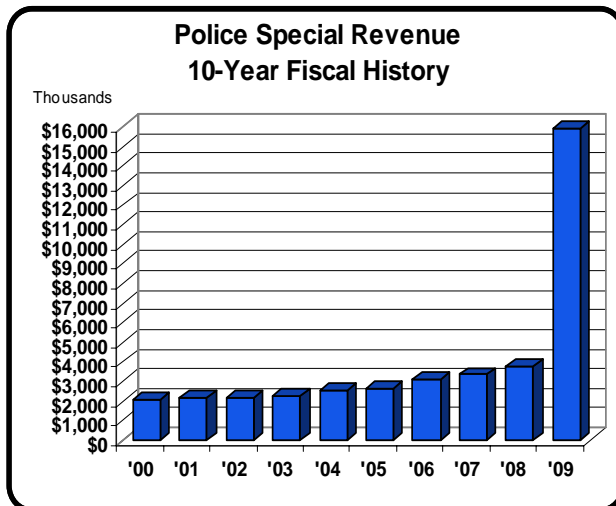
Court Revenues: The Glendale City Court collects fines for parking and traffic violations, and civil and misdemeanor criminal cases. Traffic fines represent the largest portion of court revenues. The amount of revenue generated from fines can be affected by changes in the level of enforcement provided by the Police Department. Court revenue is estimated to reach \$3.4 million in FY 2009.

Other Revenues: This revenue category includes interest, staff and administrative chargebacks, capital lease proceeds, sale

of assets and miscellaneous revenues. The forecast calls for FY 2009 revenues of approximately \$9.7 million, a slight decrease from the FY 2008 estimate.

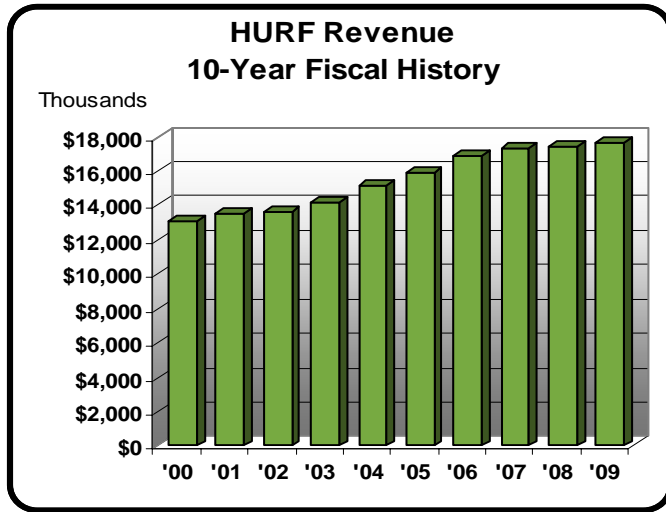
Police and Fire Special Revenue Funds

The source of revenue for these funds is the 0.5% special sales tax designated for Police and Fire services. The tax was originally adopted by voters in 1994. In September 2007 Glendale voters approved an increase to the public safety sales tax. As a result, the rate was adjusted from one-tenth of one cent to one-half of one cent, although the new tax (0.4%) excludes all grocery related food sales. Two-thirds of the revenues are allocated to Police and one-third to Fire. This revenue source is subject to the same economic fluctuations as the general sales tax. The projected revenue for FY 2009 is \$15.9 million for Police and \$7.9 million for Fire.



Streets Fund Revenues

Streets Fund revenues come from the state’s Highway User Revenue Fund (HURF), which consists of gasoline and other fuel taxes (the taxes are based on the volume sold not the price of fuel), driver’s license and vehicle registration fees, and other transportation-related fees and



taxes. The state distributes the revenue based on a complex distribution formula that spreads a portion of the money across the state solely on the basis of population while the remaining money flows to those areas with the highest gasoline and other fuel sales. This revenue must be accounted for separately and used only for eligible street and highway purposes.

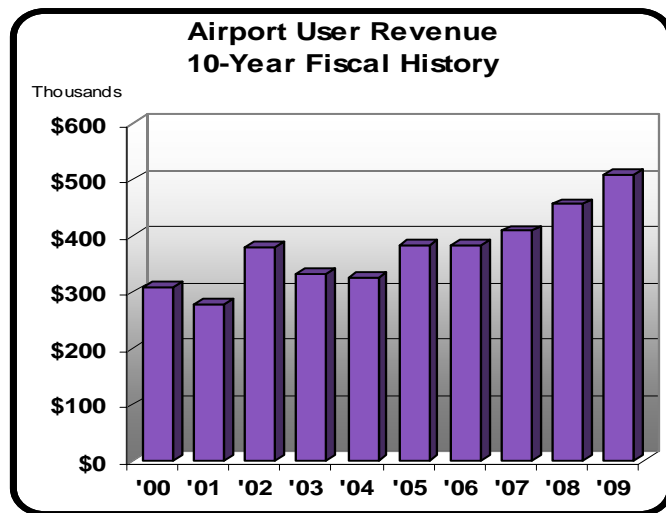
HURF collections are affected by the general health of the economy, as well as the vigor of specific industries such as tourism and trucking. Formula

modifications made from time to time by the state legislature have affected Glendale’s share of HURF dollars. For FY 2009 the adopted revenue budget for HURF is \$17.6 million, which is a \$174,000 or a 1.0% increase over the FY 2008 year-end estimate of \$17.4 million.

Airport Fund Revenues

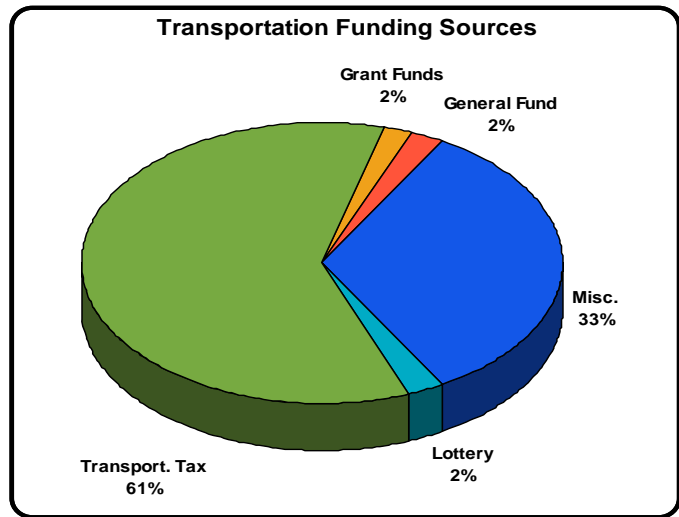
Airport revenues consist of user fees (87.0%), lease proceeds (2.0%) and a transfer from the General Fund (11.0%). Airport user fee revenue comes from a combination of terminal space rentals, land leases, fuel-related fees, tie-down and hangar fees and other aviation-related fees. The city has achieved a 100% building lease rate for the last few years.

Glendale is aggressively pursuing additional airport facility users with an ultimate goal of airport self-sufficiency. Construction of the Jobing.com Arena and University of Phoenix Stadium, in conjunction with planned improvements to attract corporate jet customers, is expected to continue providing additional business opportunities for the airport. Revenues for FY 2009 are projected to be \$521,825.



Transportation Fund Revenues

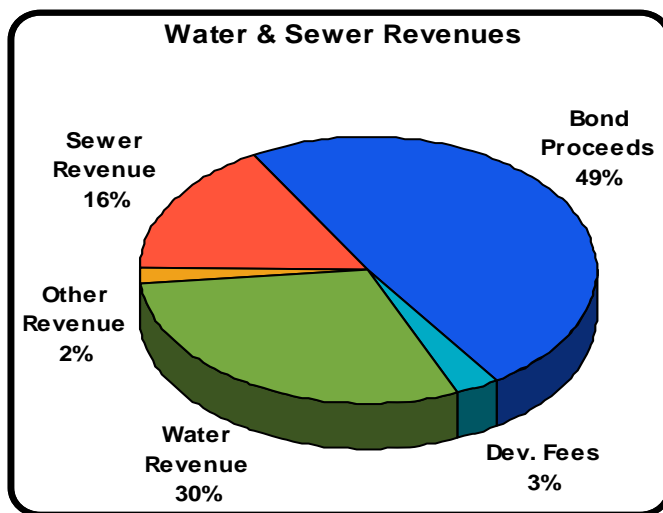
The primary source of transportation revenue for operations is the designated sales tax revenue received from Proposition 402 (0.5%). In 2001 Glendale voters approved a one-half cent adjustment to the city sales tax rate to fund a comprehensive package of transportation projects including expansion of public transit service, intersection improvements to reduce congestion and other street-related services.



The designated sales tax funds the Glendale Onboard (GO!) Transportation Program, and is expected to generate an estimated \$21.9 million in FY 2008 and \$24.9 million in FY 2009. Other sources of revenue within the Transportation Fund include \$107,180 in transit revenues, \$709,338 in grant revenues and \$1.1 million in interest earnings. In total, revenues are projected to be \$26.8 million in FY 2009, which is \$4.0 million or a 17.4% increase over the FY 2008 year-end estimate of \$22.8 million.

Other revenue sources include the city's allocation from the Local Transportation Assistance Fund, which is funded from state lottery revenues and is projected to total \$1.0 million in FY 2009, and a General Fund transfer of \$900,000 as required per the sales tax initiative that voters passed in 2001. These funds and the GO! program are guided with the help of the Citizen's Transportation Oversight Commission (CTOC).

Water/Sewer Fund Revenues



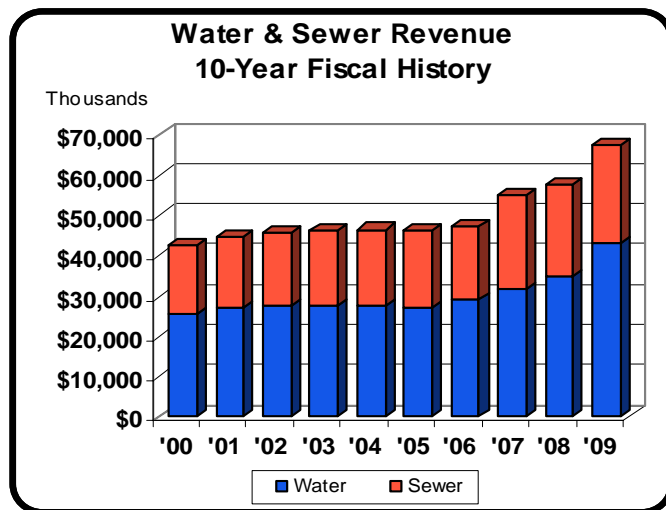
In FY 2009, water sales and sewer fees will make up \$67.2 million of total revenues for this fund. Bond proceeds will yield an additional \$71.5 million and development impact fees (DIF) \$4.5 million. Other revenue sources totaling about \$2.9 million include interest earnings and miscellaneous fees and charges. Overall revenues for the Water/Sewer Fund amount to \$146.1 million in FY 2009.

Effective October 2007, water and sewer

fee adjustments will result in a 13.0% and 12.0% increase in revenues respectively. Based on the city's block rate structure, those using less water will experience a smaller overall rate increase. The cumulative impact on the median single-family customer will be an increase of \$4.16, or just under a 9% increase, from \$46.27 to \$50.43 per month. These increases are necessary to ensure adequate funding for costs related to providing high quality services and associated capital projects.

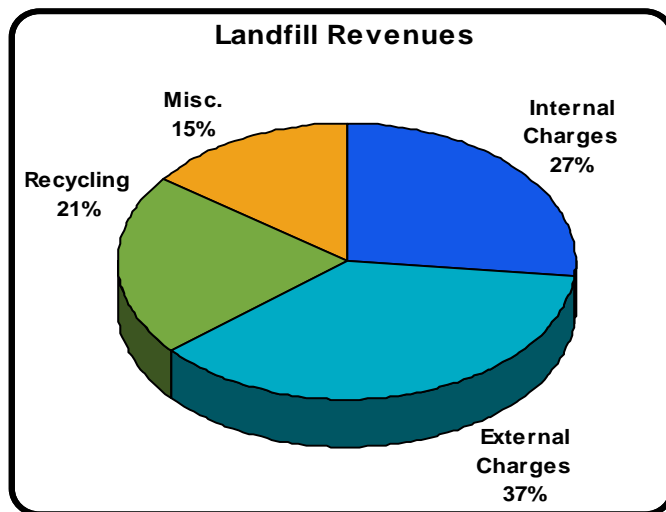
Water Sales: Revenues from water sales are influenced by rate changes, weather conditions and population growth.

Sewer User Fees: Though it is possible to measure actual water used each month, it is impossible to measure exact sewer usage. However, there is a strong correlation between water and sewer usage. Therefore, sewer user rates are set each year based on water usage in the months of January, February and March.



Landfill Fund Revenues

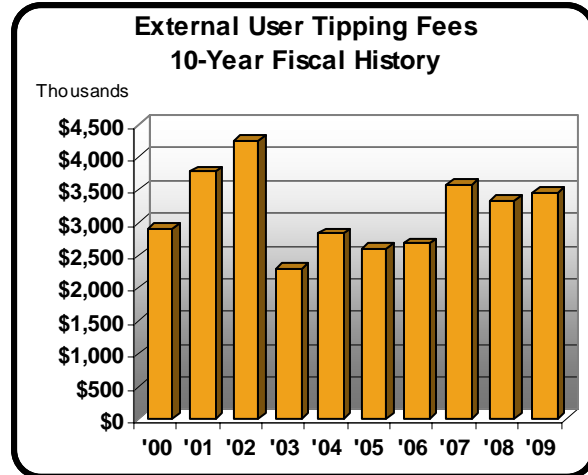
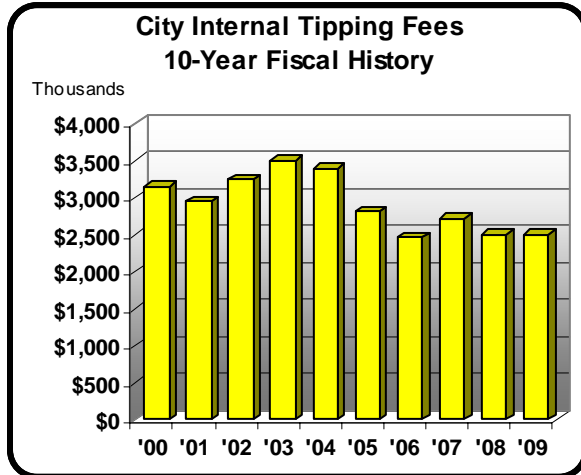
Glendale's internal divisions are charged for use of the city landfill and these charges will generate \$2.5 million of landfill revenues. Outside users are expected to account for \$3.5 million of FY 2009 landfill revenues. The sale of recyclable products is projected to bring in \$2.0 million. Additional miscellaneous revenue comes from interest, development fees, chargebacks and other fees, and accounts for almost \$1.4 million. Total projected revenues for FY 2009 are more than \$9.3 million.



Internal Division Tipping Fees: The current internal tipping fee paid by city divisions is \$14.35 per ton. This fee will be increased to \$15.79 per ton in FY 2009. Internal tipping fees will generate \$2.5 million for the Landfill Fund in FY 2009. The decline in FY 2005 was the result of a reduction in the internal tipping fee from \$19.50 per ton to \$12.57 per ton.

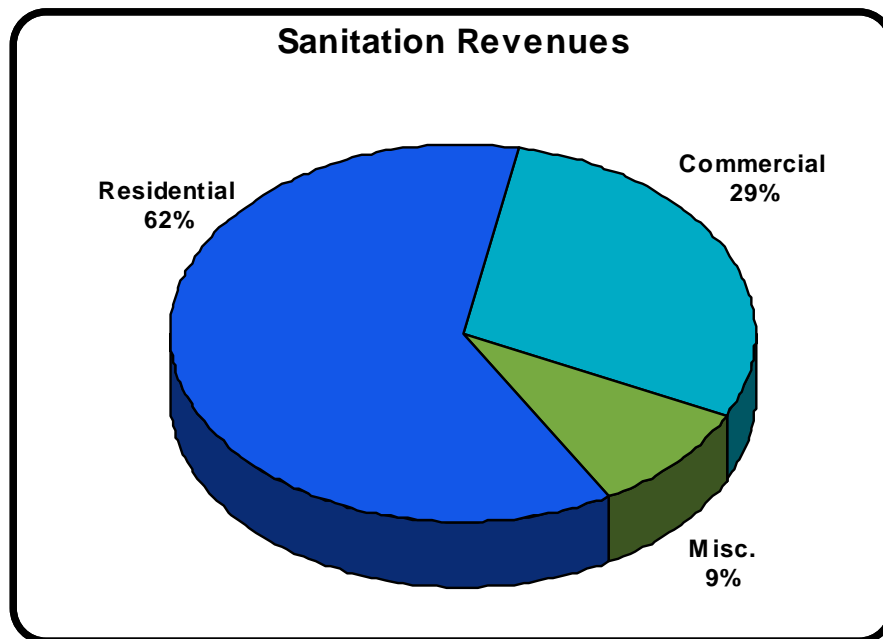
External User Tipping Fees: The rate per ton charged to these users will also increase from \$29.25 in FY 2008 to \$30.25 in FY 2009. Tipping fees paid by private haulers and other cities

using the Glendale Landfill dropped significantly after FY 2002 as a result of two major clients not renewing their contracts.



Sanitation Fund Revenues

The city annually prepares five-year financial plans for the Sanitation and Landfill Enterprise Funds. These plans consider operating and capital costs, equipment replacement, varying rate structures and service demands. Budget decisions are largely based on these long-range plans.



Landfill fees represent a significant part of the expenses incurred by the sanitation enterprise operation. Therefore, changes in landfill rates have a major impact on sanitation rates. In addition, sanitation operations incur significant vehicle fuel and maintenance costs, both of

which have been rising rapidly. Glendale’s residential sanitation rate will increase for FY 2009 from \$14.90 per month to \$16.30 per month; the rate was last changed in January 2005. Upward adjustments to some of the commercial sanitation rates also will be effective FY 2009. The residential and commercial fees are reviewed annually to ensure revenues are sufficient to cover operating costs, capital costs and provide a small cushion for unanticipated expenses.

The FY 2009 revenues of \$15.7 million come primarily from two sources: residential fees, projected at \$9.6 million, and commercial fees, projected at \$4.6 million. Commercial fees charged to business and apartment accounts will amount to approximately 29.1% of revenues in FY 2009.

