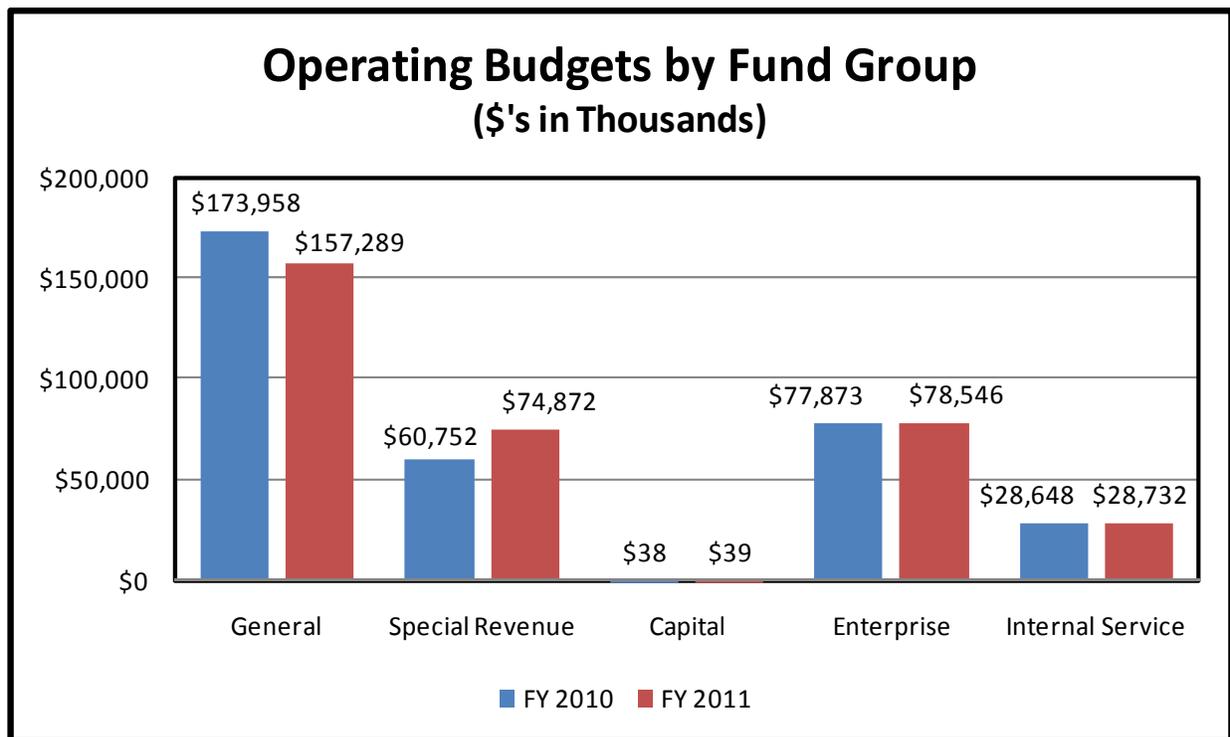


## EXPENDITURES

### The FY 2011 Operating Budget

The FY 2011 operating budget totals \$339.5 million, which is a decrease of 0.5% (\$1.8 million) from the FY 2010 budget of \$341.3 million. It is important to note that FY 2011 operating budget decreases totaling \$16.7 million in the general fund group were offset by a \$14.1 million increase in the special revenue fund group. The special revenue fund group includes federal and state related grant fund appropriation increases pertaining to the Neighborhood Stabilization Program, Community Development Block Grants, American Recovery and Reform Act and other grants. A comparison of the operating budget fund group changes from FY 2010 to FY 2011 appears below.



The starting point for the FY 2011 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. Several expenditure management measures and budget reductions have been incorporated into the balanced operating budget and are discussed in detail in the section of this book titled *City Manager's Budget Message*. These measures were implemented while keeping our focus on providing key services that sustain Council's strategic goals while we manage the current economic downturn.

**Operating Budget Summary**

In most cases, Glendale’s fund structure coincides with the city’s organizational and program structure. Table 2 shows the year over year changes in the operating budgets for some of the City’s largest operating funds. It is sorted in descending order based upon the size of the FY 2011 operating budget within each fund grouping. It also calculates the percentage change for the fund from the FY 2010 operating base budget.

**Table 2: Comparison of Operating Budgets**  
**FY 2010 vs. FY 2011**  
 (All Dollars in Thousands)

<b>Fund Name</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>% Change</b>
General (1000)	\$145,495	\$130,658	-10.2%
General Services (1040)	\$10,494	\$9,081	-13.5%
Technology Replacement (1140)	\$3,508	\$3,510	0.1%
Vehicle Replacement (1120)	\$3,030	\$3,030	0.0%
Stadium Event Operations (1281)	\$3,022	\$2,965	-1.9%
Stadium City Sales Tax - AZSTA (1790)	\$1,700	\$1,700	0.0%
Public Safety Training Center (2530)	\$1,767	\$1,445	-18.2%
Arena Event Operations (1282)	\$1,201	\$1,202	0.1%
Telephone Services (1100)	\$1,014	\$977	-3.6%
Marketing Self Sust (1870)	\$697	\$753	8.1%
All Other Funds	\$2,031	\$1,969	-3.1%
<b>Sub-Total General Fund Group</b>	<b>\$173,958</b>	<b>\$157,289</b>	<b>-9.6%</b>
Other Federal and State Grants (1840)	\$12,651	\$17,661	39.6%
Police Special Revenue (1700)	\$11,985	\$12,587	5.0%
Transportation Sales Tax (1660)	\$12,639	\$12,203	-3.4%
Highway User Gas Tax (1340)	\$9,614	\$8,462	-12.0%
Fire Special Revenue (1720)	\$5,692	\$6,136	7.8%
Neighborhood Stabilization Pgm (1310)	\$0	\$4,184	n/a
ARRA Stimulus Grants (1842)	\$0	\$3,967	n/a
C.D.B.G. (1320)	\$2,124	\$3,541	66.7%
Home Grant (1300)	\$1,586	\$1,661	4.7%
RICO Funds (1860)	\$1,324	\$1,324	0.0%
All Other Funds	\$3,136	\$3,146	0.3%
<b>Sub-Total Special Rev Fund Group</b>	<b>\$60,752</b>	<b>\$74,872</b>	<b>23.2%</b>
<b>Sub-Total Capital Fund Group</b>	<b>\$38</b>	<b>\$39</b>	<b>2.7%</b>



**BUDGET SUMMARY**  
**Expenditures**

<b>Fund Name</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>% Change</b>
Water/Sewer (2360/2400/2420)	\$48,163	\$49,123	2.0%
Sanitation (2480)	\$14,462	\$13,893	-3.9%
Pub Housing Budget Activities (2500)	\$8,365	\$8,487	1.5%
Landfill (2440)	\$6,883	\$7,043	2.3%
<b>Sub-Total Enterprise Fund Group</b>	<b>\$77,873</b>	<b>\$78,546</b>	<b>0.9%</b>

Benefits Trust Fund (2580)	\$24,481	\$24,481	0.0%
Risk Management Self Insurance (2540)	\$2,760	\$2,844	3.1%
Workers Comp. Self Insurance (2560)	\$1,407	\$1,407	0.0%
<b>Sub-Total Internal Svc Fund Group</b>	<b>\$28,648</b>	<b>\$28,732</b>	<b>0.3%</b>

<b>Grand Total: Operating Budget</b>	<b>\$341,269</b>	<b>\$339,479</b>	<b>-0.5%</b>
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The majority of the general fund group's operating budget expenditures are included in the General (Fund 1000), which encompasses 83% 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 Fund Operating Budgets.

Some of the other funds with year over year variances that exceeded 10% include the General Services Fund (1040) which decreased by \$1.4 million (-13.5%). One million of this amount relates to a reduced motor fuel budget that is in line with current pricing and representative of a smaller city fleet. In addition, wages/salaries/benefits decreased by \$270,788 in accordance with budget reductions made in conjunction with the General and Streets Fund reductions exercise. The Public Safety Training Center (2530) saw reductions of \$321,337 which is indicative of the reduced levels of hiring expected by west valley cities during the economic downturn.

As mentioned previously, the FY 2011 operating budget includes ample grant-related appropriation increases to accommodate the city aggressively pursuing grant opportunities that may arise during the year. Other Federal and State Grants (1840), Neighborhood Stabilization (1310), ARRA Stimulus Grants (1842) and C.D.B.G. (1320) saw a total increase in appropriation totaling \$14.6 million. 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.

Table 3 includes a tabular comparison of the largest General & Streets Fund departmental operating base budgets over the last two fiscal years and calculates the percentage change for the department from the FY 2010 operating base budget.

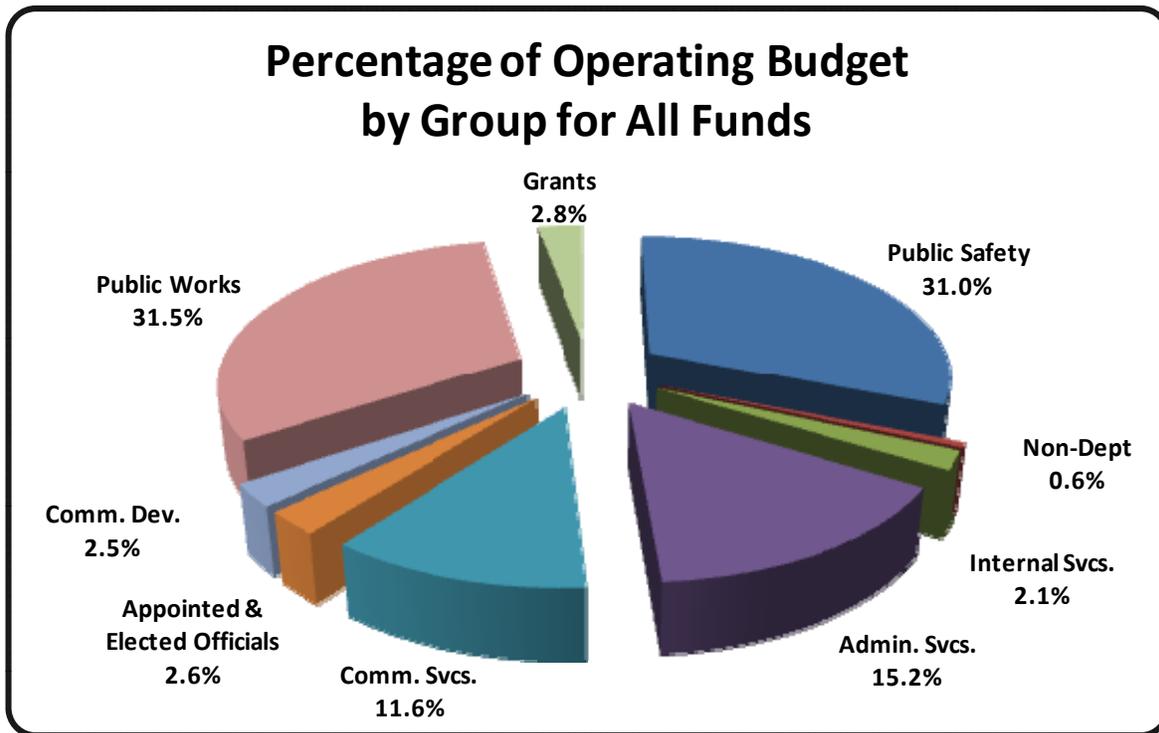
**Table 3: Comparison of General and Streets Funds  
 Operating Budgets: FY 2010 vs. FY 2011**

(All Dollars in Thousands)

Department Name	FY 2010	FY 2011	% Change
Police Department	\$50,881	\$47,136	-7.4%
Fire Department	\$25,985	\$23,639	-9.0%
Field Operations	\$12,126	\$10,381	-14.4%
Parks & Recreation	\$10,453	\$9,037	-13.5%
Library & Arts	\$7,268	\$6,076	-16.4%
Lease Pmts/Other Fees	\$1,861	\$4,526	143.2%
Transportation	\$4,326	\$3,748	-13.4%
City Court	\$3,987	\$3,578	-10.3%
Info. Technology	\$3,376	\$3,049	-9.7%
City Attorney	\$2,444	\$2,840	16.2%
Marketing and Comm.	\$2,687	\$2,491	-7.3%
Engineering	\$3,333	\$2,433	-27.0%
Building Safety	\$3,087	\$2,425	-21.4%
Finance	\$2,623	\$2,122	-19.1%
Non-Departmental	\$1,832	\$1,964	7.2%
Human Resources	\$2,786	\$1,912	-31.4%
Economic Development	\$885	\$1,397	57.8%
Management & Budget	\$1,515	\$1,395	-7.9%
Code Compliance	\$1,576	\$1,368	-13.2%
Planning	\$1,524	\$989	-35.1%
All Other Funds	\$10,555	\$6,614	-37.3%
<b>Total General and Streets Funds</b>	<b>\$155,110</b>	<b>\$139,120</b>	<b>-10.3%</b>

The reductions above are consistent with the city's budget strategy for steering the city through the rest of the economic downturn and will continue to keep the city ready for the eventual economic turnaround. This strategy and the specific reductions are discussed extensively in the *City Manager's Budget Message*.

The Lease Pmts/Other Fees department reflects an increase in scheduled principal and interest payments from \$1.8 million to \$4.5 million that will be made in conjunction with previously approved debt obligations. Schedule Eight in the back of the budget book includes all scheduled lease payments planned for the next five years and beyond. The City Attorney and Economic Development departments participated in the budget reduction exercises just like all other city departments, but their reductions were offset by a re-alignment of \$500,000 in base budget funding that was added into each of their respective budgets to pay for costs related to outside legal fees and the pursuit of business development opportunities.



The largest operating group, regardless of funding source, is **Public Works**, which accounts for \$107.0 million or 31.5% of the total operating budget. This group includes the Utilities, Field Operations, Transportation and Environmental Resources departments. Among the many services that these departments provide are the following:

- water/sewer treatment and transmission services;
- 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;
- transportation planning, traffic engineering, traffic signs and striping, street lighting and transit services; and
- water conservation programs, water quality testing services for the city's drinking water and reclaimed water services, and long-term water resource planning.

The second largest group is **Public Safety** at \$105.3 million, which makes up 31.0% of the total operating budget. Services provided by this group include:

- police and fire protection;
- emergency medical services;
- related support services such as 9-1-1 dispatch, short-term detention, and community education; and
- development of plans for responding to natural disasters and other types of emergencies.

## **BUDGET SUMMARY**

### **Expenditures**

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Glendale's Police Department is accredited through the independent Commission on Accreditation for Law Enforcement and the Fire Department is accredited by the Commission of Fire Accreditation International.

The **Administrative Services Group** accounts for \$51.7 million or 15.2% of the total operating budget. Departments within this group include Human Resources, Information Technology, Finance and Management & Budget, as well as specialty departments to account for and track lease payments and fees and employee groups. Some of the services these departments provide include:

- personnel services related to recruiting, hiring and training staff;
- information systems development and management;
- financial accounting, payroll services and revenue collection services;
- budget development and management;
- procurement and warehouse services; and
- grants development and oversight services.

The **Community Services Group** provides services that are probably the most visible to the public and includes the following departments: Community Partnerships, Parks & Recreation, Library & Arts and Code Compliance, as well as specialty departments that address Neighborhood Improvement Grants and Residential Infill Housing. The services include:

- citizen education and neighborhood partnership programs;
- rental assistance and housing services for eligible applicants under the Section 8 and Low Rent Public Housing programs, which are federally funded;
- parks, open space and recreational activities for residents;
- library services; and
- responsive and proactive inspections and subsequent case resolution to protect neighborhoods from the negative impact of blight and deterioration.

This group accounts for 11.6% of the total operating budget, or \$39.2 million.

The **Appointed and Elected Officials Group** is made up of departments whose department heads are appointed by the Mayor and Council or are elected to office. The group accounts for 2.6% or \$8.9 million of the operating budget and includes the operation of the Mayor's Office, City Council Office, City Clerk's Office, City Attorney's Office and the City Court.

The **Community Development Group** represents 2.5% or \$8.6 million of the total operating budget. Departments in this group include Building Safety, Engineering, Economic Development, Planning and the Airport and specialty departments to account for rebate/incentive programs. Some of the services these departments provide include:

- the issuance of building permits and provision of inspection services related to new construction;
  - design and construction management for all city capital projects;
-



- programs to attract and retain businesses that create jobs, increase the tax base, improve land values and enhance central city vitality; and
- long range planning, current planning and zoning administration related to proposed land uses.

The **Internal Services Group** includes those operations reporting directly to the city manager or assistant city manager. These departments account for 2.1% or \$7 million of the total operating budget. They include Marketing and Communications, City Manager's Office, Community Action Program, Intergovernmental Programs and City Auditor. Departments in this group include the Civic Center in downtown Glendale and the Convention Center / Media Center / Parking Garage. Some of the services these departments provide include the following:

- competitively priced meeting space and related services for business, social and other special events;
- the production and oversight of Glendale's print and electronic communications;
- coordination of the city's dealings with federal, state and other local governments; and
- audit and consulting services to management.

This group also is responsible for positioning and marketing the Glendale Media Center, which includes the city's cable television Channel 11, for both the local and national media. This facility was developed in conjunction with the Renaissance Hotel, Spa and Conference Center in the Westgate area.

Non-departmental expenses include annual dues for citywide membership agencies like the National League of Cities and Maricopa Association of Government, as well as unemployment insurance payments, and long-term disability payments. **Non-Departmental** expenses total \$2.0 million or 0.6% of the total operating budget.

The **Miscellaneous Grant** expenses account for another \$9.7 million or 2.8% of the operating budget. However, \$7.3 million of this amount includes grant reserve appropriation that can be used only to the extent that the city successfully obtains federal or state grant funded monies during the fiscal year.

### **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, 72% of the FY 2011 operating budget for the General and Streets funds is attributable to wages, salaries and benefits.

The FY 2011 budget includes permanent staffing reductions of 100.5 FTE's related to vacant positions being eliminated from the General and Streets funds. In addition, another 133 FTE's were submitted as base budget reductions within the General and Streets funds. 96 of those FTE's were permanent reductions, 14 were transferred to other funds and the remaining will be

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**BUDGET SUMMARY**  
**Expenditures**



held vacant. Table 4 provides a comparison of staffing levels in recent years for all funds which accounts for all changes in authorized staffing city-wide.

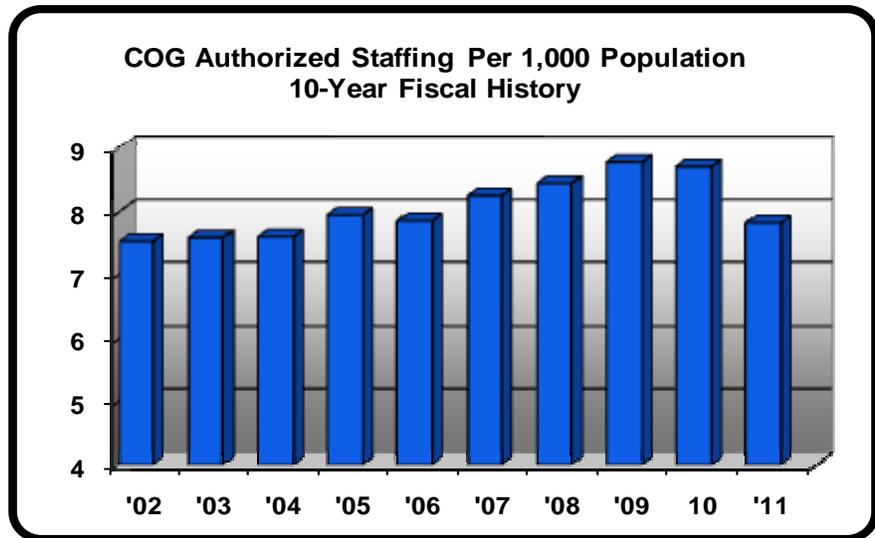
**Table 4: Staffing Levels by Fund**  
 (Full-Time Equivalents)

Fund	2006-07	2007-08	2008-09	2009-10	2010-11
General-1000	1,388.76	1,411.76	1,403.76	1,389.76	1,202.26
Water and Sewer-2360/2400/2420	220.25	241.25	242.25	242.25	242.25
Police Special Revenue-1700	33.00	42.00	118.00	118.00	118.00
Sanitation-2480	70.00	75.00	78.00	80.00	80.00
Highway User Gas Tax-1340	97.00	97.00	98.00	90.00	67.00
Fire Special Revenue-1720	18.00	21.00	50.00	50.00	51.00
Transportation Sales Tax-1660	49.25	50.25	50.25	50.25	49.25
Landfill-2440	42.00	43.00	41.00	41.00	44.00
General Services-1040	42.00	42.00	42.00	41.00	37.00
Pub Housing Budget Activities-2500	25.00	25.00	25.00	25.00	24.00
Public Safety Training Center-2530	4.00	12.00	12.00	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	5.00	5.00	7.00
Civic Center-1740	7.00	7.00	7.00	7.00	6.00
Airport Operating-1760	5.00	5.00	5.00	5.00	5.00
Other Federal & State Grants-1840	3.00	4.00	4.00	3.00	3.00
Court Security/Bonds-1240	1.00	1.00	1.00	1.00	2.00
Stadium Event Operations-1281			2.00	2.00	2.00
Arena Event Operations-1282			2.00	2.00	2.00
Telephone Services-1100	1.00	1.00	1.00	1.00	1.00
Technology Replacement-1140		1.00	1.00	1.00	1.00
Risk Mgt Self Insurance-2540					1.00
All Other	4.50	0.50	0.50	0.50	0.50
<b>Total</b>	<b>2,031.51</b>	<b>2,100.51</b>	<b>2,204.51</b>	<b>2,182.51</b>	<b>1,971.01</b>

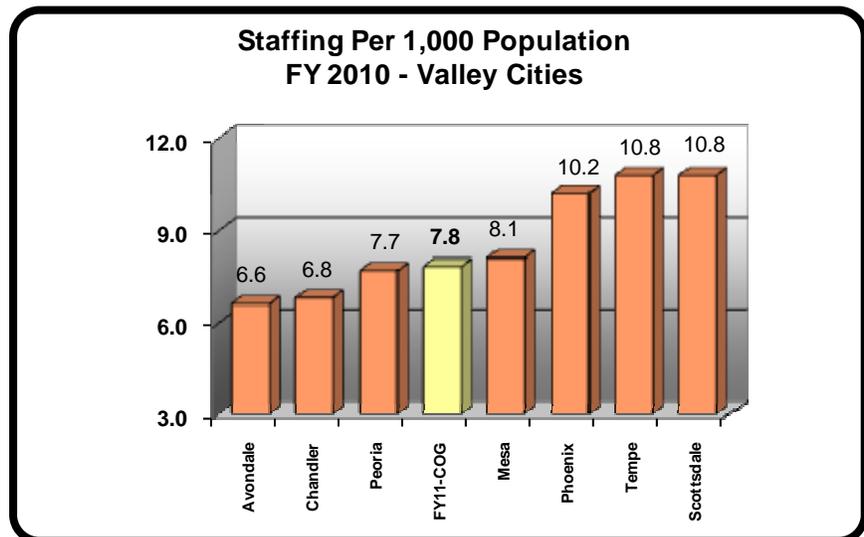
The city has historically taken a conservative approach to adding new positions and expanding its service delivery system to ensure that basic services can be sustained regardless of revenue

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. Glendale is not immune to reductions in force. City-wide authorized staffing experienced ten straight years of modest growth before staffing reductions were implemented in FY 2010 and FY 2011.

The FY 2011 budget shows a decrease in total authorized staffing by 211.5 full-time equivalents (FTEs) across all funds. The majority of the staffing decreases relate to the elimination of vacant General Fund positions and city-wide budget reductions mentioned previously and as outlined in the *City Manager's Budget Message*, 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.



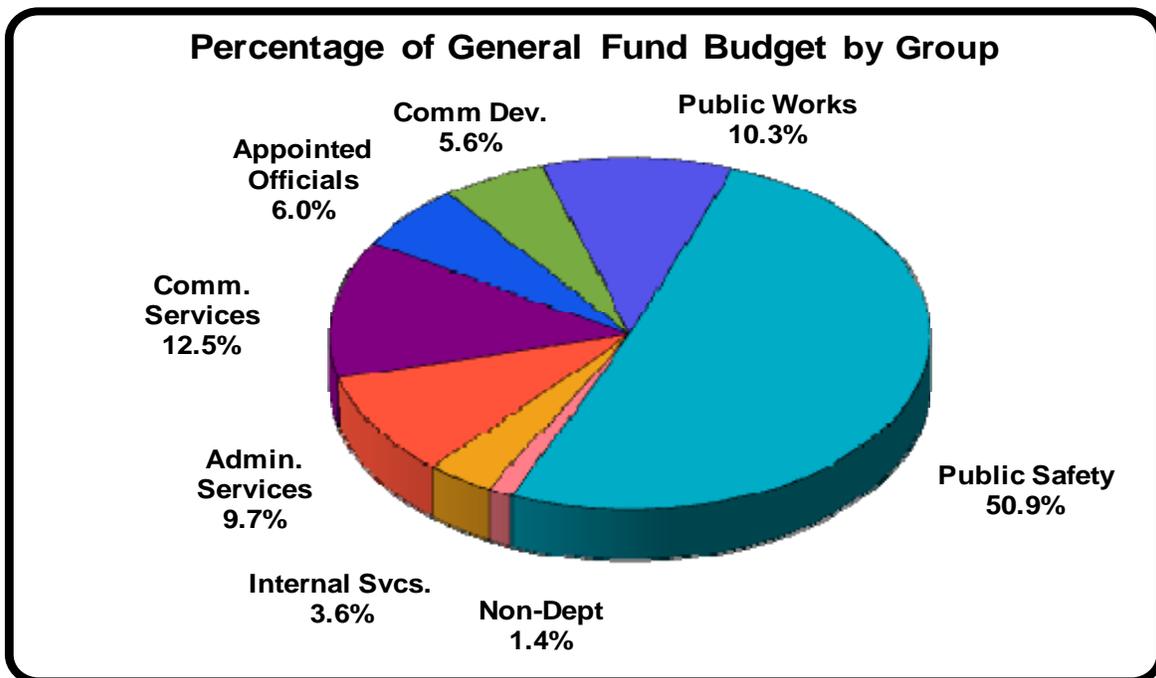
The total authorized staffing of 1,971.01 FTE positions will serve an estimated population of 251,809 by July 2010. This results in a staffing ratio of 7.82 employees per 1,000 residents in FY 2011. As the accompanying graph indicates, Glendale continues to maintain a low staff to population ratio compared to Phoenix, Scottsdale, Tempe, and Mesa, 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 2010 except for the City of Glendale, which represents the FY 2011 ratio.

## General Fund Operating Expenditures

Included in the General Fund total is the Streets Fund. The total operating budget for FY 2011 is \$139.1 million. Public Safety, at 50.9% or \$70.8 million, is the largest component of the General Fund budget, followed by Community Services at approximately 12.5% or \$17.4 million and Public Works at 10.4% or \$14.4 million. These three groups comprise 73.7% or \$102.6 million of the total operating budget. The remaining 26.2% or \$36.5 million of the \$139.1 million budget is within the Administrative Services, Elected & Appointed Officials, Community Development, Internal Services and Non-Departmental Groups. The accompanying graph displays the General and Streets Fund budgets by group 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 group. The following table compares the FY 2011 General and Streets Fund operating budgets by group to FY 2010 in tabular form.



**Table 5: General Fund Budget By Group Comparison**

(All Dollars in Thousands)

<b>Group</b>	<b>FY 2010 Budget</b>	<b>FY 2011 Budget</b>	<b>FY 2011 % of Total</b>
Public Safety	\$77,670	\$70,774	50.9%
Community Services	\$20,806	\$17,370	12.5%
Public Works	\$16,688	\$14,354	10.3%
Administrative Svcs	\$12,604	\$13,441	9.7%
Appointed Officials	\$8,591	\$8,350	6.0%
Community Dev.	\$10,481	\$7,845	5.6%
Internal Services	\$6,436	\$5,021	3.6%
Non-Departmental	\$1,832	\$1,964	1.4%
<b>Total</b>	<b>\$155,110</b>	<b>\$139,120</b>	<b>100.0%</b>

## **General Fund Transfers to Other Funds**

The General Fund supports 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 \$12.7 million is projected to be transferred to other funds in FY 2011. This amount is \$3 million less than the net GF transfers included in the FY 2010 budget.

The largest of these transfers is \$13.8 million to the Municipal Property Corporation debt service fund to address 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 \$13.8 million is the net amount after accounting for expected revenue per the respective development agreements for the various facilities named above. The \$13.8 million is \$2.1 million more than the FY 2010 budget of \$11.7 million.

A total transfer of \$2.7 million is projected for the Stadium, Youth Sports Complex and Arena Operations funds. 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 \$640,290 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**

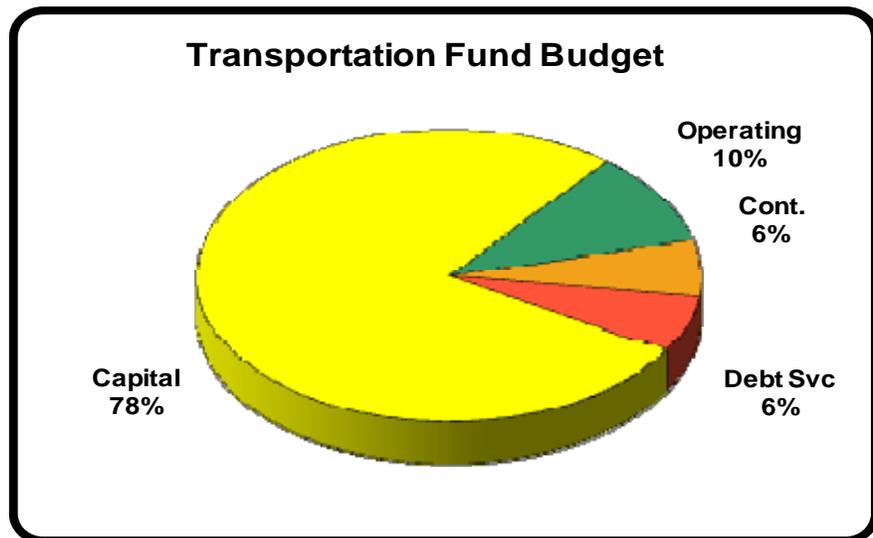
These fund resources are designated to support the salaries of additional police officers and firefighters, as well as the equipment and services needed to support those positions. A total of \$12.6 million will be appropriated from the Police Special Revenue Fund to provide police

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services. An additional \$6.1 million from the Fire Special Revenue Fund is designated to provide fire protection and emergency medical services. The Police fund supports 118 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 \$92.6 million are budgeted for capital outlays, the total operating budget of \$12.2 million is used for Fixed Route services (public transportation) at \$5.7 million and Dial-A-Ride at \$2.4 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 \$2.3 million. The remaining \$1.9 million, or 15% of the operating budget, is used for traffic engineering, safety education, traffic mitigation and management oversight.

Debt service payments totaling \$7.3 million are budgeted for FY 2011 and a contingency appropriation of \$7.4 million is supported by fund balance and will be used at the discretion of Council for any emergencies or if the opportunity arises for the acceleration of capital projects.

## **Airport Fund Expenditures**

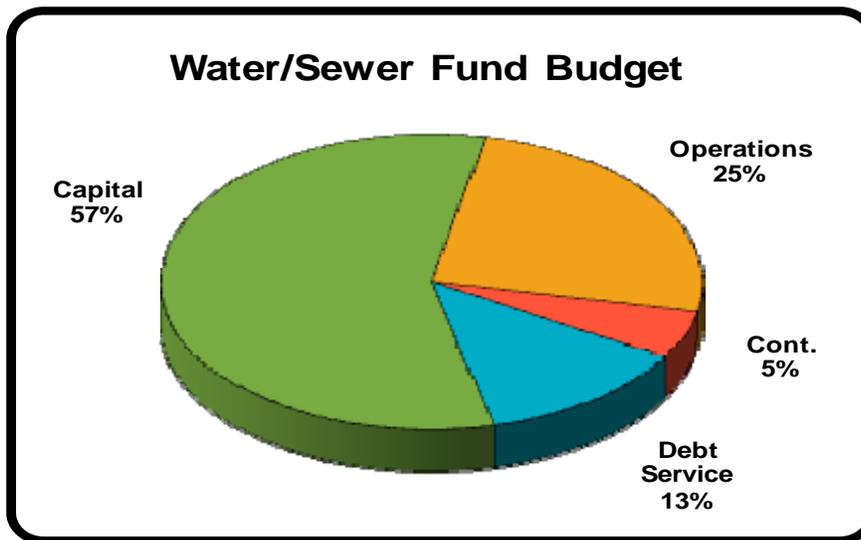
The Airport Fund operating budget is \$538,916 that is funded by airport revenues of \$507,222 with the remainder covered through a transfer from the General Fund. Much of these appropriations fund daily operations at the airport, including fulfilling FAA safety regulations.

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, staff believes the Glendale Airport will attract more corporate jet customers. When these improvements are coupled with uses from professional football, hockey, baseball spring training

and the soon to be completed USA Basketball Headquarters facility, 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 \$49.1 million for FY 2011. Almost half of this budget, or \$20 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 \$8.7 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 2011 and they account for the \$55.9 million in capital expenditures, as well as the corresponding \$25.3 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 2011 is \$7 million, relatively unchanged from the \$6.9 million in FY 2010. Landfill operations total \$2.9 million, the materials recycling facility accounts for

\$2.2 million and other recycling at \$940,620, all of which accounts for 86.5% of the operating budget. The remaining amount, or \$951,855, is used for solid waste administration and landfill gas management. The FY 2011 capital budget totals \$1.9 million and the Landfill Fund also has a \$2.0 million contingency appropriation to be used at City Council discretion for any unplanned emergencies.

FY 2011 will be the ninth full year of operation for the recycling program, 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 2011 is \$13.9 million, which represents a 4% decrease from the \$14.5 million in FY 2010. Residential curb service includes trash, recycling and loose trash collection and accounts for \$9.5 million or 68% of the operating budget. The commercial front-load and roll-off divisions account for another \$4.4 million. The FY 2011 capital budget includes \$1.3 million for the purchase of side load refuse trucks and replacement pickup trucks.

### **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 \$24.5 million for FY 2011.

The City of Glendale will contribute \$14.1 million to this fund in FY 2011 of which \$9.2 million is from the GF. The \$14.1 million is \$1.3 million less than the FY 2010 contribution of \$15.4 million, of which \$10.5 million was from the GF.

The beginning fund balance is projected to be approximately \$2.6 million and the fund is projected to end the year with \$113,328. This reduction in fund balance is a direct result of management's decision to keep the operating budget flat year over year instead of reducing it to account for a decreasing workforce and the frozen/retirement vacancies. This conservative approach will allow the fund to cover any unfavorable fluctuations in medical and dental claims throughout FY 2011. If these claims do not materialize during FY 2011, then any unused portion of the operating budget will remain in the fund balance at year end.

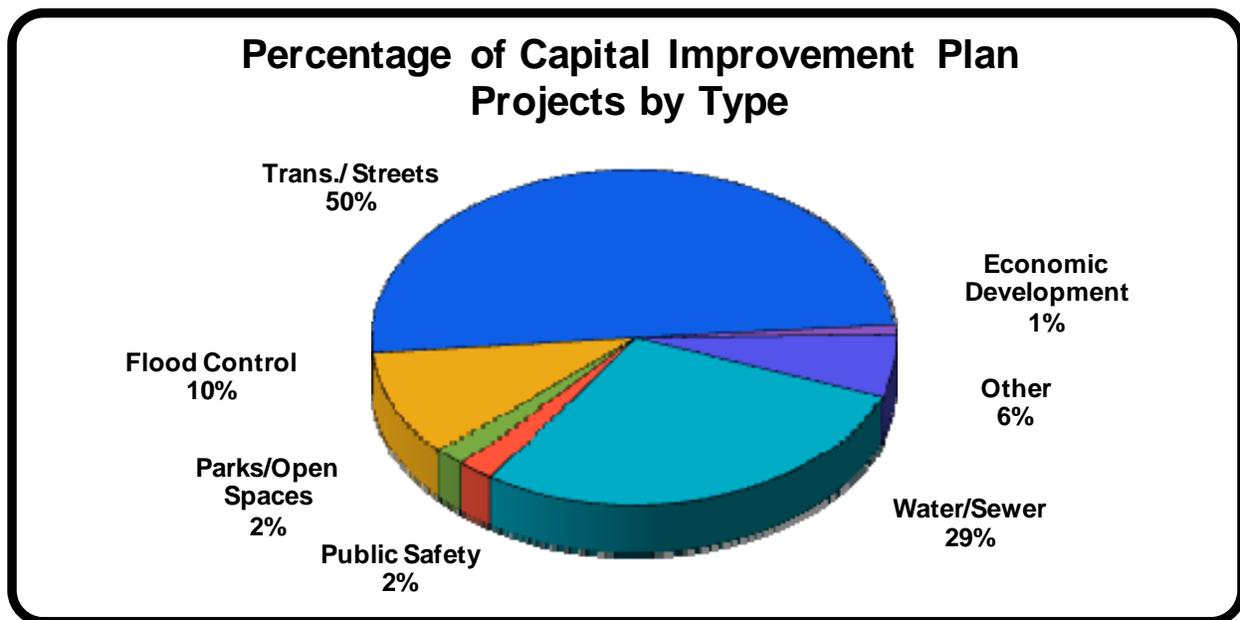
### **Capital Improvement Plan Expenditures**

The total capital improvement budget for FY 2011 is \$194.4 million, and 91.3% of this amount relates to transportation, public safety, flood control, and water and sewer projects. The \$194.4 million includes carryover appropriation from FY 2010 of \$96.7 million to complete existing projects and \$97.7 million for new projects. This is a decrease of \$97.2 million, or 33.3%,

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compared to the FY 2010 capital improvement budget of \$291.6 million. The reduction was primarily driven by a year over year reduction in the carryover funding included in the FY 2010 capital budget (\$180.2 million) versus FY 2011 (\$96.7 million) that accounted for \$83.5 million of the decrease. A decrease in funding for new capital projects of \$13.7 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 2011. 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* 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 2011 is \$84.8 million, compared to \$80.6 million in FY 2010. This represents an increase of 5.2% or \$4.2 million that was driven in part by the scheduled principal and interest payments related to Municipal Property Corporation debt issuances for capital projects like 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 Public Safety Training Facility. 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.

