FY19-20 City Manager’s Budget Message

To the Citizens of Glendale and the Mayor and Council:

I am pleased to provide you with the city of Glendale’s final FY19-20 annual budget and ten-year Capital Improvement Plan. The FY19-20 budget request totals $736 million, which is a 6.8% increase over the prior year’s budget. The increase is mainly attributable to the capital plan which includes a major expansion of the Pyramid Peak Water Treatment Plant being paid for by the neighboring city of Peoria.

Overall, the goal of the FY19-20 budget is to align the city’s budget with its strategic plan to ensure service delivery and resource allocation is aligned with City Council policy throughout the entire organization. The budget includes the following initiatives in each of the city’s four scorecard perspectives:

Our Community
- Increased Parks Maintenance
- Centerline District Arts and Cultural Initiative
- Glendale Works Program
- Heroes Regional Park Library
- 2020 Census Outreach

Our Finances
- Asset Management Programs
- Real Estate Asset Evaluations
- Targeted Capital Improvements
- Alignment of Arts and Culture
- Business Development and Attraction

Our Processes
- Customer Relationship Management Software
- Electronic Plan Review/Permitting
- Independent Internal Audit Program
- Development Services Improvements

Our Organization
- Department of Organizational Performance
- Chief Data and Analytics Officer
- Technology Software and Resources
- Facilities Assessments
- Organizational Changes
**Budget Approach**

The city’s financial policies were the guiding principles in developing the FY19-20 financial forecast and ultimately the recommended budget to the City Council. The overall goals underlying the city’s financial policies include fiscal conservatism, flexibility, and adherence to the highest management practices.

**Strategic Planning**

To perform effectively on a long-term basis and to be accountable to the residents of Glendale, the city is committed to advancing organizational performance by focusing on ten specific strategic objectives that were adopted by the City Council as part of the Balanced Scorecard Strategy Map. These strategic objectives are structured to drive progress in the four perspectives mentioned above – Our Organization, Our Processes, Our Finance, and Our Community. Each of the objectives is designed to advance the city’s mission of improving the lives of the people we serve every day; and, fulfilling the vision of being the community of choice for residents, businesses, and employees. The priority areas that the objectives are built around include stakeholder engagement, community livability, financial stewardship, and superior service delivery.

Our strategic management system is intended to systematically coordinate and align resources and actions to improve overall performance and includes establishing citywide key performance indicators as well as department level key performance indicators. This past year our work was focused on the development of performance measures, developing an action plan for collecting the data necessary to monitor performance, and scoping initiatives to improve performance. A few of the specific initiatives to advance performance in FY19-20 include advancing the use of data and analytics; ensuring employee skills and competencies match organizational needs; improving speed, quality, and accuracy of service delivery; improving tracking and replacement of assets to direct long-range financial planning; and implementing a comprehensive program designed to gather resident sentiment and feedback about city services.

**Revenues**

Total revenues for FY19-20 are projected at $631 million. The General Fund revenues are the largest source at $236 million. These revenues are primarily used for general government operations. Key General Fund revenues are sales taxes ($118 million), primary property taxes ($5.9 million), and State Shared Revenues ($69.8 million). Staff continues to track the national, state, and local economies, and closely monitors economic trends and their potential impacts on the city.

Enterprise Funds revenues are the next largest revenue source at $209 million. These revenues are mainly from user fees and charges for services such as water and sewer, solid waste and landfill and includes the capital project reimbursement from the city of Peoria ($38 million). Staff continues to monitor the finances of these enterprise funds to ensure adequate fund balances are maintained.
Operating Budget Highlights
The total FY19-20 Operating Budget request is $430 million which is a 5% increase over the FY18-19 Operating Budget of $410 million. A few of the highlights of the proposed budget include:

- Balanced budget with no increase to the Primary Property Tax Levy
  - Revenues remain strong
- Meets regulatory and contractual obligations
  - Minimum wage increases
  - Ballistic vests
  - Safety programs
- Addresses inflationary cost increases
  - Chemical costs
  - Court Interpreters
- Improves and enhances productivity
  - Customer Relationship Management
  - Right of Way Enhancements

A net total of 16.75 new full-time equivalent positions (FTE’s) have been requested in the FY19-20 budget to address key priorities:

<table>
<thead>
<tr>
<th>General Fund Depts.</th>
<th># of positions</th>
<th>General Fund Depts.</th>
<th># of positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Auditor</td>
<td>-1.0</td>
<td>Econ. Development</td>
<td>1</td>
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<tr>
<td>City Court</td>
<td>0.25</td>
<td>Police Department</td>
<td>3.0</td>
</tr>
<tr>
<td>City Manager’s Office</td>
<td>3.0</td>
<td>Public Affairs</td>
<td>-1.0</td>
</tr>
<tr>
<td>Council Office</td>
<td>1.0</td>
<td>Public Facilities &amp; Events</td>
<td>.5</td>
</tr>
<tr>
<td>Development Services</td>
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<td></td>
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<tr>
<td><strong>Total General Fund</strong></td>
<td><strong>7.75</strong></td>
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<table>
<thead>
<tr>
<th>Internal Service Depts.</th>
<th># of positions</th>
<th>Internal Service Depts.</th>
<th># of positions</th>
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</thead>
<tbody>
<tr>
<td>Field Operations</td>
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<td>Innovation &amp; Technology</td>
<td>1.0</td>
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<tr>
<td><strong>Total Internal Service Funds</strong></td>
<td><strong>2.0</strong></td>
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<thead>
<tr>
<th>Enterprise Fund Dept.</th>
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<th>Enterprise Fund Dept.</th>
<th># of positions</th>
</tr>
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<tr>
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<td>Water Services</td>
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<tr>
<td><strong>Total Enterprise Funds</strong></td>
<td><strong>7.0</strong></td>
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The total FY19-20 General Fund operating budget request is $218.5 million, and public safety remains a top priority. Police and Fire Departments represent the largest operating budgets within the General Fund, with expenditures totaling $144.6 million, or 66%. The next largest share of General Fund expenses is Public Facilities, Parks, Recreation and Special Events at $14
Total General Fund appropriations also include $1.9 million in contingency, which can be used for unforeseen expenditures or unexpected revenue shortfalls which may occur during the budget year.

**Capital Improvement Program (CIP)**

The city’s investment in infrastructure and capital planning continues to enhance economic development and quality of life for our citizens. Significant streets and pavement maintenance projects are a top priority for the City Council. The 2020-2029 Capital Improvement Plan (CIP) totals $1.1 billion. The first five years of the ten-year plan are considered funded with available or anticipated revenues. The last five years of the plan will be evaluated and funded as sources become available. The capital improvement plan is re-evaluated and updated each fiscal year. Only the first year of the plan will appropriated by the City Council when the FY19-20 budget is adopted. The FY19-20 CIP totals $181 million. Notable projects in the first year of the CIP include:

- Pavement Management of $6.2 million ($3.45 million in HURF funding, $2.75 million in Transportation funding)
- Landfill North Cell Construction of $4.6 million
- West Area Water Reclamation Facility Improvements of $8.3 million
- Streetlight Pole Program $1.4 million

**Conclusion**

Development of the FY19-20 operating budgets continued to follow the financial plan and policies as outlined by the City Council. Prudent financial decisions, coupled with conservative forecasting methods, have successfully strengthened the city’s financial position.

For FY19-20, the city will be positioned to meet the service level requirements of our citizens and customers, while striving to provide more efficient and effective services using a strategic management framework. This is an exciting time for the Glendale community as the city rebounds financially, is viewed by the business community as a valued partner, continues to serve its citizens through quality amenities and service delivery, and matures from a leadership and organizational development perspective to be the community of choice for our residents, businesses, and employees.

I would like to offer my appreciation to the department staff and City Council for the countless hours of preparation and deliberation in the development the proposed FY19-20 budget.

Sincerely,

Kevin R. Phelps
City Manager