



City of Glendale

5850 West Glendale
Avenue
Glendale, AZ 85301

City Council Budget Workshop Agenda

City Council Workshop

Mayor Jerry Weiers
Vice Mayor Ian Hugh
Councilmember Jamie Aldama
Councilmember Joyce Clark
Councilmember Ray Malnar
Councilmember Lauren Tolmachoff
Councilmember Bart Turner

Tuesday, April 4, 2017

9:00 AM

Council Chambers

Budget Workshop

One or more members of the City Council may be unable to attend the Workshop or Executive Session Meeting in person and may participate telephonically, pursuant to A.R.S. § 38-431(4).

CALL TO ORDER

ROLL CALL

WORKSHOP SESSION

1. [17-124](#) FY17-18 BUDGET WORKSHOP
Staff Contact: Vicki Rios, Director, Budget and Finance
Staff Presenter: Tom Duensing, Assistant City Manager
Staff Presenter: Terri Canada, Budget Administrator

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- (i) discussion or consideration of personnel matters (A.R.S. § 38-431.03(A)(1));
- (ii) discussion or consideration of records exempt by law from public inspection (A.R.S. § 38-431.03(A)(2));
- (iii) discussion or consultation for legal advice with the city's attorneys (A.R.S. § 38-431.03(A)(3));
- (iv) discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S. § 38-431.03(A)(4));
- (v) discussion or consultation with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. § 38-431.03(A)(5)); or
- (vi) discussing or consulting with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. § 38-431.03(A)(7)).

Confidentiality

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. § 38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed \$500, plus court costs and attorneys' fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless the City Council takes a legal action at a properly noticed open meeting to approve of such expenditure prior to incurring any such obligation or indebtedness. A.R.S. § 38-431.07(A)(B).

SPECIAL ACCOMMODATIONS

For special accommodations please contact the City Clerk's Office at 623-930-2252 extension 1 at least 3 business days prior to the meeting.



Legislation Description

File #: 17-124, Version: 1

FY17-18 BUDGET WORKSHOP

Staff Contact: Vicki Rios, Director, Budget and Finance

Staff Presenter: Tom Duensing, Assistant City Manager

Staff Presenter: Terri Canada, Budget Administrator

Purpose and Policy Guidance

The purpose of this item is to provide Council with information relative to the FY17-18 budget process. Staff is seeking Council policy guidance and input on the development of the FY17-18 budget and consideration of the 10-Year Capital Improvement Plan.

Background

At the December 20, 2016 City Council Workshop, staff presented the Five-Year Financial Forecasts for the General Fund and other major operating funds of the city. The FY17-18 Budget discussion continued at the February 7th workshop where staff presented the FY17-18 budget calendar, an overview of the budget and the state's legal requirements for budget adoption and, budget components, and financial policies. The second budget workshop on March 7th included an overview and discussion on the city's major revenue sources. At the third budget workshop held March 21st staff presented the draft FY2018-2027 Ten-Year Capital Improvement Plan. During the planning process for the FY17-18 budget, a series of budget workshops have been scheduled to seek policy guidance and input from the Council on various budgetary items. During this budget process, staff will advise Council of the potential impacts of budgetary decisions on the long-term financial forecasts.

The City's Annual Budget can be broken down into four major components; revenues, operations, capital and debt service. Budget discussions will continue through a series of budget workshops scheduled for April and May to present, review, and discuss each component of the annual budget. The workshops will conclude with two full day sessions in April. At Council's direction, additional budget workshops may be scheduled, or currently scheduled workshops may be cancelled depending upon the need.

As part of the budget process each year, a Capital Improvement Plan (CIP) is developed which is the roadmap for creating, maintaining, and paying for the City's infrastructure needs. The CIP outlines project costs, funding sources and estimated future operating costs associated with each capital improvement. The plan is designed to ensure that capital improvements will be made when and where they are needed, and that the city will have the funds to pay for and maintain them.

Capital improvement projects are non-routine capital expenditures that generally cost more than \$50,000 and result in the purchase of equipment, acquisition of land, design and construction of new assets, or the renovation, rehabilitation or expansion of existing capital assets. Capital projects usually have an expected

useful life of at least five years. Critical to developing a CIP is the ability to fund the projects. The City's practice has been to present a plan that is financially balanced over the first five years of the ten-year CIP plan.

Capital improvements make up the bricks and mortar, or infrastructure that all cities must have in place to provide essential and quality of life services to current and future residents, businesses and visitors. They also are designed to prevent the deterioration of the city's existing infrastructure, and respond to and anticipate the future growth of the city. Examples of typical capital improvements include:

- Fire and police stations;
- Libraries, court facilities and office buildings;
- Parks, trails, open space, pools, recreation centers and other related facilities;
- Water and wastewater treatment plants, transmission pipes, storage facilities, odor control facilities and pump stations;
- Roads, bridges, traffic signals and other traffic control devices including fiber optic infrastructure needed for the operation of intelligent transportation systems;
- Computer software and hardware systems other than personal computers and printers;
- Flood control drainage channels, storm drains and retention basins

Glendale's Annual CIP Development Process

In conjunction with the annual budget preparation, the Budget and Finance Department manages the city-wide process of revising and updating the city's capital plan. City staff members from all departments participate in an extensive review of projects in the existing plan and the identification of new projects. The capital planning process also takes into consideration various master plans that have been developed for the city. The City Council's commitment to the needs and desires of Glendale's citizens is a critical factor considered during the capital planning process. The City Council makes the final decision about what projects will be funded and when to fund a project.

Once projects are selected for inclusion in the capital plan, decisions must be made about which projects should be recommended for inclusion in the first five years of the plan. Determining how and when to schedule projects is a complicated process. It must take into account City Council's strategic goals as well as all of the variables that affect the city's ability to generate the funds to pay for these projects without jeopardizing its ability to provide routine, ongoing services and one-time or emergency services when needed.

The financial projections used to develop the CIP are based on staff's best prediction of future real estate values, construction costs, interest rates, and other relevant variables. These financial projections are jointly developed by the Budget and Finance Department and Public Works Department. They are updated annually to reflect changes in the economic environment.

Only the first year of the plan will be appropriated by the Council as part of the annual budget process. The remaining nine years are used for planning purposes and funding is not guaranteed to occur in the year planned. As stated above, the first five years of the plan are financially balanced. This means the first five years of the plan:

- Comply with the state’s constitutional debt limits;
- Comply with the available voter authorization required for any proposed municipal bonds;
- Balance the use of incoming revenue streams with the use of fund balance, while maintaining a fund balance in compliance with bond covenants and policies regarding debt management (e.g., for general obligation bonds there must be a fund balance that is at least 10% of the next year’s debt service); and
- Identify the sources of revenues or fund balance to finance various projects.

Analysis

This is the fourth budget workshop reviewing the progress and seeking Council feedback for the FY17-18 budget development and consideration of the 10-year CIP. Staff will present Council with the budget workshop calendar, discuss the Capital Improvement Program (CIP), and seek additional input on FY17-18 expenditures and other items for consideration requiring Council policy guidance and input.

Previous Related Council Action

On March 21, 2017, the FY17-18 Budget Workshop included presentation of the Draft FY2018-2027 Capital Improvement Plan.

On March 7, 2017, the FY17-18 Budget Overview including; revenues and other future discussion items were presented to the City Council at the second in a series of budget workshops.

On February 7, 2017, the FY17-18 Budget Overview including; calendar, process, legal requirements, major budget components and future discussion items was presented to the City Council at the first in a series of budget workshops.

On December 20, 2016, the General Fund and Major Operating Funds Five-Year Financial Forecast was presented at Council Workshop and initiated the FY17-18 budget process.

Community Benefit/Public Involvement

The community benefit of the City’s budget process, policy direction, and budgetary decisions demonstrates sound financial decisions are made through a transparent and public process where ultimate budgetary decisions align with the strategic direction of the City and provide the public with information on services provided and Council priorities.

Budget and Financial Impacts

Budget and financial impacts are based on Council feedback.