



City of Glendale

5850 West Glendale Avenue
Glendale, AZ 85301

City Council Workshop Agenda

Mayor Jerry Weiers
Vice Mayor Ian Hugh
Councilmember Jamie Aldama
Councilmember Samuel Chavira
Councilmember Ray Malnar
Councilmember Lauren Tolmachoff
Councilmember Bart Turner

Tuesday, December 15, 2015

1:30 PM

Council Chambers

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

WORKSHOP SESSION

- [15-804](#) PRESENTATION ON THE INVESTMENT POLICY FOR THE CITY OF GLENDALE
Staff Contact and Presenter: Vicki Rios, Interim Director, Finance and Technology
Staff Presenter: Lisette Camacho, Controller
Guest Presenters: Sheila Duffy and Chris DeBow, Public Trust Advisors
- [15-794](#) FIVE-YEAR FINANCIAL FORECASTS
Staff Contact and Presenter: Tom Duensing, Interim Assistant City Manager
Staff Presenter: Vicki Rios, Interim Director, Finance and Technology
Attachments: [Five-Year Forecast Memorandum](#)
- [15-778](#) IMPLEMENTATION OF AN ELECTRONIC PLAN REVIEW SYSTEM AND TECHNOLOGY FEE
Staff Contact and Presenter: Sam McAllen, Director, Development Services
Staff Presenter: Stephen Dudley, Building Safety Official
Staff Presenter: Mark Ptashkin, Senior Building Inspector

CITY MANAGER'S REPORT

This report allows the City Manager to update the City Council. The City Council may only acknowledge the contents to this report and is prohibited by state law from discussing or acting on any of the items presented by the City Manager since they are not itemized on the Council Workshop Agenda.

CITY ATTORNEY'S REPORT

This report allows the City Attorney to update the City Council. The City Council may only acknowledge the contents to this report and is prohibited by state law from discussing or acting on any of the items presented by the City Attorney since they are not itemized on the Council Workshop Agenda.

COUNCIL ITEMS OF SPECIAL INTEREST

Councilmembers may indicate topic(s) they would like to have discussed by the Council at a future Workshop and the reason for their interest. The Council does not discuss the new topics at the Workshop where they are introduced.

MOTION TO GO INTO EXECUTIVE SESSION**1. CALL TO ENTER INTO EXECUTIVE SESSION****EXECUTIVE SESSION****1. LEGAL MATTERS**

A. The City Council will meet with the City Attorney for legal advice, discussion and consultation regarding the city's position in pending or contemplated litigation, including settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. § 38-431.03(A)(3)(4))

B. Council will meet to discuss and consider records exempt by law from public inspection and are specifically required to be maintained as confidential by state or federal law. (A.R.S. § 38-431.03(A)(4))

2. LEGAL MATTERS - PROPERTY & CONTRACTS

A. Discussion and consultation with the City Attorney to consider its position and provide instruction and direction to the City Attorney regarding Glendale's position in connection with a contractual agreement relating to a renewable energy project with Vieste at the Glendale Landfill located at 11480 West Glendale Avenue, which is the subject of negotiations. (A.R.S. § 38-431.03(A)(3)(4)(7))

B. Discussion and consultation with the City Attorney to consider its position and provide instruction and direction to the City Attorney regarding Glendale's position in connection with property near or at Glendale and 57th Avenues. (A.R.S. § 38-431.03(A)(3)(4)(7))

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).



Legislation Description

File #: 15-804, Version: 1

PRESENTATION ON THE INVESTMENT POLICY FOR THE CITY OF GLENDALE

Staff Contact and Presenter: Vicki Rios, Interim Director, Finance and Technology

Staff Presenter: Lisette Camacho, Controller

Guest Presenters: Sheila Duffy and Chris DeBow, Public Trust Advisors

Purpose and Recommended Action

The purpose of this workshop presentation is to provide the City Council with information and receive feedback on proposed revisions to the Investment Policy for the City of Glendale.

Background

The City Council has the authority for the investment of City monies, as outlined in Article VI (Finance and Taxation), Section 15 (Transfer of sums from any funds to Interest funds; and investments in depositories) of the City Charter. Responsibility for the daily investment of all temporarily idle funds has been delegated to the Finance Director by City Code in Chapter 2 (Administration), Article V (Financial Affairs), Division 4 (Investment of Funds), Section 2-186 (Investment Policies; Responsibilities) which also states that all investments shall be in accordance with the Investment Policy.

The Investment Policy was adopted by an ordinance on March 12, 1996. The Investment Policy may be amended only by a resolution of the City Council and was most recently amended on February 22, 2005. The data contained in the annexes of the investment policy may be updated by the Finance Director as necessary. Annexes I and III were most recently updated on January 15, 2014.

The City Council authorized the City Manager on June 23, 2015 to enter into an agreement with PT Asset Management d.b.a. Public Trust Advisors for investment advisory services. The city's investment advisor monitors the marketplace for the city's current and proposed investments, ensuring that a high-quality portfolio is always maintained and that the city receives a reasonable rate of return on its investments. Public Trust Advisors also reviews the city's Investment Policy and provides recommendations on permitted investments, asset allocation, and maturity limits that are in compliance with state statutes, city codes and ordinances.

Analysis

In order to maximize earnings and increase efficiencies with regards to investment management pricing, safekeeping and administration costs while maintaining the safety and preservation of investment capital, liquidity and diversification, staff is proposing the following changes to the city's Investment Policy:

- **Investment Duration**

- Current process - Article V, Division 4, Section 2-186 of the City Code governs the maximum investment maturity for the City's Investment Policy and reads as follows: Investments shall not exceed three (3) years from the date of investment
- Proposed change - Currently, state statutes allow for a maximum investment maturity of five years. In order to provide more flexibility and take advantage of potential earnings on longer term investments, staff is proposing increasing the investment maturity limit to not exceed five (5) years from the date of trade settlement with a maximum portfolio weighted average maturity of three (3) years.
- Prime Commercial Paper & Corporate Bonds, Debentures and Notes
 - Current process - The aggregate amount of securities purchased from anyone corporate bond issuer shall not exceed 10% of the city's combined portfolio at the time of purchase.
 - Proposed change - In order to ensure adequate diversification and reduce concentration risk, staff is proposing to change the limit per issuer to 5%. The roll up concentration limit per issuer for prime commercial paper and corporate bond is 10%.
- Annex I - List of individuals authorized to conduct investment transactions on behalf of the City of Glendale.
 - Current process - Names of specific individuals working for the city are listed.
 - Proposed change - Staff is proposing the list show the titles of the individuals authorized to conduct transactions instead of their specific names. This helps avoid the need to update Annex I if staffing in the Finance and Technology Department changes.
- Annex II - Repurchase Agreements
 - Current process - Annex II contains a standardized and preapproved Repurchase Agreement.
 - Proposed change - Staff recommends removing Annex II. The city would negotiate new Repurchase Agreements when necessary if the city chooses to enter into these transactions in the future. This avoids the need to update Annex II and allows for specific negotiation of the terms of any agreement with potential broker dealers.
- Considerations for the Selection of Broker/Dealers and Financial Institutions Acting as Broker Dealers
 - Current process - The Finance Department maintains a list of broker/dealers and financial institutions which are approved for investment purposes. In addition, a list of authorized broker/dealers was included in Annex III of the Investment Policy.
 - Proposed change - Staff is proposing to use the approved brokers/dealers of the registered investment advisor (currently Public Trust Advisors) and remove Annex III of the investment policy. If, in the future, the city does not have a registered investment advisor executing trades on behalf of the city, the Finance Department shall maintain a list of brokers/dealers and financial institutions which are approved for investment purposes.

Staff and representatives from the city's investment advisors, Public Trust Advisors, will discuss the proposed changes with the City Council and seek feedback and direction. Depending on the direction received from the Council at the workshop, the changes would be brought forward to adopt by resolution at a voting meeting in January 2016.

Previous Related Council Action

On March 12, 1996, the City Council adopted an ordinance to adopt the city's Investment Policy.

On February 22, 2005, the City Council adopted a resolution to amend the city's Investment Policy.

On June 23, 2015, the City Council authorized the City Manager to enter into an agreement with PT Asset Management d.b.a. Public Trust Advisors for investment advisory services.

Community Benefit/Public Involvement

The community will benefit from an investment policy that is designed to manage the city's investments with a degree of professionalism and prudence that is worthy of public trust.

Budget and Financial Impacts

This report is for information purposes only.



Legislation Description

File #: 15-794, Version: 1

FIVE-YEAR FINANCIAL FORECASTS

Staff Contact and Presenter: Tom Duensing, Interim Assistant City Manager

Staff Presenter: Vicki Rios, Interim Director, Finance and Technology

Purpose and Policy Guidance

The purpose of this item is to provide Council with an updated Five-Year Financial Forecast of the City's major Operating Funds, including the General Fund. The five-year forecasts for each fund include projected revenues and other financing sources, expenditures and other financing uses, amounts set aside for annual contingency, and forecasted ending fund balance.

Background

As part of the annual budget process, a Five-Year Financial Forecast is prepared for each of the City's major operating funds. These forecasts serve two purposes: 1) provide a long-term view of current year budget decisions affecting the City and 2) provide an estimate of the fund balance and sensitivity to revenue and expenditures changes over the forecast period. Best forecasting practice calls for realistic, yet conservative revenue estimates coupled with realistic service and staffing levels.

The forecasts include the City's General Fund, the Police and Fire Sales Tax Funds and certain enterprise and special revenue funds. The forecasts for the Enterprise Funds include the Water & Sewer Funds, Sanitation Fund, and Landfill Fund. The Special Revenue Fund forecasts include the Highway User Revenue Funds (HURF) and Transportation Funds. Unlike the General Fund, where the revenues are primarily unrestricted and can be used for any governmental purpose, revenues earned within the Police and Fire Sales Tax Funds, and Special Revenue funds are restricted to the specific activities related to the fund's purpose. The Special Revenue Funds each have dedicated revenue sources which determine the level of expenditures or activities within the specific fund. The Enterprise Funds are primarily supported through user fees or charges for services and operate much like a business.

Analysis

Approach

To help in analyzing the financial information, it is important to understand the methodology used to prepare the forecast. Inherent in any forecast are normal revenue and expenditure growth assumptions. Additionally, the approach taken to develop the forecast assumes continuation of all services at current levels, maintaining contractual obligations, reasonable revenue forecasts, and consistency with financial policies and specific bond covenants. It is important to note that forecasted contingency (amounts set aside for unforeseen expenses) is included in each fund and the contingency methodology for each fund may be different depending upon the fiscal health of a fund.

As with any budget development process, it is necessary to identify potential challenges and financial opportunities. A summary of the key budget initiatives affecting the FY16-17 budget process include the following:

- *Police and Fire service delivery analysis as a result of the Citygate study
- *Compensation and classification recommendations as a result of the Segal study
- *Public Safety Personnel Retirement System (PSPRS) contribution rates and the anticipated impact of the Hall court case
- *Analysis of the sufficiency of the current sales tax rate per ordinance and requested Council Item of Special Interest
- *Primary property tax relative to the financial policies
- *Western Area Branch Library operating costs currently estimated at \$600,000 per year
- *Arena management proposals being submitted to the City for possible new management of the facility effective July 1, 2016
- *Regional Wireless Consortium (RWC) and the impact of future operating and capital cost requirements
- *Vehicle replacement necessities relative to a program that was significantly reduced due to the economic downturn
- *Transition to the Arizona Department of Revenue (ADOR) sales tax collections, from City sales tax collections, and the necessity to monitor the data and activities

Detailed discussions about the forecasts for the different funds are included in the attached Five-Year Financial Forecasts Memorandum.

Previous Related Council Action

On November 17, 2015, staff presented an overview of the FY16-17 budget process and highlighted key initiatives that potentially impact the financial position of the City.

Community Benefit/Public Involvement

The community benefit of the five year forecast of the City's major operating funds' is sound financial analysis which provides the basic framework for the upcoming budget process and resource allocation plan.

Budget and Financial Impacts

Budget and financial impacts are based on Council feedback.



Finance Department Memorandum

DATE: December 15, 2015

TO: Mayor and City Councilmembers

FROM: Vicki L. Rios, CPA, Interim Financial and Technology Director

THROUGH: Thomas F. Duensing, CPA, Interim Assistant City Manager

SUBJECT: Five-Year Financial Forecasts

Purpose of the Financial Forecasts

As part of the annual budget process, a Five-Year Financial Forecast is prepared for each of the City's major operating funds. These forecasts serve two purposes: 1) provide a long-term view of current year budget decisions affecting the City and 2) provide an estimate of the fund balance and sensitivity to revenue and expenditures changes over the forecast period. Best forecasting practice calls for realistic, yet conservative, revenue estimates coupled with realistic service and staffing levels. Forecasts also identify key budgetary initiatives to be addressed and allow Mayor and Council the opportunity to provide policy level input for budget development.

The forecasts include the City's General Fund and certain enterprise and special revenue funds. The forecasts for the Enterprise Funds include the Water & Sewer Funds, Sanitation Fund, and Landfill Fund. The Special Revenue Fund forecasts include the Highway User Revenue Funds (HURF), Transportation Funds, and the dedicated Public Safety Sales Tax, Police and Fire Funds. Unlike the General Fund, where the revenues are primarily unrestricted and can be used for any governmental purpose, revenues earned within the Enterprise and Special Revenue funds are restricted to the specific activities related to the fund's purpose. The Enterprise Funds are primarily supported through user fees or charges for services and operate much like a business. The Special Revenue Funds each have dedicated revenue sources which determine the level of expenditures or activities within the specific fund.

To help in analyzing the financial information, it is important to understand the methodology used to prepare the forecast. Inherent in any forecast are normal revenue and expenditure growth assumptions. Additionally, the approach taken to develop the forecast assumes continuation of all city services at current levels, maintaining contractual obligations, reasonable revenue forecasts, identification of key initiatives, and consistency with financial policies and specific bond covenants. It is important to note that forecasted contingency (amounts set aside for

unforeseen expenses) is included in each fund and the contingency methodology for each fund may be different depending upon the fiscal health of a fund.

Forecast Methodology

The City's General and Special Revenue Funds are primarily supported by taxes. Therefore, actual revenue recognized in these funds is dependent upon the local and state economies. Enterprise Funds are primarily supported by user fees and revenues which are mostly dependent upon rates established by the City.

The General and Special Revenue Funds' revenue forecasts assume slight increases in local and state economies with average transaction privilege tax (sales tax) growth of 2.5% per year over the five year period and other fund revenue increases of approximately 1% per year.

Revenue growth in the Enterprise Funds does not assume any rate adjustments in the five-year forecast period; however, increases of one-half of one percent (0.5%) per year are assumed due to new customers. It should be noted, however, that rate studies will be conducted to determine the necessity of rate adjustments within the five-year forecast period.

Expenditure growth in the operating funds assume average annual 2.0% increases in wages and salaries for non-represented employees (2.5% wage and salary adjustments partially offset by employees at the wage and salary maximum) and anticipated wage and salary growth in police and fire consistent with current memoranda of understanding.

General Fund

Current General Fund Forecast

Overall, the current General Fund forecast shows ongoing operating revenues are sufficient to cover ongoing operating expenditures with no ongoing structural deficit identified. In FY18-19 of the forecast, the General Fund supported debt service increases substantially, leading to a slight forecasted deficit in that year only and assuming 100% of the contingency is expended. In FY19-20 revenues are sufficient to absorb the additional debt service costs and the deficit is eliminated. It is also important to note that General Fund supported debt service peaks at \$36.6 million in FY20-21. Assuming no additional General Fund supported debt is issued, this level of debt service, \$36.6 million per year, remains relatively flat through FY32-33 and drops to \$22.5 million per year in FY33-34 through FY37-38.

As stated previously, the ongoing General Fund operating **expenditures** assume an increase in wages and salaries, continuation of current service levels and contractual obligations, and controlling operating costs. This forecast also assumes:

- Modest increases to health insurance and benefit costs
- Continuation of the current arena agreement (RFP process underway)
- Funding of fleet replacement totaling \$3 million per year
- Minimal facility maintenance funding

- Anticipated increases in Public Safety Personnel Retirement rates plus a \$3 million per year anticipated impact of the Hall case beginning in FY17-18
- Anticipated impact of the classification and compensation study and the Police and Fire service level assessment (Citygate study), totaling \$1.5 million for both
- Regional Wireless Consortium capital costs in FY16-17 through FY18-19 totaling \$6.0 million
- Police MDC replacements in FY17-18 for \$1.8 million
- Continued funding of IT infrastructure needs including Financial and HR system replacement
- Funding for 10 police officers (COPS grant) and 15 firefighters (SAFER grant) originally added in FY14-15 to be absorbed in the General Fund beginning in FY16-17 and reaching annual levels of \$2.3 million per year beginning in FY19-20
- Anticipated Police MOU costs beginning in FY16-17 totaling \$1.6 million
- Anticipated NCAA Final Four costs totaling \$1.0 million in FY16-17
- The final \$5 million payment to the National Hockey League in FY16-17

The forecast does not assume:

- Operating expenses for a Western Area Branch Library estimated at \$600,000 per year
- Additional FTE's
- Sales tax rate adjustments

General Fund sales tax **revenues** are forecasted to increase 3.5% in FY16-17, 3.0% in FY17-18 and FY18-19, and then slow to 2% and 1% in FY19-20 and FY20-21, respectively. State-shared income taxes and sales taxes are anticipated to increase by an average of 4.0% and 3.3% per year, respectively, which is consistent with the October 8, 2015 Joint Legislative Budget Committee's (JLBC), Financial Advisory Committee report. This also includes an adjustment for the anticipated decrease in Glendale's State Shared revenues as a result of the mid-decade census conducted by select cities. The forecast for primary property tax assumes a planned 2% increase per year, consistent with Council adopted policy. The forecast for Other Intergovernmental revenues is based on the Tohono O'odham settlement agreement, approved August 12, 2014. Finally, the growth rates for the other General Fund revenues assume increases between 1% and 1.7% per year.

The ending FY14-15 General Fund, **fund balance** (balance at June 30, 2015) used in the forecast is \$33.4 million. On November 17, 2015, preliminary FY14-15 General Fund year-end results were presented at the Council Workshop. This presentation indicated a FY14-15 ending unassigned fund balance of \$27.9 million (unaudited). The actual, audited FY14-15 ending unassigned fund balance is \$28.4 million. As the \$28.4 million is the "GAAP" fund balance, which is "net of" the final \$5 million NHL payment, the FY15-16 beginning fund balance used in the forecast is calculated at \$33.4 million.

General Fund - Five-Year Financial Forecast
FY16-17 Through FY20-21 with FY15-16 Comparative Data

	FY15-16		Forecast				
	Budget	Revised	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Operating Revenue							
<i>Local Taxes</i>							
City Sales Tax	98,695,608	98,695,608	102,149,955	105,214,454	108,370,888	110,538,306	111,643,689
Sales Tax Reduction	-	-	-	-	-	-	-
Primary Property Tax	5,529,882	5,529,882	5,640,480	5,753,290	5,868,356	5,985,723	6,105,437
Total Local Taxes	104,225,490	104,225,490	107,790,435	110,967,744	114,239,244	116,524,029	117,749,126
<i>Intergovernmental</i>							
State Shared Revenue	57,917,280	57,917,280	60,125,675	62,530,702	65,031,930	67,390,741	69,586,889
Other Intergovernmental	-	-	1,428,000	1,456,560	1,485,691	1,515,405	1,545,713
Total Intergovernmental	57,917,280	57,917,280	61,553,675	63,987,262	66,517,621	68,906,146	71,132,602
<i>Fees, Licenses, Permits, & Arena Fees</i>							
Fees, Licenses, & Permits	19,670,394	19,670,394	20,231,509	20,499,596	20,771,749	21,048,034	21,328,513
Arena Fees	7,056,276	2,202,446	2,202,446	2,224,470	2,246,715	2,269,182	2,291,874
Total Fees, Licenses & Permits	26,726,670	21,872,840	22,433,955	22,724,066	23,018,464	23,317,216	23,620,387
<i>Other & Miscellaneous</i>							
Other Revenues	3,777,551	3,777,551	3,812,543	3,847,885	3,883,581	3,919,634	3,956,047
Staff Admin. Chargeback Revenue	9,700,000	9,700,000	9,700,000	9,700,000	9,700,000	9,700,000	9,700,000
Interest Income	396,080	396,080	400,041	404,041	408,081	412,162	416,284
Total Other & Miscellaneous	13,873,631	13,873,631	13,912,584	13,951,926	13,991,662	14,031,796	14,072,331
Total Operating Revenue	202,743,071	197,889,241	205,690,649	211,630,998	217,766,991	222,779,187	226,574,446
Expenditures & Other Financing Sources/Uses							
<i>Expenditures</i>							
Wages and Salaries	(82,721,480)	(82,721,480)	(86,787,855)	(91,797,585)	(93,999,063)	(96,686,818)	(98,666,705)
Overtime	(5,558,298)	(5,558,298)	(6,617,298)	(5,558,298)	(5,558,298)	(5,558,298)	(5,558,298)
Benefits	(42,869,823)	(42,869,823)	(43,814,136)	(44,690,419)	(45,584,227)	(46,495,912)	(47,425,830)
			-	-	-	-	-
Supplies and Contracts	(27,014,171)	(27,964,677)	(24,424,188)	(24,912,671)	(25,410,925)	(25,919,143)	(26,437,526)
Utilities	(4,571,797)	(4,571,797)	(4,663,233)	(4,756,498)	(4,851,628)	(4,948,660)	(5,047,633)
Vehicle Maintenance & Fuel	(3,262,184)	(3,262,184)	(3,327,428)	(3,393,976)	(3,461,856)	(3,531,093)	(3,601,715)
Vehicles, Technology, Risk Mgt., Workers' Comp.	(4,547,792)	(4,547,792)	(4,638,748)	(4,731,523)	(4,826,153)	(4,922,676)	(5,021,130)
Vehicle Replacement			(2,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Information Technology	(8,518,428)	(8,518,428)	(5,014,919)	(6,888,161)	(5,625,925)	(5,738,443)	(5,853,212)
Capital Outlay	(1,871,752)	(1,871,752)	(2,871,752)	(4,371,752)	(4,371,752)	(1,871,752)	(1,871,752)
Arena Management Fee/Capital	(15,000,000)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)
NHL Management Fee	-	-	(5,000,000)	-	-	-	-
Camelback Ranch - Phoenix IGA	(668,646)	(668,646)	(668,646)	(668,646)	-	(1,086,822)	-
Lease Payments	(50,124)	(50,124)	-	-	-	-	-
Total Expenditures	(196,654,495)	(189,105,001)	(196,328,203)	(201,269,529)	(203,189,827)	(206,259,617)	(208,983,801)
<i>Other Financing Sources/Uses</i>							
<i>Transfers In</i>							
Special Revenue - PSST Police	16,305,055	16,305,055	16,986,459	17,469,053	17,966,125	18,307,448	18,481,522
Special Revenue - PSST Fire	7,839,390	7,839,390	8,200,273	8,443,281	8,693,579	8,865,451	9,853,106
Total Transfers In	24,144,445	24,144,445	25,186,732	25,912,334	26,659,704	27,172,899	28,334,628
<i>Transfers Out</i>							
Special Revenue - Transportation	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)
Special Revenue - Other	(429,152)	(429,152)	(534,299)	(534,299)	(534,299)	(534,299)	(534,299)
Maint. of Effort Enterprise Funds	(600,000)	(600,000)	(1,013,088)	(1,299,985)	(1,392,615)	(1,416,738)	(1,431,603)
Debt Service - MPC	(19,887,862)	(19,887,862)	(26,441,479)	(27,255,612)	(33,551,987)	(34,651,970)	(36,581,364)
Total Transfers Out	(21,817,014)	(21,817,014)	(28,888,866)	(29,989,896)	(36,378,901)	(37,503,007)	(39,447,266)
Total Expenditures & Other Financing Sources/Uses	(194,327,064)	(186,777,570)	(200,030,337)	(205,347,091)	(212,909,024)	(216,589,725)	(220,096,439)
Total Surplus/(Deficit) Before Contingency	8,416,007	11,111,671	5,660,312	6,283,907	4,857,967	6,189,462	6,478,007
<i>Contingency</i>	(5,000,000)	(4,049,494)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Total Surplus/(Deficit) After Contingency	3,416,007	7,062,177	660,312	1,283,907	(142,033)	1,189,462	1,478,007
Beginning Fund Balance - With Contingency	33,409,000	33,409,000	40,471,177	41,131,489	42,415,397	42,273,364	43,462,826
Ending Fund Balance - With Contingency	36,825,007	40,471,177	41,131,489	42,415,397	42,273,364	43,462,826	44,940,833

Enterprise Funds

As stated previously, the Enterprise Funds include the Water & Sewer Funds, Sanitation Fund, and Landfill Fund, and these funds are supported primarily from user fees or charges for services and operate much like a business. Forecasts for these funds are included on the following pages.

Overall, the financial results of the Enterprise Funds are significantly influenced by the capital outlay spending and financing. It is anticipated enterprise fund rate adjustments will not be necessary in FY16-17. However, without taking additional financial measures, fund balances in the enterprise funds could be reduced below acceptable levels within the forecast period. Therefore, to protect the financial stability of the funds the following items will need to be considered before the end of the forecast period:

- Timing of capital improvement projects
- Future bond funding of capital improvement projects
- Future rate adjustments

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Water & Sewer Enterprise Funds: These funds support the provision of water and sewer service to Glendale residents and businesses. Activities are completely self-supported through water sales, sewer user fees, and other related user fees. Over the five-year forecast period, revenues are expected to remain stable with no assumed rate increases. As stated previously, this forecast indicates that without taking additional financial measures, the fund balance will be reduced below acceptable levels.

The forecast incorporates all estimated operational costs, with nominal inflation. The expense category includes all costs related to personnel services, contractual and commodities. Also included are the required debt service obligations, which average approximately \$23.5 million per year. Capital Outlay included in the plan totals \$122.5 million for the next five years. Staff will continue to monitor and update the financial operations for potential changes in capital planning, bond funding or potential rate adjustments.

**Water & Sewer Funds - Five-Year Financial Forecast
FY16-17 Through FY20-21 with FY15-16 Comparative Date**

	FY15-16		Forecast				
	Budget	Rev Est	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Revenue & Other Financing Sources							
<i>Water Revenue</i>	46,257,498	45,728,498	45,957,140	46,186,926	46,417,861	46,649,950	46,883,200
<i>Sewer Revenue</i>	33,119,413	32,419,413	32,581,510	32,744,418	32,908,140	33,072,680	33,238,044
<i>Development Permits/Fees/Impact</i>	595,000	595,000	600,000	600,000	600,000	600,000	600,000
<i>Staff & Adm Chargebacks</i>	82,000	82,000	82,000	82,000	82,000	82,000	82,000
<i>Interest</i>	200,200	200,200	421,993	345,324	255,804	164,677	52,487
<i>Other Revenue (effluent sales)</i>	945,376	945,376	614,590	614,590	614,590	614,590	614,590
<i>Transfers In</i>	225,000	225,000	229,388	449,025	481,905	489,218	492,623
Total Revenue & Other Financing Sources	81,424,487	80,195,487	80,257,233	80,573,258	80,878,395	81,183,897	81,470,320
Expenses & Other Financing Uses							
<i>Wages and Salaries</i>	(12,826,852)	(11,626,400)	(11,917,060)	(12,214,987)	(12,520,362)	(12,833,371)	(13,154,205)
<i>Overtime</i>	(314,100)	(314,100)	(314,100)	(314,100)	(314,100)	(314,100)	(314,100)
<i>Benefits</i>	(4,804,347)	(4,223,662)	(4,561,555)	(4,789,633)	(5,029,115)	(5,280,571)	(5,544,600)
<i>Supplies and Contracts</i>	(21,571,901)	(18,111,955)	(18,474,194)	(18,843,678)	(19,220,552)	(19,604,963)	(19,997,062)
<i>Utilities</i>	(4,027,100)	(4,277,447)	(4,362,996)	(4,450,256)	(4,539,261)	(4,630,046)	(4,722,647)
<i>Vehicle Maintenance & Fuel</i>	(826,745)	(821,345)	(837,772)	(854,527)	(871,618)	(889,050)	(906,831)
<i>Vehicles, Technology, Risk Mgt., Workers' Comp.</i>	(6,299,468)	(6,254,754)	(7,396,094)	(7,544,016)	(7,694,896)	(7,848,794)	(8,005,770)
<i>Capital Outlay</i>	(28,922,685)	(18,922,685)	(25,601,275)	(24,825,735)	(21,466,210)	(25,140,580)	(25,450,000)
<i>Debt Service</i>	(20,158,683)	(20,158,683)	(20,125,983)	(22,640,233)	(25,447,783)	(25,080,483)	(24,408,733)
Total Expenses & Other Financing Uses	(99,751,881)	(84,711,031)	(93,591,029)	(96,477,165)	(97,103,897)	(101,621,958)	(102,503,948)
Total Income (Loss)	(18,327,394)	(4,515,544)	(13,333,796)	(15,903,907)	(16,225,502)	(20,438,061)	(21,033,627)
Contingency	(8,637,424)	(2,637,424)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Total Income/(Loss) w/ Contingency	(26,964,818)	(7,152,968)	(15,333,796)	(17,903,907)	(18,225,502)	(22,438,061)	(23,033,627)
Beginning Fund Balance - With Contingency	91,551,535	91,551,535	84,398,567	69,064,771	51,160,864	32,935,362	10,497,301
Ending Fund Balance - With Contingency	64,586,717	84,398,567	69,064,771	51,160,864	32,935,362	10,497,301	(12,536,326)

Sanitation Enterprise Fund: This fund supports refuse collection and disposal services to homes and businesses in the city. Over the five-year forecast period, revenues are expected to remain stable with no assumed rate increases. Although there are no planned fee adjustments, it is important to note that depending on the timing of capital outlay projects and fund performance, future rate adjustments may be necessary. Capital purchases, primarily including the replacement of vehicles, are assumed to be financed through capital leases if necessary. While revenues from operations are predicted to sustain operational costs through FY17-18, without taking additional financial measures, the fund balance will be reduced below acceptable levels during the forecast period. Staff will continue to monitor and update the financial operations for potential changes in capital planning or potential rate adjustments.

Sanitation Fund - Five-Year Financial Forecast
FY15-16 Through FY19-20 with FY15-16 Comparative Date

	FY15-16		Forecast				
	Budget	Rev Est	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Revenue & Other Financing Sources							
<i>Commercial Sanitation Revenue</i>	3,400,000	3,400,000	2,417,000	2,429,085	2,441,230	2,453,436	2,465,703
<i>Commercial Sanitation Rolloff</i>	600,000	600,000	750,000	753,750	757,519	761,307	765,114
<i>Residential Sanitation</i>	10,630,000	10,630,000	10,683,150	10,736,566	10,790,249	10,844,200	10,898,421
<i>Miscellaneous Bin Service</i>	100,000	100,000	100,500	101,003	101,508	102,016	102,526
<i>Internal Charges</i>	115,000	115,000	115,000	115,000	115,000	115,000	115,000
<i>Interest</i>	7,000	7,000	7,000	7,035	7,070	7,105	7,141
<i>Other Revenue</i>	101,000	101,000	101,000	101,000	101,000	101,000	101,000
<i>Transfers In</i>	60,000	60,000	125,392	136,153	145,714	148,403	150,237
<i>Lease Proceeds</i>	-	-	2,712,081	2,577,897	1,603,249	2,100,444	2,168,364
Total Revenue & Other Financing Sources	15,013,000	15,013,000	17,011,123	16,957,489	16,062,539	16,632,911	16,773,506
Expenses & Other Financing Uses							
<i>Wages and Salaries</i>	(3,017,389)	(3,017,389)	(2,982,824)	(3,057,395)	(3,133,829)	(3,212,175)	(3,292,480)
<i>Overtime</i>	(185,000)	(185,000)	(220,000)	(225,500)	(231,138)	(236,916)	(242,839)
<i>Benefits</i>	(1,308,813)	(1,308,813)	(1,295,725)	(1,321,640)	(1,348,072)	(1,375,034)	(1,402,534)
<i>Supplies and Contracts</i>	(3,236,452)	(3,236,452)	(3,014,181)	(3,074,465)	(3,135,954)	(3,198,673)	(3,262,646)
<i>Utilities</i>	(1,000)	(1,000)	(1,020)	(1,040)	(1,061)	(1,082)	(1,104)
<i>Vehicle Maintenance & Fuel</i>	(3,296,863)	(3,296,863)	(2,942,800)	(3,001,656)	(3,061,689)	(3,122,923)	(3,185,381)
<i>Vehicles, Technology, Risk Mgt., Workers' Comp.</i>	(2,421,754)	(2,421,754)	(2,627,596)	(2,680,148)	(2,733,751)	(2,788,426)	(2,844,194)
<i>Capital Outlay</i>	(3,455,446)	(2,481,582)	(2,712,081)	(2,577,897)	(1,603,249)	(2,100,444)	(2,168,364)
<i>Debt Service - Principal</i>	-	-	(343,375)	(683,496)	(913,823)	(1,216,311)	(1,539,498)
<i>Debt Service - Interest & Fiscal Agent Fees</i>	-	-	(108,484)	(197,865)	(234,655)	(282,121)	(320,204)
Total Expenses & Other Financing Uses	(16,922,717)	(15,948,853)	(16,248,086)	(16,821,101)	(16,397,221)	(17,534,105)	(18,259,245)
Total Income (Loss)	(1,909,717)	(935,853)	763,037	136,388	(334,683)	(901,194)	(1,485,740)
Contingency	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Total Income/(Loss) w/ Contingency	(2,109,717)	(1,135,853)	563,037	(63,612)	(534,683)	(1,101,194)	(1,685,740)
Beginning Fund Balance - With Contingency	2,963,190	2,963,190	1,827,337	2,390,374	2,326,762	1,792,079	690,885
Ending Fund Balance - With Contingency	853,473	1,827,337	2,390,374	2,326,762	1,792,079	690,885	(994,854)

Landfill Enterprise Fund: This fund includes the activities at the Glendale Landfill such as recycling, the materials recovery facility, and potential by-product services. Over the five-year forecast period, revenues are expected to remain stable with no assumed rate increases. Although there are no planned fee adjustments, it is important to note that depending on the timing of capital outlay projects and fund performance, future rate adjustments may be necessary.

One particular item which could affect the financial stability of the fund is work being done which could affect the south cell. Staff is working with regulatory agencies to allow additional refuse in the south cell by extending the maximum height by 20 feet. This expansion would provide an additional four years of waste disposal in the south cell, and allow the landfill to stage construction activities over the next seven years. It is anticipated that the changes will be incorporated with the FY 17-21 Capital Improvement Plan. Staff will continue to monitor the performance of the fund for future financing options.

Landfill Fund - Five-Year Financial Forecast
FY16-17 Through FY20-21 with FY15-16 Comparative Date

	FY15-16		Forecast				
	Budget	Rev Est	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Revenue & Other Financing Sources							
<i>Recycling Sales</i>	2,688,000	1,550,000	1,565,500	1,965,000	1,984,650	2,004,497	2,024,542
<i>Tipping Fees</i>	4,948,590	5,427,000	5,481,270	5,536,083	5,591,444	5,647,358	5,703,832
<i>Staff & Adm Chargebacks</i>	431,000	431,000	431,000	431,000	431,000	431,000	431,000
<i>Internal Charges</i>	2,570,000	2,722,000	2,550,000	2,575,500	2,601,255	2,627,268	2,653,541
<i>Interest</i>	45,000	45,000	45,450	45,905	46,364	46,828	47,296
<i>Other Revenue</i>	113,700	215,000	215,000	215,000	215,000	215,000	215,000
<i>Transfers In</i>	315,000	315,000	658,308	714,806	764,996	779,117	788,743
<i>Bond Proceeds</i>	-	-	15,000,000	-	-	-	-
Total Revenue & Other Financing Sources	11,111,290	10,705,000	25,946,528	11,483,294	11,634,709	11,751,068	11,863,954
Expenses & Other Financing Uses							
<i>Wages and Salaries</i>	(2,313,413)	(2,313,413)	(2,371,248)	(2,430,530)	(2,430,530)	(2,491,293)	(2,553,575)
<i>Overtime</i>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<i>Benefits</i>	(852,912)	(852,912)	(921,145)	(985,625)	(1,025,050)	(1,066,052)	(1,108,694)
<i>Supplies and Contracts</i>	(4,312,934)	(3,088,934)	(3,150,713)	(3,213,727)	(3,278,001)	(3,343,562)	(3,410,433)
<i>Utilities</i>	(335,000)	(335,000)	(341,700)	(348,534)	(355,505)	(362,615)	(369,867)
<i>Vehicle Maintenance & Fuel</i>	(546,025)	(546,025)	(556,946)	(568,084)	(579,446)	(591,035)	(602,856)
<i>Vehicles, Technology, Risk Mgt., Workers' Comp.</i>	(1,168,629)	(1,168,629)	(1,382,278)	(1,409,923)	(1,438,122)	(1,466,884)	(1,496,222)
<i>Capital Outlay</i>	(11,138,288)	(6,682,973)	(18,252,216)	(6,205,961)	(124,947)	(772,416)	(787,864)
<i>Debt Service - Principal</i>	-	-	-	(407,768)	(432,234)	(458,168)	(485,658)
<i>Debt Service - Interest & Fiscal Agent Fees</i>	-	-	-	(900,000)	(875,534)	(849,600)	(822,110)
Total Expenses & Other Financing Uses	(20,717,201)	(15,037,886)	(27,026,245)	(16,520,152)	(10,589,369)	(11,451,625)	(11,687,279)
Total Income (Loss)	(9,605,911)	(4,332,886)	(1,079,717)	(5,036,858)	1,045,341	299,443	176,675
Contingency	(600,000)	(388,783)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Total Income/(Loss) w/ Contingency	(10,205,911)	(4,721,669)	(1,579,717)	(5,536,858)	545,341	(200,557)	(323,325)
Beginning Fund Balance - With Contingency	12,034,211	12,034,211	7,312,542	5,732,825	195,967	741,308	540,751
Ending Fund Balance - With Contingency	1,828,300	7,312,542	5,732,825	195,967	741,308	540,751	217,426

Special Revenue Funds

As stated previously, the Special Revenue Funds, which include the Highway User Revenue Funds (HURF), the Transportation Funds, the Police Special Revenue Fund, and the Fire Special Revenue Fund, each have dedicated revenues sources which determine the level of expenditures or activities within the specific fund.

The Special Revenue Funds are forecasted to remain relatively stable. Unlike the enterprise operations, there are forecasted increases in revenue growth as these funds are not user fee supported.

Highway User Revenue Funds (HURF) – These funds are used to track HURF monies that the State of Arizona distributes to cities, towns and counties. This revenue source is commonly referred to as the gasoline tax although there are several additional transportation related fees that comprise this revenue, including a portion of vehicle license taxes. Overall, much of this revenue source is based on the volume of fuel sold rather than the price of fuel. There is a state constitutional restriction on the use of HURF revenues; they must be used solely for street and highway purposes such as maintenance, repair, reconstruction, and roadside development. In Glendale, the fund supports street cleaning and maintenance, traffic signs and signals, street lighting, and other street-related activities. The anticipated rate of revenue growth is estimated at approximately 1% annually. Revenue estimates are provided by the League of Arizona Cities and Towns each March. Substantial expenditures over the next five years include major street improvements totaling \$35 million; however, this level of funding may need to be adjusted in order to ensure the financial stability of fund.

Highway User Revenue Funds - Five-Year Financial Forecast FY16-17 Through FY20-21 with FY15-16 Comparative Date

	FY15-16		Forecast				
	Budget	Rev Est	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Revenue & Other Financing Sources							
<i>HURF Revenue</i>	14,147,499	14,147,499	14,288,974	14,431,864	14,576,183	14,721,945	14,869,164
<i>Ins. Reimb</i>	21,620	21,620	21,836	22,054	22,275	22,498	22,723
<i>Transfers In</i>	1,000,000	1,000,000	-	-	-	-	-
Total Revenue & Other Financing Sources	15,169,119	15,169,119	14,310,810	14,453,918	14,598,458	14,744,443	14,891,887
Expenditures & Other Financing Uses							
<i>Wages and Salaries</i>	(2,954,259)	(2,954,259)	(3,028,115)	(3,103,818)	(3,181,414)	(3,260,949)	(3,342,473)
<i>Overtime</i>	(56,935)	(56,935)	(58,358)	(59,817)	(61,313)	(62,846)	(64,417)
<i>Benefits</i>	(419,019)	(419,019)	(452,541)	(484,218)	(503,587)	(523,731)	(544,680)
<i>Supplies and Contracts</i>	(2,749,167)	(2,749,167)	(2,776,659)	(2,776,659)	(2,804,425)	(2,832,470)	(2,860,794)
<i>Utilities</i>	(2,581,210)	(2,581,210)	(2,632,834)	(2,685,491)	(2,739,201)	(2,793,985)	(2,849,864)
<i>Vehicle Maintenance & Fuel</i>	(303,002)	(303,002)	(309,062)	(315,243)	(321,548)	(327,979)	(334,539)
<i>Vehicles, Technology, Risk Mgt., Workers' Comp.</i>	(294,044)	(294,044)	(484,492)	(499,027)	(513,998)	(529,418)	(545,300)
<i>Capital Outlay</i>	(20,654,378)	(12,000,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)
<i>Debt Service - Principal</i>	(1,895,000)	(1,895,000)	-	-	-	-	-
<i>Debt Service - Interest & Fiscal Agent Fees</i>	(80,800)	(80,800)	-	-	-	-	-
Total Expenditures & Other Financing Uses	(31,987,814)	(23,333,436)	(16,742,062)	(16,924,274)	(17,125,486)	(17,331,377)	(17,542,067)
Total Income (Loss)	(16,818,695)	(8,164,317)	(2,431,252)	(2,470,356)	(2,527,028)	(2,586,934)	(2,650,180)
Contingency	(650,000)	(650,000)	(720,000)	(720,000)	(730,000)	(740,000)	(740,000)
Total Income/(Loss) w/ Contingency	(17,468,695)	(8,814,317)	(3,151,252)	(3,190,356)	(3,257,028)	(3,326,934)	(3,390,180)
Beginning Fund Balance - With Contingency	23,741,632	23,741,632	14,927,315	11,776,063	8,585,707	5,328,680	2,001,746
Ending Fund Balance - With Contingency	6,272,937	14,927,315	11,776,063	8,585,707	5,328,680	2,001,746	(1,388,434)

Transportation Sales Tax: The Transportation Sales Tax Funds support transportation services in Glendale. The fund is primarily supported by 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. Transportation sales tax revenues are expected to grow at the same pace as the General Fund sales tax increases over the five-year forecast period (approximately 2.5% annually). Major projects include the Pavement Management Program at \$2 million annually and the Northern Ave. Super Street capital project. Transit operations remain stable over the forecast period and do not include service level reductions. Debt service obligations of approximately \$7.3 million annually have been incorporated into the five year forecast as well as nominal inflation for operations.

Transportation Sales Tax Funds - Five-Year Financial Forecast
FY16-17 Through FY20-21 with FY15-16 Comparative Date

	FY15-16		Forecast				
	Budget	Rev Est	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Revenue & Other Financing Sources							
<i>City Sales Tax</i>	24,206,223	24,206,223	25,053,441	25,805,044	26,579,195	27,110,779	27,381,887
<i>Transit Revenue</i>	124,000	124,000	124,000	124,000	124,000	124,000	124,000
<i>Interest</i>	140,000	140,000	140,000	140,000	140,000	140,000	140,000
<i>Transfers In</i>	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Total Revenue & Other Financing Sources	25,370,223	25,370,223	26,217,441	26,969,044	27,743,195	28,274,779	28,545,887
Expenditures & Other Financing Uses							
<i>Wages and Salaries</i>	(2,625,237)	(2,625,237)	(2,690,868)	(2,758,140)	(2,827,093)	(2,897,770)	(2,970,215)
<i>Overtime</i>	(40,250)	(40,250)	(40,250)	(40,250)	(40,250)	(40,250)	(40,250)
<i>Benefits</i>	(1,082,882)	(1,082,882)	(1,169,513)	(1,251,378)	(1,301,434)	(1,353,491)	(1,407,631)
<i>Supplies and Contracts</i>	(6,786,688)	(6,786,688)	(6,922,422)	(7,060,870)	(7,202,088)	(7,346,129)	(7,493,052)
<i>Utilities</i>	(192,097)	(192,097)	(195,939)	(199,858)	(203,855)	(207,932)	(212,091)
<i>Vehicle Maintenance & Fuel</i>	(648,515)	(648,515)	(661,485)	(674,715)	(688,209)	(701,973)	(716,013)
<i>Vehicles, Technology, Risk Mgt., Workers' Comp.</i>	(1,637,466)	(1,637,466)	(1,887,518)	(1,925,269)	(1,963,774)	(2,003,050)	(2,043,111)
<i>Capital Outlay</i>	(24,647,442)	(9,195,900)	(15,151,862)	(4,690,125)	(5,634,390)	(4,942,520)	(11,577,805)
<i>Debt Service - Principal</i>	(7,147,999)	(7,147,999)	(3,380,000)	(3,550,000)	(3,730,000)	(3,915,000)	(4,070,000)
<i>Debt Service - Interest & Fiscal Agent Fees</i>	-	-	(3,946,081)	(3,777,081)	(3,599,581)	(3,413,081)	(3,256,481)
<i>Transfers Out</i>	(1,000,000)	(1,000,000)	-	-	-	-	-
Total Expenditures & Other Financing Uses	(45,808,576)	(30,357,034)	(36,045,938)	(25,927,686)	(27,190,674)	(26,821,197)	(33,786,647)
Total Income (Loss)	(20,438,353)	(4,986,811)	(9,828,497)	1,041,358	552,521	1,453,582	(5,240,760)
Contingency	-	-	(2,100,000)	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)
Total Income/(Loss) w/ Contingency	(20,438,353)	(4,986,811)	(11,928,497)	(258,642)	(747,479)	153,582	(6,540,760)
Beginning Fund Balance - With Contingency	35,183,235	35,183,235	30,196,424	18,267,927	18,009,285	17,261,807	17,415,389
Ending Fund Balance - With Contingency	14,744,882	30,196,424	18,267,927	18,009,285	17,261,807	17,415,389	10,874,629

Police and Fire Special Revenue Funds: In 1994, Glendale voters passed a citizens’ initiative that increased the local sales tax by 0.1% to add police and fire personnel and related equipment. In September 2007, Glendale voters passed a separate initiative that increased the local sales tax by another 0.4%, bringing the total public safety tax rate to 0.5%, effective November 1, 2007. Both taxes specified that two-thirds of the revenue would go to police operations and one-third to fire operations. The original tax (0.1%) included all grocery related food sales but the new tax (0.4%) excludes all grocery related food sales. Both taxes specifically prohibit supplanting existing general fund budgets with the sales tax revenue. Two-thirds of the revenue is allocated to police operations (Police Special Revenue Fund) and one-third is allocated to fire operations (Fire Special Revenue Fund). The two funds are presented separately.

The **Police Special Revenue Fund**, presented below, assumes sales tax revenue growth at the same pace as the General Fund sales tax increases over the five-year forecast period (approximately 2.5% annually). Transfer amounts to the General Fund are based on planned fund balance reductions of \$900,000 per year.

PSST - Police Sales Tax Fund - Five-Year Financial Forecast
FY16-17 Through FY20-21 with FY15-16 Comparative Date

	FY15-16		Forecast				
	Budget	Rev Est	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Revenue & Other Financing Sources							
<i>City Sales Tax</i>	15,045,955	15,045,955	16,086,459	16,569,053	17,066,125	17,407,448	17,581,522
Total Revenue & Other Financing Sources	<u>15,045,955</u>	<u>15,045,955</u>	<u>16,086,459</u>	<u>16,569,053</u>	<u>17,066,125</u>	<u>17,407,448</u>	<u>17,581,522</u>
Expenditures & Other Financing Uses							
<i>Transfers Out</i>	(16,305,055)	(16,305,055)	(16,986,459)	(17,469,053)	(17,966,125)	(18,307,448)	(18,481,522)
Total Expenditures & Other Financing Uses	<u>(16,305,055)</u>	<u>(16,305,055)</u>	<u>(16,986,459)</u>	<u>(17,469,053)</u>	<u>(17,966,125)</u>	<u>(18,307,448)</u>	<u>(18,481,522)</u>
Total Income (Loss)	<u>(1,259,100)</u>	<u>(1,259,100)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>
Contingency	-	-	-	-	-	-	-
Total Income/(Loss) w/ Contingency	<u>(1,259,100)</u>	<u>(1,259,100)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>
Beginning Fund Balance - With Contingency	7,877,781	7,877,781	6,618,681	5,718,681	4,818,681	3,918,681	3,018,681
Ending Fund Balance - With Contingency	6,618,681	6,618,681	5,718,681	4,818,681	3,918,681	3,018,681	2,118,681

The **Fire Special Revenue Fund**, presented below, assumes sales tax revenue growth at the same pace as the General Fund sales tax increases over the five-year forecast period (approximately 2.5% annually). Transfer amounts to the General Fund are based on planned fund balance reductions of \$100,000 per year.

PSST - Fire Sales Tax Fund - Five-Year Financial Forecast
FY16-17 Through FY20-21 with FY15-16 Comparative Date

	FY15-16		Forecast				
	Budget	Rev Est	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Revenue & Other Financing Sources							
<i>City Sales Tax</i>	7,576,332	7,576,332	8,100,273	8,343,281	8,593,579	8,765,451	8,853,106
Total Revenue & Other Financing Sources	<u>7,576,332</u>	<u>7,576,332</u>	<u>8,100,273</u>	<u>8,343,281</u>	<u>8,593,579</u>	<u>8,765,451</u>	<u>8,853,106</u>
Expenditures & Other Financing Uses							
<i>Transfers Out</i>	(7,839,390)	(7,839,390)	(8,200,273)	(8,443,281)	(8,693,579)	(8,865,451)	(8,953,106)
Total Expenditures & Other Financing Uses	<u>(7,839,390)</u>	<u>(7,839,390)</u>	<u>(8,200,273)</u>	<u>(8,443,281)</u>	<u>(8,693,579)</u>	<u>(8,865,451)</u>	<u>(8,953,106)</u>
Total Income (Loss)	<u>(263,058)</u>	<u>(263,058)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>
Contingency	-	-	-	-	-	-	-
Total Income/(Loss) w/ Contingency	<u>(263,058)</u>	<u>(263,058)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>
Beginning Fund Balance - With Contingency	1,106,100	1,106,100	843,042	743,042	643,042	543,042	443,042
Ending Fund Balance - With Contingency	843,042	843,042	743,042	643,042	543,042	443,042	343,042



Legislation Description

File #: 15-778, Version: 1

IMPLEMENTATION OF AN ELECTRONIC PLAN REVIEW SYSTEM AND FEE

Staff Contact and Presenter: Sam McAllen, Director, Development Services

Staff Presenter: Stephen Dudley, Building Safety Official

Staff Presenter: Mark Ptashkin, Senior Building Inspector

Purpose and Policy Guidance

This presentation is to make Council aware of the proposed implementation of new Electronic Plan Review System software by the Development Services Department including the replacement of our current and no longer supported Hansen permitting software. The Development Services Department is also seeking support from Council regarding the proposed addition of a technology fee to the Community Development Fee Schedule for electronic plan review services. Implementation of an Electronic Plans Review System and technology fee allows the Electronic Plan Review project to pay for itself and reduces the costs currently experienced by our customers submitting construction documents for review.

Background

Glendale's Development Services Department has become a widely recognized leader in serving the public through the adoption of policies specifically designed to speed up project development and reduce costs to our citizens. We however are falling behind in one key area, our ability to accept, review and issue permits electronically. The implementation of Electronic Plan Review and permitting system with a cloud based solution will have a profound impact on our development community with far reaching and positive effects including:

- Significant reduction in printing costs to developers and project owners;
- Average time savings of two weeks or more for a typical project to begin construction;
- Building plans will be immediately available to first responders in an emergency;
- Replacement of our currently unsupported Hansen permit system;
- The ability to open businesses earlier will increase profit to the owner and revenue to the City;
- Replace our current Oracle based system with SQL;
- Documents are protected against catastrophic loss;
- Environmentally attractive; and
- Includes a new revenue stream that would fully pay for the implementation and upkeep of the system.

The Development Services Department issued a Request for Proposals for an Electronic Plan Review System on November 12, 2015.

Analysis

As part of the Building Safety process, Glendale requires developers, contractors and remodelers to submit construction drawings for review to verify compliance with various codes and ordinances prior to the issuance of building permits. The current city process requires our customers to print and deliver their plans for review which is outdated, very costly and time consuming. Implementation of an Electronic Plan Review System will significantly reduce our customer's time-to-market, printing costs and labor costs saving our clients' money while simultaneously providing a new revenue stream that will pay for all anticipated costs associated with the process.

Currently, Glendale provides developers, contractors and homeowners the most aggressive plan review times in the Phoenix metropolitan area with review times approximately 50% faster than other municipalities. This gives Glendale an advantage in attracting development as time-to-market is critical for developers and increases tax revenues to the City. By adopting an Electronic Plan Review System the city will again reduce the time for developers and homeowners to begin construction by a minimum of two weeks, larger projects can expect to save as much as five weeks or more on their development schedules.

Some of the benefits of implementing an Electronic Plan Review System include:

- Electronic Plan Review will replace the current paper-based process of submitting construction drawings for plan review prior to the issuance of building permits;
- Electronic format drawings are today's industry standard with the preparation of construction drawings via Computer Aided Design and Drafting (CADD) software. Implementation of an EPR system takes full advantage of that technology;
- EPR is more customer friendly, allowing the submittal of electronic construction drawings online via a web portal. This, combined with online building permitting, eliminates expensive printing costs, customer travel time and is environmentally beneficial;
- The proposed Electronic Plan Review System will include the replacement of our aging Hansen Permitting software which was implemented in 2003 and is no longer supported by the manufacturer;
- Electronic Plan Review will provide a reduction in "time-to-market" of construction projects due to greater efficiency in the processing and review of plans; and
- Project development schedules will be compressed with businesses opening quicker and generating sales tax revenue sooner.

When taking into account the proposed revenue stream from an Electronic Plan Review technology fee (20% of the plan review fee), the savings generated by moving away from Hansen, Oracle and Selectron as well as the additional revenue generated from opening projects earlier, it is possible to fully fund this project within 30 months. The total time estimated to fully implement the system is estimated to be eight (8) months.

Persons who do not wish to submit their construction plans electronically, will continue to be able to submit printed copies of drawings and will not be required to pay the technology fee.

Previous Related Council Action

On June 23, 2015, City Council approved the final Fiscal Year 2015-16 Budget, which included \$375,000 for the Electronic Plan Review software and hardware as part of the Information and Technology projects budget.

Community Benefit/Public Involvement

By implementing an Electronic Plan Review System and technology fee, the city of Glendale continues reducing the time and costs associated with reviewing and approving construction drawings. This, in turn, puts Glendale in a leadership position as it relates to use of technology, takes advantage of reducing “time-to-market” associated with construction projects, allows businesses to open sooner, makes electronic building plans available to first responders and reduces the need to store and eventually recycle paper copies of construction drawings.

Budget and Financial Impacts

The initial cost of \$375,000 for an Electronic Plan Review System was approved by City Council as part of the FY2015-16 Information and Technology budget. The second year of funding for the Electronic Plan Review System is being incorporated into the Information and Technology budget for FY2016-17. The proposed technology fee, 20% of the associated plan review fee, will generate additional revenue which will recover the initial project cost in approximately two (2) years and the subsequent revenue will maintain and update the hardware and software used by staff who will be conducting the electronic plan review of customer submittals.