

Agenda Report

TO: City Council **DATE:** February 14, 2000
THROUGH: Finance Committee
FROM: City Manager
SUBJECT: Fiscal Year 2000 Administrative Budget Amendments

RECOMMENDATION

It is recommended that the City Council approve journal vouchers implementing certain administrative amendments to the fiscal year 2000 Operating Budgets as detailed in the Attachment A of this report.

BACKGROUND

Periodically the Department of Finance submits reports to the City Council recommending various amendments to the Adopted Operating Budget related to events that have transpired since adoption of the current year budget. Some of these recommendations are being made to "clean-up" various revenue and expenditure issues, while other administrative changes include the recognition of additional revenues and transfer of funds to closely reflect expenditure patterns.

The following outlines the journal voucher actions that are being recommended:

1. **Information Technology Services Division (ITSD) Adjustments:**
In fiscal year 2000, a revised rate methodology was implemented for charging City departments for the various ITSD services received. The new rates were based on a joint effort between an outside consultant and city staff and used fiscal years 1997 and 1998 actual expenditures as the basis for establishing the cost structure. The following represents some clean-up items that were not detected until the new rates were actually put into place. In fiscal year 2001, rates will be adjusted to capture these higher costs.

- A. Staff recommends appropriating \$139,705 in ITSD Cost Pool Fees to increase the ITSD Administration account (#501-145100). A portion of the increase includes \$37,863 for materials and supplies that was mistakenly omitted from the adopted budget, but is being collected in the rates. The other portion includes \$101,842 in telephone costs due to higher than anticipated usage. This amount is also being collected through direct rates.
- B. Staff recommends appropriating \$55,893 from the Computing and Communication fund balance to increase depreciation in the amount of \$55,893 in the Telephone program (#501-145220). This will bring the total depreciation amount for ITSD to \$275,458 which is consistent with fiscal year 1999 actuals.
- C. Staff recommends appropriating \$85,000 from the Computing and Communication fund balance to PC Enterprise (#501-145630). Funds will be used for citywide anti-virus protection and network security.
- D. For fiscal year 2000, a new account was created titled ITSD Projects (#501-145900). The adopted budget for this account in fiscal year 2000 is \$477,929. Majority of the funding was anticipated to come from revenue generated by the Telecommunication Fund. The process to transfer the revenue from one fund to another was not established in the adopted budget. To correct this, staff recommends transferring \$241,290 from the Telecommunication Fund. Staff also recommends appropriating \$100,000 from the General Fund unappropriated fund balance. These funds will be used to support the cable franchise management activity expended within this account. Historically these costs have been charged to the General Fund. Finally, staff recommends reducing the budget for the ITSD Projects account from \$477,929 to \$349,290 to equal the revised projected revenue.

2. **City Council Personnel Budget Corrections:**

Staff recommends appropriating \$40,874 from the General Fund unappropriated fund balance to the City Council's operating budget (#101-101000) for personnel costs. The budget system was modified to calculate medical costs based on the number of FTE's in a budget account. In the past the Mayor and Councilmembers were not counted as FTE's and as such the medical costs were not automatically included in the total personnel budget. This resulted in the appropriations being understated by \$40,874. This will be corrected as part of the fiscal year 2001 operating budget.

3. **City Hall Exterior Lighting**

Staff recommends appropriating \$14,000 from the General Fund unappropriated fund balance to Building Maintenance (#502-766100) for City Hall exterior lighting. The project includes repairing the dome lighting within City Hall and the pole lights in Centennial Park that shine on City Hall. This project also includes the updating of the lights to current efficiency standards.

4. **Refuse Packers Financing**

On October 18, 1999 the City Council approved the purchase of twelve side loading automated refuse packers from PTO Sales for an amount not to exceed \$1,949,628. A journal voucher was also approved which appropriated \$1,949,628 from the General Fund to Residential Solid Waste Operations (#406-764120). This transfer was a temporary method of financing the purchase of this equipment until the City Council approved an equipment lease financing. This financing was approved at the council meeting of October 25, 1999.

The City Council approved \$4.9 million of equipment lease financing for the Refuse Operation to acquire packers, containers, front loaders, alternate fuel facilities, cubic yard bins, bin trucks, rollout trucks and mini packers. Since the method of funding has been resolved, the advancement from the General Fund is no longer required and should be returned to the General Fund Reserves. Staff is therefore asking Council to approve a journal voucher to correct the funding sources by eliminating the General Fund support of \$1,949,628 and replacing it with the 1999 Equipment Lease Financing for the same amount to Budget Account 406-764120.

5. **Fire and Police Retirement System (FPRS) Pension Bonds**

On July 19, 1999 City Council approved the execution and delivery of various documents related to the issuance of the FPRS Pension Obligation Bonds. For administrative purposes, an offsetting budget expense must be created in the fund receiving the bond proceeds. A journal voucher recognizing the bond proceeds of \$101,940,000 and appropriating \$100,000,000 to the Fire and Police Retirement System (101-952410) and \$1,940,000 to the Cost of Issuance account (101-951900) will implement this requirement.

6. Contribution towards the Reserve for Future Projects :

On July 31, 1995 the City Council approved the establishment of a Reserve for Future Projects in both the Proposition A and Proposition C Funds. Annually, a total of 20 percent of the total Proposition A and C allotments are transferred to the Reserve to be used for betterments in connection with the Pasadena Blue Line. These funds are reserved after the close of the previous fiscal year when the final Proposition A and C revenues have been received.

- A. Proposition A Funds: Staff recommends transferring \$312,322 from the Proposition A Sales Tax Fund Uncommitted Fund Balance to the Proposition A Reserve for Future Projects. This transfer sets aside the fiscal year 1999 annual Proposition A contribution towards the reserve for future capital projects. In fiscal year 1999 the Proposition A local return totaled \$1,561,610. Twenty percent of this total equals \$312,322.
- B. Proposition C Funds: Staff recommends transferring \$260,948 from the Proposition C Local Return Fund Uncommitted Fund Balance to the Proposition C Reserve for Future Projects. This transfer sets aside the fiscal year 1999 annual Proposition C contribution towards the reserve for future capital projects. In fiscal year 1999 the Proposition C local return totaled \$1,304,741. Twenty percent of this amount equals \$260,948.

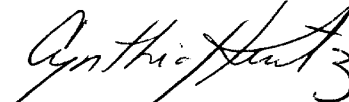
7. Wynn House (Affordable Housing)

Staff recommends transferring \$20,000 from the Chester House project to the Wynn House project. The Chester House project has a cost savings of \$20,000 and the Wynn House is projected to go over by that same amount due to unanticipated costs. Villa Esperanza is the sponsor for both projects and concurs with this recommendation. Approval of this transfer will allow the project to continue without interruption.

FISCAL IMPACT

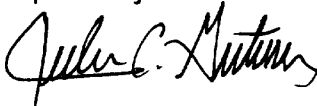
The net effect of the actions recommended in this report is an increase in Citywide appropriations of \$102,720,103. Specifically, General Fund appropriations would increase by a net amount of \$100,145,246 and Non-General Fund appropriations would increase by a net amount of \$2,574,857. Sufficient funds are available in the fund balances for the respective funds identified in the report.

Respectfully submitted,



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