

Agenda Report

TO: City Council **DATE:** July 23, 2001
THROUGH: Finance Committee
FROM: City Manager
SUBJECT: Fiscal Year 2001 Administrative Budget Amendments

RECOMMENDATION:

It is recommended that the City Council:

Approve a journal voucher implementing certain administrative amendments to the fiscal year 2001 operating budget as described below and detailed in 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:

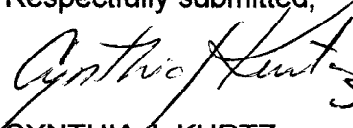
1. **Department of Water and Power Additional Revenue Increase:**
The Light and Power Division has experienced higher purchased power and fuel costs resulting from dramatic increases in the wholesale market costs of these commodities. Revenues have increased through a combination of wholesale sales and retail rate adjustments. The net impact of the recommended adjustment is to increase both revenues and expenses in the amount of \$53,029,000.

2. **Department of Water and Power – Allocation for Uncollectable Expense:** Through the City of Pasadena's relationship with the Independent System Operators (ISO), the City's electric utility is owed \$37,894,182.74. Due to a double payment erroneously made by the ISO to the City and other services received by the City, the City owes the ISO \$12,538,973.42. The net result is that the ISO owes the City \$25,355,209.32. While no decision has been made as to how much of that amount the City will be able to collect, it is staff's recommendation to create an allowance for uncollectable totaling 30% of the net amount due or \$7,606,563. As with the first adjustment, this action will increase operating expenses and revenues by \$7,606,563.

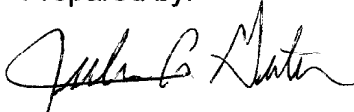
FISCAL IMPACT

The net effect of the actions recommended in this report is an increase in the Power Fund of \$60,635,563. Sufficient revenues have been recognized and/or received by the Light and Power Fund to cover the amendments identified in the report.

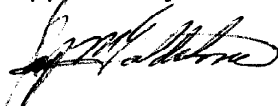
Respectfully submitted,


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