

Agenda Report

TO: City Council **DATE:** January 22, 2001
THROUGH: Finance Committee
FROM: City Manager
SUBJECT: Fiscal Year 2001 Administrative Budget Amendments

RECOMMENDATION:

It is recommended that the City Council:

1. 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; and
2. Amend the fiscal year 2001 operating budget to increase the number of FTE's as described below.

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. **Tuition Reimbursement:** Last fiscal year the City began implementing the Tuition Reimbursement program to encourage employees to further their education in job-related fields. Included in the program is a maximum of \$750 per employee per calendar year to cover actual costs of tuition, books, lab fees, and other student expenses. At this time, the exact cost of the program is still unknown

due to the relative newness of the program. Currently, almost all bargaining unions participate in the program. Staff has estimated that a minimum of \$25,000 will be needed to fund the program. Funding is available in the Benefits fund.

2. **PMA Salary Survey:** Staff is recommending to appropriate \$35,000 for costs related to the Pasadena Management Association (PMA) total compensation survey. As part of the approved memorandum of understanding with PMA, staff agreed to complete a total compensation survey for classifications exempted from the Fair Labor Standards Act ("FLSA exempt"). Funds for the cost of the survey were included the fiscal year 2001 General Fund Personnel Reserve.
3. **Former Rose Bowl Operating Company (RBOC) Utility Costs:** Staff is recommending to transfer \$212,000 from Non-Departmental – RBOC Utilities to the Public Works and Transportation Department. During fiscal year 2000, the Rose Bowl Operating Company conducted an audit of their utility meter lines. The outcome of the audit demonstrated that several meter lines belonged to the Brookside Park and not the RBOC. Because of this information, the cost associated with these meters was appropriated as a non-departmental expense in the fiscal year 2001 operating budget. This action will move the money from non-department to the Public Works and Transportation Department where all of the other park utilities are budgeted.
4. **Fire Department MOU Increases:** Each October during the term of the Pasadena Fire Fighters, Local 809, memorandum of understanding, the employees are entitled to salary increases, as dictated by a 75th percentile market survey. Human Resources completed this year's survey, and determined that the following raises are due, effective October 9th: Firefighter 4.4%; Fire Engineers 3.5%; and Fire Captain I 4.2%. Consequently, this increase has a spillover effect into the Pasadena Fire Management Association, since that unit is linked to Fire Captain I rates. Accordingly, Fire Captain IIs and Battalion Chiefs are also due a 4.2% increase. The total estimated cost of this increase is \$355,320 and funding is available in the General Fund Personnel Reserve.
5. **Repayment of Charter Capital Loan:** Staff is requesting to transfer \$659,040 from the Telecommunication Fund (account 8725-408-955100) to the Charter Capital Fund (account # 302-6847). This represents payment to the Charter Capital Fund of the remaining expenses plus interest for construction of the City's fiber-optic network backbone.
6. **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 these changes increases revenues by \$85,368,701 and expenses by \$77,889,743. Excess incremental revenue over the additional appropriation will go to the unencumbered fund balance. The Water Division has incurred slightly higher costs for purchased water for which an equal amount of revenue has been received. The impact increases expenses and revenues by \$1,161,460.

7. **Additional FTEs to Implement the CIP:** On July 24, 2000, the City Council approved an agenda report to modify the water rates in order to fund a capital plan for water related improvements. Part of this new capital improvement plan included that the continued staffing of a six-person mainline crew and the creation of a new Equipment Mechanic III position necessary to implement the new Capital Plan. Although funds were approved through the adoption of the CIP budget to cover the cost of the positions, a formal action is needed to amend the operating budget to increase the total number of FTE's.
8. **Additional Management Analyst for Filming and Public Events:** Staff is requesting to add one Management Analyst III for the filming and public events coordination function. The City has been working with the business community, filmmakers, event promoters and neighborhoods for the past two years to consolidate public events coordination and to identify and resolve neighborhood issues with regard to increased traffic and use of property. To effectively meet this challenge another analyst is recommended. The cost to fund this position for the remainder of fiscal year 2001 is \$28,000. Next year the cost of the position will be included in the fees for events.
9. **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.

Proposition A Funds: Staff recommends transferring \$341,700 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 \$1,708,500. Twenty percent of this total equals \$341,700.

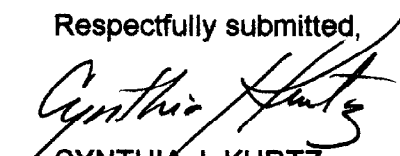
Proposition C Funds: Staff recommends transferring \$284,215 from the Proposition C Local Return Fund Uncommitted Fund Balance to the Proposition C Reserve for Future Projects. This transfer sets aside the fiscal year 1999 annual Proposition C contribution towards the reserve for future capital projects. In fiscal year 1999 the Proposition C local return totaled \$1,421,077. Twenty percent of this amount equals \$284,215.

10. **ITSD Computer Equipment:** Staff is requesting that \$375,000 be transferred to the ITSD fiscal year 2001 Operating Budget from the Computing & Communications unappropriated fund balance. This equipment (network server computers, routers and switches) is needed to support the Enterprise Network Infrastructure. This revision will offset increased demand across the network, conversion to Windows 2000 and security implementation replacement and/or upgrades to a number of outdated servers, routers and switches.
11. **Fire Mitigation Costs at Police Firing Range:** Staff recommends increasing the Public Works and Transportation Department (8114-101-765100) by \$66,400 to cover the cost of much needed maintenance work and landscaping at the Police Firing Range in Eaton Canyon. Due to the extremely dry summer and in response to fire and related safety concerns, this work needed to be completed.

FISCAL IMPACT

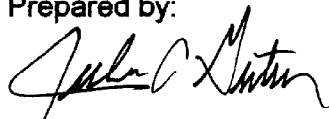
The net effect of the actions recommended in this report is an increase in Citywide appropriations of \$80,561,840. Specifically, General Fund appropriations would increase by a net amount of \$129,400 and Non-General Fund appropriations would increase by a net amount of \$81,432,440. Sufficient funds are available in the fund balances for the respective funds identified in the report.

Respectfully submitted,



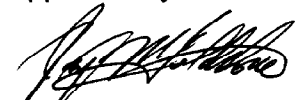
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