

Agenda Report

TO: CITY COUNCIL
THROUGH: Finance Committee

DATE: March 11, 2002

FROM: CITY MANAGER

SUBJECT: Fiscal Year 2002 Operating Budget Amendments

RECOMMENDATION

It is recommended that the City Council approve a journal voucher implementing certain amendments to the fiscal year 2002 Operating Budget as detailed herein.

BACKGROUND

On June 11, 2001 the City Council approved and adopted the Operating Budget for fiscal year 2002. Subsequent to the adoption of the City's annual operating budget, there is often a need to make various budgetary adjustments as the result changes in revenues, expenditures and operational priorities. As has been the historical practice, staff respectfully requests that the City Council approve the following adjustments and amendments:

1. **Bulletproof Vest Grant:** Staff is recommending that the fiscal year 2002 operating budget for the Police Department be amended to recognize \$5,977 in grant funds and to appropriate this amount to purchase bulletproof vests. These are grant funds, received from the Bureau of Justice Assistance, and will be appropriated to operating budget account 101-405500-8109.
2. **Increase Foothill Air Support Team (FAST) Revenues and Appropriations:** Staff is recommending that the fiscal year 2002 operating budget for the Police FAST regional helicopter program be amended to increase estimated revenue and appropriations by \$21,171. Actual revenues and expenses for the first half of fiscal year 2002 indicate the need to increase revenues received from the contracting cities for account 108-6717 and increase appropriations for account 108-402420-8177 in the equal amount of \$21,171.
3. **Additional funding for the Mail Services program:** Staff is requesting that \$21,800 be transferred to the Basic Mail Services Operating Budget (8114-509-264020) from the Mail Services unappropriated fund balance (fund 509). This will provide the one-time funding to purchase a Pitney Bowes postal meter and to

replace one computer station for more effective use of new addressing software. Approval of this request will reduce the Mail Services Fund balance from \$153,495 to \$131,695.

- 4. Uptown Transit Circulator Services Funding:** Staff is requesting Council approval to correct an error in the fiscal year 2002 operating budget Exhibit A – Transfer Summary. The fiscal year 2002 operating budget includes a \$57,200 transfer from the Air Quality Improvement Fund to the Transportation Sales Tax Proposition A Fund, to support the Uptown Transit Circulator. The cost of operating the circular is funded by Proposition C, Local Transit Fund and therefore, the \$57,200 transfer should be made to the Proposition C fund and not the Proposition A fund as originally adopted.
- 5. Department of Water and Power Revenue/Expense Decreases:** The Light and Power Division has experienced lower market prices which resulted in lower wholesale sales, lower generation for wholesale sales and lower wholesale ancillary services sales. Also contributing to reduced revenue is the Energy Conservation Incentive Mechanism (ECIM) Program, approved by the City Council on April 9, 2001. The net reduction to revenues and expenses is \$59,541,761 and \$50,018,017 respectively.
- 6. Department of Water and Power Overtime:** Staff is requesting that \$250,000 originally budgeted for overtime in the Power Supply Business Unit be transferred to the Power Production Business Unit, where it more appropriately belongs. This is a transfer and does not increase the Department's budget for overtime. Additionally, staff is requesting that \$15,000 be added to the Customer Care Business Unit for overtime. Currently there are no funds budgeted within this business unit for overtime, however, labor costs associated with installing automatic meter reading equipment as well as equipment related to the Voluntary Load Curtailment Program are being incurred.
- 7. Department of Water and Power Equipment Request:** Staff is requesting an appropriation of \$449,400 from unappropriated fund balance (\$277,934 from the Light and Power Fund and \$171,466 from the Water Fund) to purchase equipment, furniture, computers and vehicles. Approval of this request will provide for the purchase of the following rolling-stock: A splicing van, at cost of approximately \$150,000 to replace another that was recently destroyed by fire; replacement of a 1980 pulling trailer for which \$110,000 is currently budgeted, but an additional \$90,000 is needed; a ten-wheel dump truck for which \$50,000 is currently budgeted, but an additional \$45,000 is needed, and a pick-up truck in the approximate amount of \$25,000, for the new Water System Operator position that was approved in the fiscal year 2002 operating budget.

In addition, the request will provide funding for the following equipment purchases: \$18,000, for the purchases of copier machines for the meter shop and the Customer Care Business Unit staff that recently relocated to the third

floor at 150 S. Los Robles; \$90,000, for the purchase of a gas chromatograph and mass spectrometer for the water laboratory which will allow for more in-house testing and will reduce the use of contracted service providers; \$8,400 for furniture for Meter Reader Room at the City yards; \$3,000 for two personal computers for customer management effectiveness and \$20,000 to furnish and upgrade mobile facilities at the Dispatch office to meet OSHA and ADA requirements.

- 8. City Attorney's Office Outside Legal Services:** As a result of issues related to the energy crisis experienced since last spring, the City has incurred additional legal expenses in an effort to protect the City's interests. When the City was considering various issues in this regard, including issues involving FERC and negotiations regarding collection of monies the City is entitled to, the Council inquired whether additional funding was needed in the City Attorney's budget to cover required legal expenses. At the time of the Council's inquiry in late March, 2001, the City Attorney indicated that there would likely be a need for additional funding for outside counsel, but was not certain of the amount needed. As a result of outside counsel services utilized and anticipated, primarily in the energy area as well as lawsuits (largely in the personnel area), the City Attorney requests an increase in the City Attorney's budget, 8118-101-181000, to cover additional outside counsel expenses in the amount of \$250,000, which would bring the total budget for outside legal to \$1 million for fiscal year 2002. Funding will come from unappropriated General Fund balance. Staff is currently reviewing the manner in which outside legal expenses are charged. It is expected that issues relating to specific departments/projects will now be charged back to the particular department involved. In the case energy regulatory matters, such charges would be applied to the Power Fund.
- 9. Tree Planting Grants:** Staff is requesting that the City Council recognize and appropriate \$108,875 to the Arroyo Seco Park Revegetation/Reforestation project, number 78966. These funds are provided by the Los Angeles County Oak Tree Mitigation Fund and are for the purpose of planting and maintaining 214 oak trees in natural areas within the City.

Staff is also requesting that the Council recognize and appropriate \$203,230 in funds received from the State of California Environmental Enhancement and Mitigation Program to the Tree Replacement/Planting project, number 78933. These funds are provided for citywide street and park tree planting and natural area habitat restoration in the Arroyo Seco, and are the result of an application approved by City Council in November 1999.

- 10. Public Works and Transportation Department additional FTEs for CIP:** Staff recommends the addition of six FTEs to the Parks and Natural Resources Division. These positions will support the Capital Improvement Program, funding for which is already available in approved projects. The requested positions include:

1 Project Manager/Parks and Forestry for Arroyo Seco Projects
1 Project Manager/Parks and Forestry for Park Projects
1 City Service Worker (PW Maintenance Worker I)
2 City Service Workers (Maintenance Assistants)
.5 City Service Workers (Maintenance Worker II)
.5 City Service Workers V (Management Analyst I)

There are several projects approved and funded in the Capital Improvement Program for the Arroyo Seco that total in excess of \$4 million. These projects will implement various aspects of the Arroyo Seco Master Plan. One of the requested Project Manager positions will be responsible for the timely completion of these projects.

The second Project Manager will support CIP projects in City parks, such as the recently funded Playground Renovation project.

Two part-time City Service Workers (PW Maintenance Worker 1) are needed to implement a program that has received funding from Los Angeles County to plant trees in Pasadena as a mitigation measure.

The City has been awarded an Environmental Enhancement and Mitigation Program Grant. This grant provides funding for 3 employees to plant and irrigate approximately 750 trees and 400 shrubs in Pasadena.

Finally, a part-time City Service Worker V is needed to support the above projects. This position will perform Management Analyst I duties on a part-time, temporary basis. Funds are available through the above projects to cover the cost of this position.

11. Phase II Park Enhancement: Staff is requesting that \$211,013 be transferred from the Park Reserve, account 101-5047 to the Parks Maintenance program, account 101-765100. During the fiscal year 2002 budget process, funds were set-aside in the reserve to cover Phase II of the Park Enhancement program for a period of six months. Phase II work plans include seeding, fertilizing and aerating turf, increased tree pruning, and enhanced pest control, the resurfacing of sport courts and the repair of walkways.

12. Performance Measures Consultant Services: Staff is recommending that \$15,000 be appropriated to fund consultant services relative to the enhancement of departmental Performance Measures. Funding was not included in the fiscal year 2002 adopted budget as the costs for these services were unknown at that time. Appropriation from the Unappropriated General Fund balance to operating budget account 101-141000-8115 will to cover the cost of the services currently being provided.

13. Translation Services: Staff is recommending that \$8,000 be appropriated for costs related to translation services for City Council meetings. In an effort to improve the quality of translation services, staff has contracted with a professional translator. In addition to providing a quality of service necessary to accurately convey words and meaning, the translator provides equipment that allows audience members to receive translations electronically via headphones on a continuous basis, as opposed to switching back and forth from speaker to translator, which can disrupt the flow of conversation. Funding was not included in the fiscal year 2002 adopted budget for these services. An appropriation from the Unappropriated General Fund balance to operating budget account 101-141000-8114 is needed to continue to provide funding for this important service. Continued funding for this service will also be requested in the fiscal year 2003 operating budget.

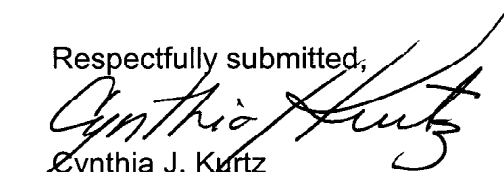
FISCAL IMPACT

The proposed action will change budgeted appropriates as follows:

- ♦ Increase General Fund appropriations by \$278,977
- ♦ Increase Foothill Air Support Fund appropriations by \$21,171
- ♦ Increase Mail Services Fund appropriations by \$21,800
- ♦ Increase Proposition C appropriations by \$57,200
- ♦ Increase appropriations for the Arroyo Seco Park Revegetation/Reforestation Project, number 78966 by \$108,875.
- ♦ Increase appropriations for the Tree Replacement/Planting Project, number 78933 by \$203,320.
- ♦ Decrease Proposition A appropriations by \$57,200
- ♦ Decrease Water and Power Fund appropriations by \$49,573,617

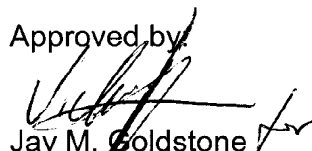
Attached to this report is the updated recap of the appropriations approved by the City Council against the General Fund Unappropriated fund balance. In addition, if staff's recommendations are approved, the Mail Services Fund balance will be reduced from \$153,495 to \$131,695.

Respectfully submitted,



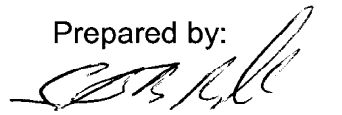
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Approved by:



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Prepared by:



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