

Agenda Report

DATE: JUNE 25, 2007

TO: CITY COUNCIL
THROUGH: Finance Committee

FROM: CITY MANAGER

SUBJECT: ADOPTION OF THE FISCAL YEAR 2008 OPERATING BUDGET

RECOMMENDATION

It is recommended that the City Council:

- i) Adopt by resolution the City's fiscal year 2008 Operating Budget by selecting one of the two following options:

Option 1: Adopt the 2008 City Manager Recommended Operating Budget as detailed in the attached Exhibit A with the following amendments which are detailed in the Background section of this report:

- a. Reduce General Fund appropriations by \$2,467;
- b. Increase Health Fund appropriations and revenues by \$232,099;
- c. Increase Building Services Fund appropriations by \$21,000;
- d. Increase Proposition A Fund appropriations by \$7,150;
- e. Increase Gas Tax appropriations by \$20,000;
- f. Authorize the addition of 3.15 positions in the Health Fund; and,
- g. Authorize the addition of 1.0 position in the Capital Improvement Projects Fund.

And, any further recommendations from the Finance Committee.

Option 2: Adopt the fiscal year 2008 Operating Base Budget as detailed in Exhibit A with the following additions:

- a. Increase appropriations in the General Fund by \$171,387 (comprised of \$60,000 for the Rose Bowl Fourth of July

- celebration, \$93,387 for the Summer ROSE program and \$18,000 for the Summer Teen Program);
 - b. Increase appropriations in the Proposition A Sales Tax Fund \$2,000 for the Summer Teen Program;
 - c. Adopt the Public Health Department budget as presented in the 2008 Recommended Operating Budget;
 - d. Increase Health Fund appropriations and revenues by \$232,099;
 - e. Authorize the addition of 3.15 positions to the Health Fund.
- ii) Adopt a resolution determining the amount to be transferred from the Light and Power Fund to the General Fund for fiscal year 2008;

BACKGROUND

On May 21, 2007 the City Manager submitted the Recommended Fiscal Year 2008 Operating Budget in compliance with the requirements of the City Charter. Since that date, joint meetings between the Finance Committee and the City Council have been held to review and discuss the recommended budget for each City department, as well as the two operating companies.

The following items are related to the first recommendation Option 1, above and summarize the changes between the Recommended Operating Budget submitted by the City Manager on May 21 and the recommended revised budget.

1. Increase appropriations in the General Fund, Planning and Development Department and decrease appropriations to the Utility User Tax Reserve by \$200,000 for the Open Space – Conservation Element. The City's Conservation Element was last updated in 1976, making it the oldest and most obsolete of the City's General Plan Elements. Since 1976 there have been numerous advances in technology and an increase in environmental pressures locally, regionally, nationally, and globally. These place significant emphasis on the need to update and expand how the City responds to these environmental issues and on the need to update the Conservation Element.
2. The Public Health Department originally projected a reduction to certain grant funded and fee supported programs based on initial information from grant providers. The Department has received notice from grant providers that some of these reductions will not take place after all and would like to restore appropriations and positions as detailed below:
 - a. Increase revenues and appropriations by \$232,099 from the following sources or grants: Target Case Management, \$93,134; Kaiser Permanente, \$50,000; AIDS ATS and AIDS Education, \$65,974; and other Miscellaneous revenues, \$23,439.

- b. Restore 1.0 Public Health Nurse for the Targeted Case Management and Medi-Cal Administrative Activities programs, 1.0 Community Services Representative III for the AIDS Master Grant Agreement, and .15 Community Services Representative I for the State-funded TB program. Add 1.0 Community Services Representative III for the new Kaiser Permanente funded Youth Immunization Initiative.
3. Increase appropriations in the General Fund, Human Services and Recreation Department by \$93,387 for the Summer ROSE program. The additional funds will support additional job opportunities for youth from low to moderate income families.
4. Increase appropriations in the General Fund, Information Services Department by \$18,000 and in the Proposition A Fund by \$2,000 for the summer teen program.
5. Add 1.0 Landscape Architect and increase appropriations in the Capital Improvement Projects Fund (CIP), Public Works Department by \$121,527. The position is needed to assist with design and, if approved, oversee the construction of future City-school joint use and other capital improvement projects. The position will also review landscaping standards and design water-wise projects in parks, median islands, and libraries and evaluate the water efficiency of existing CIP and maintenance projects.
6. Increase appropriations in the General Fund, Public Works Department by \$25,000 for a consultant to develop a water-wise plant palette for all public facilities.
7. Increase appropriations in the Proposition A Fund, Public Works Department by \$5,150 for Metro Fare bus passes and Homeless bus tokens.
8. Increase appropriations in the General Fund, Transportation Department by \$33,600 for the City employee parking cash-out program.
9. Increase appropriations in the Gas Tax Fund, Public Works Department by \$20,000 and decrease appropriations in the General Fund by \$20,000 for the In Roadway Lights program.
10. Increase appropriations in the Building Services Fund, Fire Department by \$21,000 and decrease appropriations in the General Fund by \$21,000 for supplies and training required to change from the Uniform Building Code to the International Building Code.

11. Decrease appropriations in the General Fund, Police Department by \$117,310 and in the Transportation Department by \$14,144 for a total salary savings of \$131,454 on new positions. It is anticipated that it will take two months to recruit and fill these new positions requested in the budget.

Regarding the first recommendation Option 2, should the City Council wish to continue deliberations on the operating budget beyond the City Charter imposed deadline of June 30th, staff recommends that the “base” operating budget, which contains all previously approved Council actions such as salary adjustments for bargaining units, be adopted along with those enhancements related to programs/services scheduled for implementation in the next few weeks.

Regarding recommendation number 2, pursuant to Pasadena Municipal Code Section 4.100.020 the maximum aggregate amount available for transfer pursuant to Sections 1407 and 1408 of the City Charter from the light and power fund to the general fund shall be calculated by multiplying the annual gross electric retail income by 8 percent and comparing the amount so calculated to the accrual year’s actual net income. The City Council shall by resolution transfer the lesser of the 2 amounts. Notwithstanding the foregoing, the City Council may transfer an amount other than 8 percent by resolution if it determines that it would not be detrimental to the functioning and administration of the power utility during the budget year under consideration.

For fiscal year 2008 staff is recommending the City Council adopt a resolution transferring an amount equal to 7.5% of estimated gross revenues, or \$10,974,973. The chart on the following page illustrates the use of these funds:

Annual gross electric retail income \$ - estimated FY 07	146,332,975
Total Transfer for FY07	10,974,973
Transfer as a %	7.5%
Uses of Transfer	Amount
5% transfer General Fund for any municipal use	7,316,649
2.5% transfer for City Hall Seismic Retrofit, approved as part of original project financing plan	3,658,324

FISCAL IMPACT

Approval of the Option 1 recommendations will establish the Fiscal Year 2008 budget as illustrated in the following tables:

Total Appropriations

Operating Budget	Adopted Fiscal Year 2007	Revised Fiscal Year 2007	Recommended Fiscal Year 2008 – as submitted May 21	Recommended Fiscal Year 2008 – as proposed June 25
All Funds	528,969,756	535,948,493	561,688,584	561,966,366
General Fund	199,548,907	204,515,493	212,124,279	212,121,812

Total Full-Time Equivalent Positions

Operating Budget	Adopted Fiscal Year 2007	Revised Fiscal Year 2007	Recommended Fiscal Year 2008 – as submitted May 21	Recommended Fiscal Year 2008 – as proposed June 25
All Funds	2,362.692	2,379.155	2,397.595	2,401.745
General Fund	1,069.265	1,070.015	1,085.525	1,085.525

Approval of the Option 2 recommendations will establish the Fiscal Year 2008 budget as illustrated in the following tables:

Total Appropriations

Operating Budget	Adopted Fiscal Year 2007	Revised Fiscal Year 2007	Recommended Fiscal Year 2008 – as submitted May 21	Recommended Fiscal Year 2008 – as proposed June 25
All Funds	528,969,756	535,948,493	561,688,584	556,523,559
General Fund	199,548,907	204,515,493	212,124,279	210,147,019

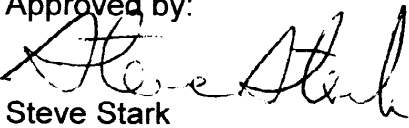
Total Full-Time Equivalent Positions

Operating Budget	Adopted Fiscal Year 2007	Revised Fiscal Year 2007	Recommended Fiscal Year 2008 – as submitted May 21	Recommended Fiscal Year 2008 – as proposed June 25
All Funds	2,362.692	2,379.155	2,397.595	2,384.305
General Fund	1,069.265	1,070.015	1,085.525	1,071.015

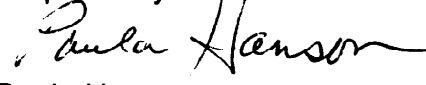
Respectfully submitted,


Cynthia J. Kurtz
CITY MANAGER

Approved by:


Steve Stark
Director of Finance

Prepared by:


Paula Hanson
Budget Administrator

RESOLUTION NO. _____

**A RESOLUTION OF THE PASADENA CITY COUNCIL ADOPTING THE
OPERATING BUDGET FOR FISCAL YEAR 2008**

WHEREAS, the City Council of the City of Pasadena has received and reviewed the City Manager's recommendations for the Operating Budget for Fiscal Year 2008; and

WHEREAS, pursuant to Section 904 of the City Charter, the City Council desires to adopt the Fiscal Year 2008 Operating Budget and to appropriate certain funds therefore; and

WHEREAS, pursuant to Section 903 of the City Charter, a notice of public hearing on the proposed Fiscal Year 2008 Operating Budget was published in the Pasadena Star News on April 23, 2007, and public hearings were held on May 21st, June 4th, June 11th, June 18th, June 20th

WHEREAS, the City Council approved said Operating Budget by oral motion on June , 2007; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena as follows:

SECTION I. In compliance with Section 904 of the Charter of the City of Pasadena, the proposed Operating Budget for Fiscal Year 2008, as submitted by the City Manager and amended by the City Council, is approved and adopted, and the City Clerk is directed to file a certified copy of the approved Operating Budget in her office and to forward a certified copy thereof to the Director of Finance. The Fiscal Year 2008 Operating Budget is attached hereto and incorporated herein by reference as Exhibit "A".

SECTION II. The specific sums of money set forth opposite the names of funds, activities, projects, programs and objects of expenditure, as shown on Exhibit "A" are appropriated to these funds, activities, projects, programs and objects in order to carryout the approved Fiscal Year 2008 Operating Budget.

Adopted at the regular meeting of the City Council on the th day of June, 2007
by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JANE L. RODRIGUEZ, City Clerk

Approved as to form:



6/11/07

NICHOLAS GEORGE RODRIGUEZ
Assistant City Attorney

RESOLUTION NO.

A RESOLUTION OF THE CITY OF PASADENA DETERMINING AMOUNTS TO BE TRANSFERRED FROM THE LIGHT AND POWER FUND TO THE GENERAL FUND FOR FISCAL YEAR 2008

WHEREAS, Sections 1407 and 1408 of the City Charter provide for the transfer of certain amounts from the Light and Power Fund to the General Fund; and

WHEREAS, Section 4.100.020 of the Pasadena Municipal Code provides for a maximum aggregate amount available for transfer pursuant to Sections 1407 and 1408 of the City Charter and further provides that the City Council may by resolution transfer a different amount, not to exceed the net income of the power utility in the preceding fiscal year or the maximum amount allowable under the City Charter, if it determines that such additional transfer would not be detrimental to the functioning and administration of the power utility during the budget year under consideration; and

WHEREAS, the estimated Annual Gross Electric Retail Income of the power utility for fiscal year 2007 is \$146,332,975 and City Council desires to transfer 7.5% of this amount, or \$10,974,000.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena as follows:

1. The amount to be transferred from the Light and Power Fund to the General Fund of the City of Pasadena in accordance with the provisions of Section 1407 of Article XIV of the Charter of the City of Pasadena has been determined to be and hereby is fixed as the sum of \$7,316,000. In accordance with the Charter an amount equal to 75% of this sum (\$5,487,000) is hereby ordered to be advanced from the Light and Power Fund to the City's General Fund upon adoption of the Operating Budget for fiscal year 2008, with the

balance to be transferred no earlier than the receipt of the annual financial audit of the Light and Power Fund prepared by independent certified public accountant. This sum shall be expended for the payment of interest, principal or both due or to become due prior to July 1, 2008 on bonds of the City of Pasadena which are wholly payable out of moneys received from general taxes of the City and for municipal improvements included in the 2007 Budget.

2. The amount to be transferred from the Light and Power Fund to the General Fund of the City of Pasadena in accordance with the provisions of Section 1408 of Article XIV of the Charter of the City of Pasadena has been determined to be and hereby is fixed as the sum of \$3,658,000. In accordance with the Charter an amount equal to 75% of this sum (\$2,743,000) is hereby ordered to be advanced from the Light and Power Fund to the City's General Fund upon adoption of the Operating Budget for fiscal year 2008, with the balance to be transferred no earlier than the receipt of the annual financial audit of the Light and Power Fund prepared by independent certified public accountant. This sum shall be expended for any municipal purpose.

3. It is hereby found and determined that the total amounts to be transferred, representing 7.5% of the estimated Annual Gross Electric Retail Income of the electric works as allowed by Sections 1407 and 1408 of the City Charter for fiscal year 2007, will not be detrimental to the functioning and administration of the power utility.

Adopted at the regular meeting of the City Council of the City of Pasadena on the _____ day of _____, 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jane L. Rodriguez, CMC
City Clerk

APPROVED AS TO FORM:


Scott D. Rasmussen
Assistant City Attorney

SEE CITY MANAGER'S
RECOMMENDED OPERATING BUDGET
DISTRIBUTED WITH THE
MAY 21, 2007 AGENDA PACKET, ITEM 6.C.