

CITY OF PASADENA
City Council Minutes
November 11, 2008 – 4:00 P.M.
City Hall Council Chamber

Teleconference Location:
Residence
580 West Howard Street
Pasadena, California

SPECIAL JOINT MEETING

OPENING:

There being no quorum of the Finance Committee, Councilmember Sidney F. Tyler, Chair of the Finance Committee, called the special meeting of the City Council to order at 4:19 p.m.

ROLL CALL:

Councilmembers:

Mayor Bill Bogaard
Vice Mayor Steve Haderlein
Councilmember Victor Gordo (Absent)
Councilmember Chris Holden (Absent)
Councilmember Madison
Councilmember Margaret McAustin
Councilmember Jacque Robinson (Participated via
teleconference beginning at 4:19 p.m.)
Councilmember Sidney F. Tyler

Staff:

City Manager Michael J. Beck
City Attorney Michele Beal Bagneris
City Clerk Mark Jomsky

MID-YEAR BUDGET UPDATE

The City Manager provided a PowerPoint presentation titled, "FY 2008-2009 Mid-Year Budget Update" (distributed as a handout); highlighted various components of the City's total budget of \$636.8 million (excluding operating companies); and described the current economic reality affecting the City (e.g., State budget impacts, banking industry collapse, new housing starts halted/reduced, increased unemployment, increasing office vacancies, declining retail sales, slowing assessed valuation growth, and business/vacation travel reductions). He discussed projected revenue and expense growth; revenue and expense trends; the projected budget shortfall that will occur; General Fund appropriations and areas for reductions in the budget; and funding of key projects and initiatives that are planned or proposed (e.g., ice skating rink, urgent care, park/community center improvements, open space, transportation improvements, and public facility enhancements). The City Manager also discussed resolving the City's structural budget deficit; and possible budget

reduction considerations that will help to meet a proposed 5% reduction in budget expenditures (e.g., holding vacant positions open and evaluating personnel requirements, introducing improvements in internal processes, reorganizing for efficiency and consolidating services, options for reducing current expenses and costs for services, re-evaluating frequency of services (without impacting the customer), and the possibility of instituting voluntary furloughs. He commented on the criteria to be used in considering budget reductions (no involuntary personnel modifications, maintaining current service levels, and a proposed increase in the General Reserve fund from 10% to 15%); outlined steps in moving forward (track and identify impacts of the State budget on the City, work with legislators to address the City's needs and minimize the impacts from the State budget, begin the FY 2010 Budget process, and engage the Council in the ongoing budget process); and responded to questions.

Steve Mermell, Acting Director of Finance Department, discussed the projected revenues and expenses, impacts on the budget of various bond transactions and debt service, the benefits of an increased reserve fund balance, and existing policies for use of the General Fund and Charter Capital reserve funds; and responded to questions.

Richard Bruckner, Director of Planning and Development Department, discussed the Pasadena Center Operating Company's (PCOC) budget projections and concerns related to the Convention Center project, current legislative proposals regarding the State budget that could impact the City, and factors impacting the projected revenues; and responded to questions.

Discussion followed on the use of reserves in past years to cover budget deficits, the proposed increase in reserves from 10% to 15% and the benefits of a higher reserve amount, impacts of debt service on the budget, funding of the ice rink and other capital improvement projects, the timeframe for reduction of the structural budget deficit, assumptions used in determining the projected revenues, prioritization of funding from various reserves for proposed capital improvements projects, a possible Federal stimulus package or State support for capital infrastructure, outreach to local residents impacted by foreclosure proceedings, and the use of best practices/management audits to improve efficiencies.

Councilmember Madison suggested the City Manager explore a 5% reduction in Council's expenses to match what is being asked of the departments. As the Council's representative on the PCOC Board, Mr. Madison commented on the PCOC's sensitivity to budget issues involving both the PCOC and the City.

Councilmember Madison was excused at 5:32 p.m.

Councilmember Tyler asked the City Manager to provide Council with additional information on factors driving the past and projected increases in personnel expenses (e.g., increases in head count, salaries, and benefits packages) and the number of job vacancies and where they occur.

In response to requests from Vice Mayor Haderlein and Councilmember McAustin, the City Manager indicated he would also provide Council with more specific information on the percentage of the City's total expenses dedicated to personnel costs as shown on the "Expense Growth" chart shown in the staff handout on the budget.

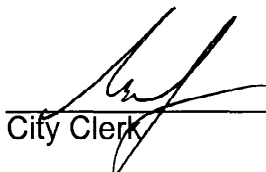
Following discussion and by consensus, an interim report on the budget will be presented to the Finance Committee at its regularly scheduled meeting, with a joint special meeting of the Finance Committee and City Council to be scheduled for mid-January.

By consensus, the City Council meeting adjourned at 5:47 p.m.



Bill Bogaard, Mayor
City of Pasadena

ATTEST:



City Clerk