



# Agenda Report

**TO:** CITY COUNCIL

**DATE:** April 27, 2009

**THROUGH:** FINANCE COMMITTEE

**FROM:** CITY MANAGER

**SUBJECT:** FISCAL YEAR 2009 OPERATING BUDGET AMENDMENTS

**RECOMMENDATION:**

It is recommended that the City Council:

- 1) Authorize a journal voucher implementing certain amendments to the fiscal year 2009 Operating Budget as detailed in the background section of this report. The net effect of these amendments to the various fund balances is as follows: a reduction of \$150,000 to the Rose Bowl Operating Company; a reduction to the General Fund of \$1,250,000; an increase to the Pasadena Public Health Fund of \$1,730,526; a reduction to the Asset Forfeiture Fund of \$56,028; and a reduction to the South Lake Avenue Parking District Fund of \$27,231. In addition, the following funds' revenues will be affected as follows: an increase of \$1,730,526 to the Pasadena Public Health Fund and an increase of \$845,097 to the General Fund;
- 2) Authorize an increase of \$15,000 to purchase order 39337 for Westlaw for an amount not to exceed \$80,000 to continue online legal research services. Competitive bidding is not required pursuant to City Charter Section 1002 (F) contracts for professional or unique services. Grant the proposed contract an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049 (B), contracts for which the City's best interest are served;
- 3) Adopt a resolution determining additional amounts to be transferred from the Light and Power Fund to the General Fund for fiscal year 2009 due to the increase from 7.5% to 8.0% of annual gross electric retail income;

- 4) Authorize deferral of transfer to the Reserve for Future Projects for both Proposition A and Proposition C funds;
- 5) Amend the General Fee Schedule for State mandated increases to parking fines.

**BACKGROUND:**

*Operating Budget Amendments*

On June 23, 2008 the City Council adopted the Operating Budget for fiscal year 2009. Subsequent to the adoption of the budget, as is often the case, several items have been identified that necessitate amendments to the budget. Accordingly, the following amendments are recommended for adoption:

1. Recognize estimated revenues of \$50,000 to the General Fund from rebates received from the City's agreement with Bank of America for purchasing card activities.
2. Appropriate \$56,028 from the Asset Forfeiture fund balance to the Police Department: \$24,981 for remodeling costs to enhance efficiency and communication by combining the Counter Terrorism Unit and Event Planning Section into one office, \$12,296 to upgrade the tape library for storage of digital evidence collected from the Mobile Audio Video system, and \$18,751 to continue the maintenance for the Computer Aided Dispatch system through the remainder of the fiscal year. Asset Forfeiture revenue is expected to exceed both expenses and budgeted amounts for fiscal year 2009 by approximately \$140,000.
3. Recognize estimated revenues and appropriate \$850,000 from General Fund Public Health Fund Reserve and \$400,000 from the General Fund unappropriated fund balance to the Pasadena Public Health Department (PPHD) to fund operations for fiscal year 2009. A reserve of \$850,000 for Public Health was approved by the City Council to offset reductions in programs and services in FY 2009 due to State budget cuts to public health. The PPHD's FY 2008 budget year ended with a deficit of close to \$800,000; therefore, most of the \$850,000 appropriation will be used to cover the FY 2008 shortfall. PPHD has implemented strategies in the current year to further reduce costs, including eliminating unfunded positions, staffing reassignments, purchasing restrictions, and voluntary furloughs. An additional \$400,000 appropriation from the General Fund unappropriated fund balance is needed for PPHD to offset a potential FY 2009 year end deficit, and to avoid further reductions to programs and services to the community.
4. Recognize and appropriate \$50,000 from Kaiser Permanente to the PPHD. A Scholastic Partnership for Immunization Initiatives (SPIIn) grant is funded by Kaiser Permanente for two years at \$50,000 per year. This grant is a

continuation of a project aimed at increasing awareness among the youth in Pasadena regarding immunizations and the diseases that they prevent. The target group is students aged 15 – 18 years in the 10<sup>th</sup> to 12<sup>th</sup> grades from the local public and private schools in the area. Students will be provided the opportunity to create, plan, advocate, and implement programs that have the potential to lower the risk of teens contracting vaccine preventable diseases and infecting others in their social circles. Participants will gain training and mentorship and receive elective credit and/or a stipend. Participants will also speak in small or large groups and have the opportunity to display and distribute information to other projects within local schools. In addition, participants will enhance their opportunities for higher education. Students are required to commit for one semester with the option to continue.

5. Recognize and appropriate \$200,000 from Kaiser Permanente to the PPHD. The A-L-L grant is a two-year Kaiser Permanente funded grant. This grant will help implement a community-wide standard of care for chronic disease management in an underserved population. It is a partnership with local community clinics and is based on a model of care for diabetic and cardiovascular disease patients, which has been clinically proven to reduce morbidity and mortality. This protocol utilizes a combination of intensive case management, combined with the early administration of the medical regimen bundle of aspirin, lisinopril, and lovastatin (ALL) upon diagnosis. While this standard has been successfully implemented within the closed health care system of Kaiser Permanente's patient and practitioner population, the PPHD proposes a pilot project to determine if the PPHD can use the same model and obtain similar results or success.
6. Recognize and appropriate \$65,061 from California Department of Public Health (CDPH) to the PPHD. The FY2008-09 State General Fund Pandemic Influenza Phase IV Grant is an agreement between the CDPH and the City of Pasadena for the fiscal year period of July 1, 2008 - June 30, 2009. This grant provides funds to learn about, prepare for, and collaborate in efforts to slow, respond to, minimize, and recover from a potential pandemic. The purpose of community planning efforts is to ensure a coordinated and effective community preparedness and response to pandemic influenza.
7. Recognize and appropriate \$165,465 to the PPHD from the California Endowment. PPHD was successful in obtaining additional funding for the Pasadena Healthcare Link to continue community service by providing healthcare advice (by nurse) and referrals for Greater Pasadena residents.
8. Appropriate \$150,000 from the Rose Bowl Operating Company unappropriated fund balance to pay for unanticipated increased costs related to bond debt service. The 2006 Rose Bowl Lease Revenue bonds were supported by a letter of credit issued by Citibank at an annual rate of 0.16%. The financial deterioration of Citibank made it unable for the bank to renew its credit facility to

the Rose Bowl bonds. As a result, Finance staff negotiated with bank of America for a substitute letter of credit for a term of two years at an annual fee of 0.70% with an upfront bank fee of 0.05% and related legal and rating agency fees. This item was approved by the City Council on January 26, 2009 with a complete disclosure of all cost related to this transaction. Staff has indicated in its agenda report dated January 29, 2009 that it will return with a budget amendment should the action need additional appropriation. This appropriation will cover one-time up front costs to complete the transaction.

9. Appropriate \$27,231 from the South Lake Avenue Parking District unappropriated fund balance to South Lake Parking operations to pay for property assessments. These funds will support payments to the City's South Lake Avenue Property-Based Business Improvement District (PBID) on properties either owned by the City or on which the City has an easement. City Council approved establishment of the South Lake Avenue Property Based Business Improvement District on July 30, 2007. The South Lake Parking Place Commission approved the contribution to the assessment through the income generated from parking revenue collected in this fund.

Regarding recommendation 2, authorize an increase of \$15,000 to purchase order 39337 for Westlaw, an online legal research service which supports the City Attorney's Office. Litigation scheduled for the remainder of the year has driven the need to use this service beyond originally anticipated amounts. This action would increase the purchase order from \$65,000 to \$80,000.

Regarding recommendation 3, the Pasadena City Charter Section 1407 and 1408 set forth the formula for determining the annual transfer from the Light and Power Fund to the General Fund. In combination, these Sections allow for a transfer of up to 16% of annual gross electric retail income not to exceed the total net income of the Light and Power Fund. Consistent with these provisions the Fiscal Year 2009 Adopted Operating Budget included a transfer of 7.50% of estimated gross retail income.

For fiscal year 2009 it is recommended the City Council adopt a resolution transferring an additional .50% (for a total of 8.00%) of estimated gross retail income, or \$795,097. The chart on the next page illustrates the use of these funds:

Annual gross electric retail income \$ - audited FY 08	159,019,517
Transfer as a %	8.00%
Total Transfer for FY 09	12,721,561
Amounts previously transferred at 7.5%	11,926,464
Additional amount to be transferred	795,097
Uses of transfer	
5.5% transfer for General Fund for any municipal use	8,746,073
2.5% transfer for City Hall Seismic Retrofit, approved as part of original financing plan	3,975,488

The resulting transfer would be used to fund the Fiscal Year 2009 General Fund Operating Budget, assisting with the continuance of vital city services and recognizing an additional transfer of \$795,097 for fiscal year 2009, which is permissible under the City Charter. This action will have no impact on customer rates or the ability of the utility to provide services or maintain the water and power facilities.

Regarding recommendation 4, the current economic situation has had a negative impact on Proposition A and Proposition C sales tax funds. These revenues are the primary source for the City's ARTS and Dial-A-Ride (DAR) operations in Pasadena. The recent trend in receipts of funds coupled with projections of sales in Los Angeles County indicates that the anticipated levels of revenue in the budget will not be realized this fiscal year.

The Department of Transportation is estimating that Proposition A fund and Proposition C fund will end Fiscal Year 2009 in a deficit due to declining sales tax based revenue. This deficit is anticipated to impact future years for both revenues and expenses. The estimated FY2009 deficit in Prop A fund is approximately (\$152,827) and the deficit in Prop C fund is approximately (\$632,996).

Staff will be implementing a strategy to address the declines. The Department of Transportation recommends using the Reserve for Future Projects to offset these deficits. The Prop A Reserve was established to set aside funds to augment projects associated with the Gold Line Light Rail project. In November 2001 the City Council approved a change to the set aside that was established at 20% of the receipts of Proposition A and Proposition C funds to a new level of 10%. To mitigate the loss of revenue in each fund it is recommended that the set aside for the Reserve for Future Projects be deferred beginning in fiscal year 2009. In Prop A

fund the deferral is recommended through FY2014. In Prop C fund the deferral is recommended through FY2013. Deferral of contributions to the Prop A and Prop C Funds for fiscal year 2009 will allow approximately \$262,000 and \$233,000 respectively to support operating activities.

*General Fee Schedule Amendment*

1. The State of California has mandated a \$1.50 increase to the parking surcharge for every parking violation with the exception of violations of California Vehicle Code 5200 & 5204. This action makes the total mandate per violation \$4.50. The mandate also increases the charge for Proof of Correction fee for tickets that have been corrected for violations of 5200 & 5204 from \$10.00 to \$25.00. This action has no impact on the revenues of the City as it is collected and passed-through to the State.

Parking Violations	FY 2009 Adopted	FY 2009 Amended
Parked on Parkway	\$38.00	\$39.50
Parked Outside Painted Space	\$32.00	\$33.50
Temporary No Parking	\$38.00	\$39.50
Red Zone/No Stopping	\$49.00	\$50.50
Zone Yellow/White/Green/15 Minute	\$32.00	\$33.50
Alley Parking	\$38.00	\$39.50
Parking In Bus Zone	\$262.00	\$263.50
Stopping/Standing Prohibited	\$44.00	\$45.50
No Stop 7-9 AM/4-6 PM	\$44.00	\$45.50
No Parking 7 AM - 6 PM	\$38.00	\$39.50
No Parking Any Time	\$38.00	\$39.50
Restricted Parking	\$38.00	\$39.50
Overtime Parking 1-2-3 Hour	\$38.00	\$39.50
Unauthorized Parking City Property	\$38.00	\$39.50
Parked on Private Property	\$38.00	\$39.50
Parked on Front Lawn	\$32.00	\$33.50
Parked Commercial Vehicle in Residential District	\$111.00	\$112.50
New Years No Parking Tow Away	\$61.00	\$62.50
Overnight Commercial Vehicle in Non-Residential District	\$38.00	\$39.50
Overnight Parking 2-6 AM	\$38.00	\$39.50

Parking Violations	FY 2009 Adopted	FY 2009 Amended
No Current Registration	\$67.00	\$68.50
Parked On Public Grounds	\$38.00	\$39.50
Fire Lane	\$59.00	\$60.50
Parked on Crosswalk	\$38.00	\$39.50
Parked in Front of Driveway	\$38.00	\$39.50
Parked on Sidewalk	\$38.00	\$39.50
Double Parking	\$38.00	\$39.50
Failure to Park Within 18" of Curb	\$32.00	\$33.50
Illegally Parked in Handicap Space	\$340.00	\$341.50
Parked Too Close to Fire Hydrant	\$44.00	\$45.50
Unattended Vehicle w/Motor Running	\$38.00	\$39.50
"Write-In" Violations Allowable in Municipal Code	\$26.00	\$27.50
Overtime Parking – Expired Meter	\$38.00	\$39.50
Illegal Parking in Preferential Parking District	\$38.00	\$39.50
Parking Near Sidewalk Access Ramps	\$288.00	\$289.50
Blocking Curbside Wheelchair Access	\$262.00	\$263.50
Missing License Plate Front/Rear	\$32.00	\$33.50
Car Displayed for Sale	\$26.00	\$27.50
Space Designated for Taxicab	\$38.00	\$39.50
No Auto Washing/Servicing/Repairing	\$32.00	\$39.50
Fail to Turn Wheels To/Against Curb	\$32.00	\$33.50
Taxicab Parked in Non-Designated Taxicab Space	\$32.00	\$33.50

**FISCAL IMPACT:**

The proposed recommendation will result in the following changes:

- Increase Rose Bowl Operating Company appropriations and decrease fund balance by \$150,000.
- Increase Health fund appropriations by \$1,730,526 and estimated revenues by \$1,730,526.
- Increase General Fund appropriations by \$400,000 and estimated revenues by \$845,097 and transfer the General Fund Public Health Fund Reserve of \$850,000 to the Health Fund and decrease unappropriated fund balance by \$400,000.
- Increase Asset Forfeiture fund appropriations and decrease fund balance by \$56,028.
- Increase South Lake Avenue Parking District Fund appropriations and decrease fund balance by \$27,231.
- Deferral of contributions to the Prop A and Prop C Funds for fiscal year 2009 will allow approximately \$262,000 and \$233,000 respectively to support operating activities.

Respectfully submitted,



Michael J. Beck  
CITY MANAGER

Approved by:



Andrew Green  
Director of Finance

Prepared by:



Paula Hanson  
Budget Administrator



RESOLUTION NO.

A RESOLUTION OF THE CITY OF PASADENA DETERMINING  
ADDITIONAL AMOUNTS TO BE TRANSFERRED AND TRANSFERRING SAID  
AMOUNTS FROM THE LIGHT AND POWER FUND TO THE GENERAL FUND  
FOR FISCAL YEAR 2009

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

WHEREAS, the amount to be transferred in fiscal year 2009, at the time of the adoption of the City's FY 2009 Operating Budget was set at 7.50%, and as determined at the time of the City's annual audit for fiscal year 2008 was \$11,926,464; and

WHEREAS, in July 2008, \$8,944,848, representing seventy-five percent of this amount, was transferred and \$2,981,616 was transferred in November 2008, following the receipt of a report by an independent certified public accountant on the examination of the books of account of the City's power utility for fiscal year 2008; 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 actual net income of the power utility in fiscal Year 2008 was \$28,622,969 and City Council desires to transfer an additional amount to

bring the total fiscal year 2009 transfer to 8.00% pursuant to Charter 1407 and 1408 for the reasons set forth in the Agenda Report dated April 27, 2009.

WHEREAS, such transfer will not be detrimental to the functioning and administration of the power utility during said fiscal year:

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 with respect to which the books of account of the power utility have been audited 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 \$12,721,561 which represents less than one-half of net income of the electric works for the immediately preceding fiscal year 2008.

2. The sum of \$12,721,561 hereby is ordered to be and hereby is transferred from the Light and Power Fund to the General Fund of the City of Pasadena less such amounts as were previously advanced. The sum thus advanced and transferred shall be expended for the payment of interest, principal or both due or to become due prior to July 1, 2009 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 2009 Budget.

3. The amount to be transferred from the Light and Power Fund to the General Fund of the City of Pasadena with respect to which the books of account of the power utility have been audited 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 \$12,721,561 which represents less than one-half of net income of the electric works for the immediately preceding fiscal year 2008.

4. The sum of \$12 721,561 is ordered to be and hereby is transferred from the Light and Power Fund to the General Fund of the City of Pasadena. The sum thus transferred shall be expended for any municipal purpose.

5. It is hereby found and determined that the total amounts hereby transferred, representing the net income of the electric works as allowed by Sections 1407 and 1408 of the City Charter for fiscal year 2009, will not be detrimental to the functioning and administration of the power utility during fiscal year 2009.

Adopted at the regular meeting of the City Council of the City of Pasadena on the \_\_\_\_\_ day of \_\_\_\_\_, 2009, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mark Jomsky  
City Clerk

APPROVED AS TO FORM:

  
Scott D. Rasmussen  
Assistant City Attorney

## TAXPAYER PROTECTION AMENDMENT

Under the provisions of the City of Pasadena Taxpayer Protection Amendment of 2000 ("Taxpayer Protection Act"), the Contractor/Organization will be considered a "recipient of a public benefit." The full provisions of the Taxpayer Protection Act are set forth in Pasadena City Charter, Article XVII. Under the Taxpayer Protection Act, City public officials who approve this Contract/transaction are prohibited from receiving gifts, campaign contributions or employment from Contractor/Organization for a specified time. This prohibition extends to individuals and entities that are specified and identified in the Taxpayer Protection Act and includes Contractor/Organization and its trustees, directors, partners, corporate officers and those with more than a 10% equity, participation, or revenue interest in Contractor/Organization. Contractor/Organization understands and agrees that: (A) Contractor/Organization is aware of the Taxpayer Protection Act; (B) Contractor/Organization will complete and return the forms provided by the City in order to identify all of the recipients of a public benefit specified in the Taxpayer Protection Act; and (C) Contractor/Organization will not make any prohibited gift, campaign contribution or offer of employment to any public official who approved this Contract/transaction.

**Disclosure Pursuant to the  
City of Pasadena Taxpayer Protection Amendment of 2000  
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in

Contractor/Organization, as follows:

*(If printing, please print legibly. Use additional sheets as necessary.)*

**1. Contractor/Organization Name:** West Publishing Corporation d/b/a West

**2. Name(s) of trustees, directors, partners, officers of Contractor/Organization:**

<i>Edward Friedland</i>	<i>Director</i>
<i>Marc E. Gold</i>	<i>Director</i>
<i>Linda Walker</i>	<i>Director</i>
<i>Peter Warwick</i>	<i>President</i>
<i>Linda Walker</i>	<i>Vice President</i>
<i>Edward Friedland</i>	<i>Vice President &amp; Secretary</i>
<i>Cathy Zappa</i>	<i>CFO &amp; Asst. Secretary</i>
<i>Donna DiMitri</i>	<i>Asst. Secretary</i>
<i>Brian Douty</i>	<i>Asst. Secretary</i>

**3. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:**

<i>NONE</i>

Prepared by: Ellen Gillespie

Title: Manager, Government Contracts

Date: May 13, 2008

For office use only:

Contract/Transaction No. \_\_\_\_\_

If not a contract, type of transaction: \_\_\_\_\_