



Agenda Report

TO: CITY COUNCIL

DATE: October 12, 2009

THROUGH: FINANCE COMMITTEE

FROM: CITY MANAGER

SUBJECT: FISCAL YEAR 2010 OPERATING BUDGET AMENDMENTS

RECOMMENDATION:

It is recommended that the City Council:

- 1) Authorize a journal voucher implementing certain amendments to the fiscal year 2010 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: an increase of \$21,122 to the Water Fund; a net increase to the General Fund of \$1,516,436; a net decrease to the Power Fund of \$1,957,757; reductions to the Gas Tax Fund of \$158,063; the Refuse Fund of \$1,301,364; the PCDC Downtown Project Area Fund of \$10,000; the PCDC Old Pasadena Project Area Fund of \$10,000; and the Sewer and Storm Drain Fund of \$197,946. In addition, the following funds' revenues will be affected as follows: an increase of \$782,950 to the Fire Grant Fund, an increase of \$2,606,581 to the General Fund, an increase to the Fleet Maintenance Fund of \$124,633, a decrease of \$197,599 to the Refuse Fund and a decrease of \$466,800 to the Sewer Construction and Maintenance Fund; and
- 2) Adopt a resolution increasing the amount to be transferred from the Light and Power Fund by \$2.0 million to the General Fund as a one-time additional transfer for fiscal year 2010 for a grand total amount of \$15,973,764.

BACKGROUND:

Operating Budget Amendments

On June 15, 2009 the City Council adopted the Operating Budget for fiscal year 2010. Subsequent to the adoption of the budget, as is often the case, several items have been

identified that necessitate amendments to the budget (see Attachment A). Accordingly, the following amendments are recommended for adoption:

1. Reduce appropriations in the Water Fund by \$21,122 and in the Power Fund by \$42,243 and reduce estimated revenues to the General Fund by \$63,365. These items were programmed in the FY 2010 budget as transfers to Public Works for managing the tree trimming contract. A Public Works Crew Supervisor position was eliminated and each department is absorbing its portion of this work.
2. Recognize and appropriate \$267,946 to the General Fund, Public Works Department from Proposition A (Parks) funds. This funding is provided by Los Angeles County Regional Parks and Open Space District as reimbursement for maintenance and servicing expenses incurred for street trees planted with Proposition A funding. This is an enhancement to the budget that allows for the creation of a program to hire at-risk youth to enhance in-house tree pruning efforts.
3. Recognize and appropriate \$2,500 in grant funds from Target Stores, Inc. to the Police Department for the support of National Night Out activities. National Night Out is a drug- and crime-prevention event sponsored annually by the National Association of Town Watch and local Target Stores. The event strengthens neighborhood spirit and police/community partnerships, raises awareness of local anti-crime and anti-drug programs and sends a message to criminals that Pasadena's neighborhoods will not tolerate crime. Funds were used for food, entertainment, decorations and supplies.
4. Appropriate \$50,555 from the unencumbered General Fund balance to the Parks and Natural Resources division of Public Works. This appropriation will restore full funding levels inadvertently omitted for second bathroom cleaning contracts at parks.
5. Appropriate \$158,063 from the unencumbered Gas Tax fund balance to the Roadway Maintenance program. As part of the adopted fiscal year 2010 budget the Street Cleaning program was reorganized with the Street Sweeping portion of the program and transferred to the Refuse fund and the remainder to the Gas Tax fund. Funds in the Roadway Maintenance program were inadvertently removed from the Gas Tax Fund. This appropriation will restore funding to the correct levels.
6. Reduce appropriations in Public Works, Sewer Construction and Maintenance Fund by \$268,854. After a reorganization within the Public Works Department during the budget process this amount was inadvertently duplicated in the Sewer Fund.

7. Reduce estimated revenues in the Sewer Construction and Maintenance fund by \$466,800. This reduction to Sewer Use Charges is recommended due to anticipated reduced water usage by residents and businesses. The appropriations for this have been included in the budget.
8. Appropriate \$1,244,000 from the Refuse Fund unappropriated fund balance to Public Works Department for the purchase of 10 solid waste vehicles. A total of \$851,500 will be utilized for residential solid waste and \$392,500 for commercial solid waste. All the vehicles have exceeded the manufacturers recommended life span and have been utilized beyond the life expectancy.
9. Reduce estimated revenues in the Refuse fund by a net decrease of \$197,599 to reflect an increase of \$286,785 in Refuse Collection fees and a decrease of \$484,384 in Capital Improvement Revenue Charges. These amounts were posted incorrectly in the adopted budget.
10. Appropriate \$146,550 from the Refuse Fund unappropriated fund balance for the purchase of 40 Big Belly Solar Trash Compactors for use in the Commercial Solid Waste operating budget. These compactors are very effective at reducing litter in the high-traffic, commercial areas of the City and have been well received by the public and local businesses. The contract for the compactors was approved by City Council on October 5, 2009.
11. Recognize Fleet Maintenance fund estimated revenues of \$124,633 from charges for services. This revenue increase will more accurately reflect planned billing activities for fiscal year 2010. The appropriations for these services have been included in the budget.
12. Appropriate \$10,000 from the PCDC Downtown Redevelopment Project Area fund balance and \$10,000 from the Old Pasadena Redevelopment Project fund balance to fund a share of the Streetcar Alignment and Fiscal Feasibility Analysis Contract. The contract will be split between the City, Old Pasadena, Paseo Colorado, Playhouse District, South Lake and the Pasadena Center Operating Company (PCOC). This contract will explore potential route alignments to understand impacts and costs while identifying opportunities and funding sources for the Downtown Fixed Rail Streetcar system. A consultant is expected to begin in September 2009 with the work concluding in December 2009.
13. Recognize and appropriate \$782,950 from the 2008 State Homeland Security Grant Program (SHSGP) to the Fire Grant Fund. The 2008 SHSGP funds the following Police Department Equipment:

Police Department Equipment - Radio Upgrade Equipment
Police Department Equipment - Air Support Equipment

Police Department Equipment - Vehicle Response Equipment

14. Recognize and appropriate \$197,000 to the General Fund, Department of Transportation from the California Office of Traffic Safety, \$97,000, and Federal Safe Routes for Schools, \$100,000. The total amount of the two grants is \$364,000 to be awarded in fiscal year 2010 for \$197,000; fiscal year 2011 for \$92,000; and fiscal year 2012 for \$75,000. The State grant will provide for a safety study that will identify pedestrian safety enhancements at signalized intersections and an education campaign focusing on pedestrian safety at intersections controlled by traffic signals. The Federal funds will provide for a campaign to educate and promote pedestrian safety in school zones for elementary school-aged children.
15. Recognize and appropriate \$200,000 to the General Fund Finance Department, \$80,000 and Fire Department, \$120,000 from paramedic billing revenue. The adopted budget included net revenue from the new paramedic billing system. This action will record the gross revenue and appropriations related to this transaction and allow the annual charges to be recorded properly against the budget.
16. Appropriate \$250,000 to the General Fund Non Departmental Citywide Obligation account from unappropriated General Fund balance for the revenue audit contract. Revenue audits are performed on various sources during the year to ensure the City receives its proper allocations. Revenue for this contract was included in the budget however the appropriation for this contract was inadvertently omitted from the budget.

The following two recommendations implement two budget strategies presented by Staff at City Council on October 5, 2009.

17. Appropriate \$369,644 from the General Fund unappropriated fund balance to the Health Fund to support programs and to offset additional revenue reductions by the State.
18. Recognize and appropriate \$2,000,000 from the Power Fund to the General Fund as an additional one-time Power Fund transfer to support anticipated revenue shortfalls and reductions implemented by the State. 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 2010 Adopted Operating Budget included a transfer of 8% of estimated gross retail income, or \$13,973,764.

Recent State budget actions and the downward trend in the economy have exacerbated the City General Fund structural deficit. As reported in the budget update agenda and discussed with City Council on October 5 this one-time action is required to help eliminate the General Fund structural deficit by FY2014.

FISCAL IMPACT:

The proposed recommendation will result in the following changes:

- Increase General Fund appropriations by \$1,337,645 and increase estimated revenues by \$2,606,581;
- Increase PCDC Downtown Project Area Fund appropriations by \$10,000 and decrease fund balance;
- Increase PCDC Old Pasadena Project Area Fund appropriations by \$10,000 and decrease fund balance;
- Increase Power Fund appropriations and decrease fund balance by \$1,957,757;
- Decrease Water Fund appropriations and increase fund balance by \$21,122;
- Increase Gas Tax Fund appropriations and decrease fund balance by \$158,063;
- Decrease Sewer Fund appropriations by \$268,854 and decrease estimated revenues by \$466,800;
- Increase Refuse Fund appropriations by \$1,390,550 and decrease fund balance by \$1,390,550 and estimated revenues by \$197,599;
- Increase Fleet Maintenance Fund estimated revenues by \$124,633;
- Increase appropriations and estimated revenues in the Fire Grant Fund by \$782,950.

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 COUNCIL OF THE CITY OF PASADENA DETERMINING ADDITIONAL AMOUNTS TO BE TRANSFERRED FROM THE LIGHT AND POWER FUND TO THE GENERAL FUND FOR FISCAL YEAR 2010

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, the amount to be transferred in fiscal year 2010, as determined at the time the City's operating budget for fiscal year 2010 was adopted was \$13,543,355, an amount less than the full amount actually available for transfer under the City Charter; and

WHEREAS, pursuant to Sections 1407 and 1408 of the City Charter, a portion of this amount, \$10,105,993, was transferred in July 2009, and the balance of \$3,437,362 will be transferred following the receipt of a report by an independent certified public accountant on the examination of the books of account of the City's electric utility for fiscal year 2009; 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 City Council desires to transfer an additional 1.2% allowed by Section 1407 and Section 1408 of the City Charter for fiscal year

2010 for the reasons set forth in the accompanying agenda report, which amounts do not exceed the net income of the electric works for fiscal year 2009: and

WHEREAS, the additional transfer provided herein will not be detrimental to the functioning and administration of the electric utility during said fiscal year for the reasons set forth in the accompanying agenda report:

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

1. The additional 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 \$1,600,000. In accordance with the Charter an amount equal to 75% of this sum (\$1,200,000) is hereby ordered to be advanced from the Light and Power Fund to the City's General Fund, with the balance to be transferred no earlier than the receipt of the annual financial audit of the Light and Power Fund prepared by an 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, 2010 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 2010 Budget.

2. The additional 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 \$400,000. In accordance with the Charter an amount equal to 75% of this sum (\$300,000) is hereby ordered to be advanced from the Light and Power Fund to the City's General

Fund, with the balance to be transferred no earlier than the receipt of the annual financial audit of the Light and Power Fund prepared by an 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 9.2% 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 2010, will not be detrimental to the proper functioning and administration of the power utility during fiscal year 2010.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:


Michele Beal Bagneris
City Attorney

ATTACHMENT A

Fund	2010 Operating Adopted Budget	2010 Operating Amendments	2010 Operating Revised Budget
General Fund	225,943,346	1,337,645	227,280,991
Power Fund	209,816,370	1,957,757	211,774,127
Water Fund	46,984,586	(21,122)	46,963,464
Gas Tax Fund	2,099,217	158,063	2,257,280
Sewer Fund	4,450,797	(268,854)	4,181,943
Refuse Fund	12,617,992	1,390,550	14,008,542
Fire Grant Fund	-	782,950	782,950
PCDC Downtown Project Fund	2,888,340	10,000	2,898,340
PCDC Old Pasadena Project Fund	4,544,125	10,000	4,554,125
Other Funds	227,685,015		227,685,015
Less Internal Transfers	(56,110,499)		(56,110,499)
Total City Budget	680,919,289	5,356,989	686,276,278