



OFFICE OF THE CITY MANAGER

October 28, 2011

TO: City Council
FROM: Julie A. Gutierrez, Assistant City Manager
SUBJECT: Handout for Strategic Planning Workshop

As I mentioned in yesterday's City Manager's Weekly Letter, attached are material that will be useful as you prepare for next Monday's Strategic Planning Workshop. As part of our four hour workshop, one of the primary goals will be to create a set of operating principles that will guide future decision-making around fiscal and other priorities. I have attached a set of statement of financial facts and other facts that will set the groundwork for where we are as a city in regards to our financial situation and general statements about the city. Additionally, I have attached charts and graphs which show trends in both city expenditures and revenues.

City Council Strategic Planning Workshop

Financial Facts

1. The City will use approximately \$25 million of unallocated General Fund reserves by 2014 to help soften service level impacts of the down economy leaving a total General Fund reserve of approximately 11% of General Fund expenditures
2. Comparable AAA-rated cities have General Fund reserves that range from 13 to 50 percent of General Fund expenditures
3. The City's Other Post Employment Benefit (OPEB) unfunded liability is currently over \$30 million
4. Health costs (medical, dental, and vision) have increased 12% over the past two years representing an average increase of \$1,064 per FTE. Increased medical costs account for slightly more than \$1 million in increased costs to the General Fund over this two year period. Based on a nationwide survey conducted in May 2011 by PricewaterhouseCoopers employer medical costs are expected to rise 8.5% in 2012
5. Employee benefit costs for Fiscal Year 2011 were \$82 million. The General Fund accounted for \$54 million for this total. Employee benefits costs are 29.9% of the total General Fund expenses (excluding debt service)
6. Over 286 vacant and filled positions have been eliminated citywide since Fiscal Year 2009
7. The City's financial systems are antiquated and inefficient
8. The water conservation efforts have been effective but have resulted in decreased revenues for the Water Fund and the General Fund
9. Pasadena has lost 11 auto dealerships in the past 10 years which has resulted in a 31.4% decrease auto sales volume (as measured by gross taxable sales) compared to 10 years ago
10. Fiscal Years 2011 (\$29.2 million) and 2010 (\$28.9 million) are the lowest level of total sales tax revenues since Fiscal Year 2002 when total sales tax revenues were \$28.4 million

11. The recovery rate for fees charged for recreation related services is 14% of the cost of providing the services

Other Facts

1. Pasadena's Renewable Portfolio Standard goal is 40% by 2020 and the State requirement is 33%
2. There are 26 separate citizen commissions/committees requiring staff support by city employees
3. Per the 2010 US Census data the segment of Pasadena residents above 60 years of age grew by 23.5% when compared to 2000 Census data, which indicates that Pasadena's general population is getting older
4. Pasadena's public facilities and infrastructure are aging
5. Pasadena has 10 separate bargaining groups all with separate contracts
6. Some city programs and services are duplicative of those available from other providers.
7. For Fiscal year 2012 only \$32,093 or 1.3% of CDBG capital funds are allocated to projects in city facilities or public rights of way.
8. Pasadena currently leases 82,701 square feet of office space at a cost of \$2,165,063 annually and leases 13 spaces to non-profits (e.g. Norton Simon Museum of Art, Community Health Alliance of Pasadena, Pasadena Senior Center, Rose Bowl Aquatics Center, Kidspace Museum) at no cost.

General Fund (101) by Expenditure Category

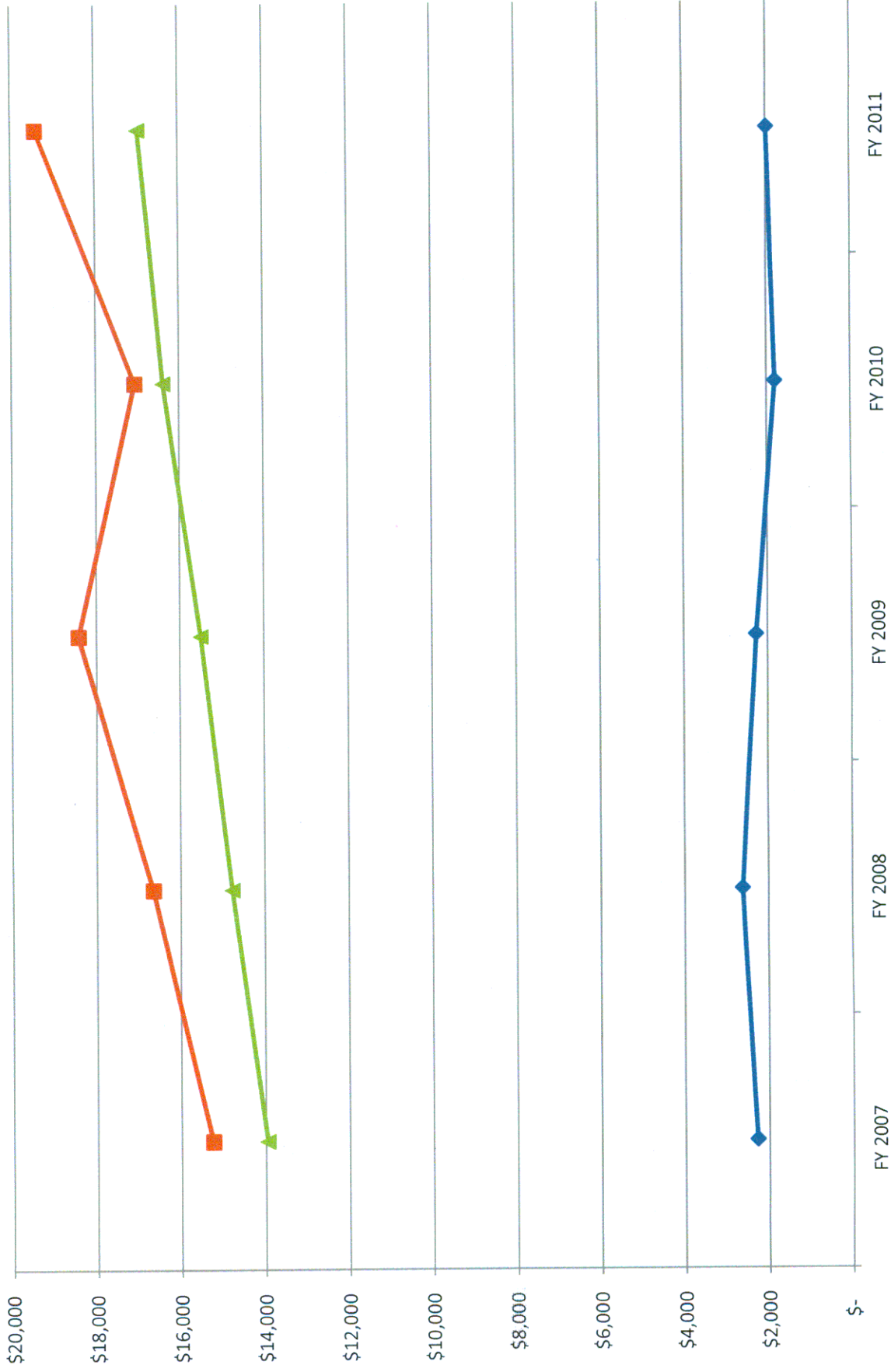
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Personnel - Salaries	\$69,280,189	\$73,289,349	\$76,494,231	\$73,937,174	\$72,477,478
Personnel - Benefits	\$52,866,884	\$56,696,825	\$58,745,191	\$58,151,806	\$62,074,175
Supplies & Services	\$28,568,086	\$27,541,834	\$26,070,197	\$23,091,571	\$25,709,769
Debt	\$30,088,194	\$30,284,629	\$29,664,987	\$35,072,954	\$34,128,414
Equipment*	\$695,302	\$503,043	\$170,652	\$5,379,965	\$25,157
Internal Service	\$14,357,974	\$15,584,437	\$15,606,815	\$14,771,992	\$14,996,859
Transfers Out	\$21,259,603	\$13,187,451	\$18,436,666	\$13,037,782	\$13,184,777
Total	\$217,116,232	\$217,087,568	\$225,188,739	\$223,443,243	\$222,596,629
Personnel - Salaries	31.9%	33.8%	34.0%	33.1%	32.6%
Personnel - Benefits	24.3%	26.1%	26.1%	26.0%	27.9%
Supplies & Services	13.2%	12.7%	11.6%	10.3%	11.5%
Debt	13.9%	14.0%	13.2%	15.7%	15.3%
Equipment*	0.3%	0.2%	0.1%	2.4%	0.0%
Internal Service:	6.6%	7.2%	6.9%	6.6%	6.7%
Transfers Out	9.8%	6.1%	8.2%	5.8%	5.9%
	100.0%	100.0%	100.0%	100.0%	100.0%

* Fiscal Year 2010 data includes one-time capital purchases expensed in the General Fund

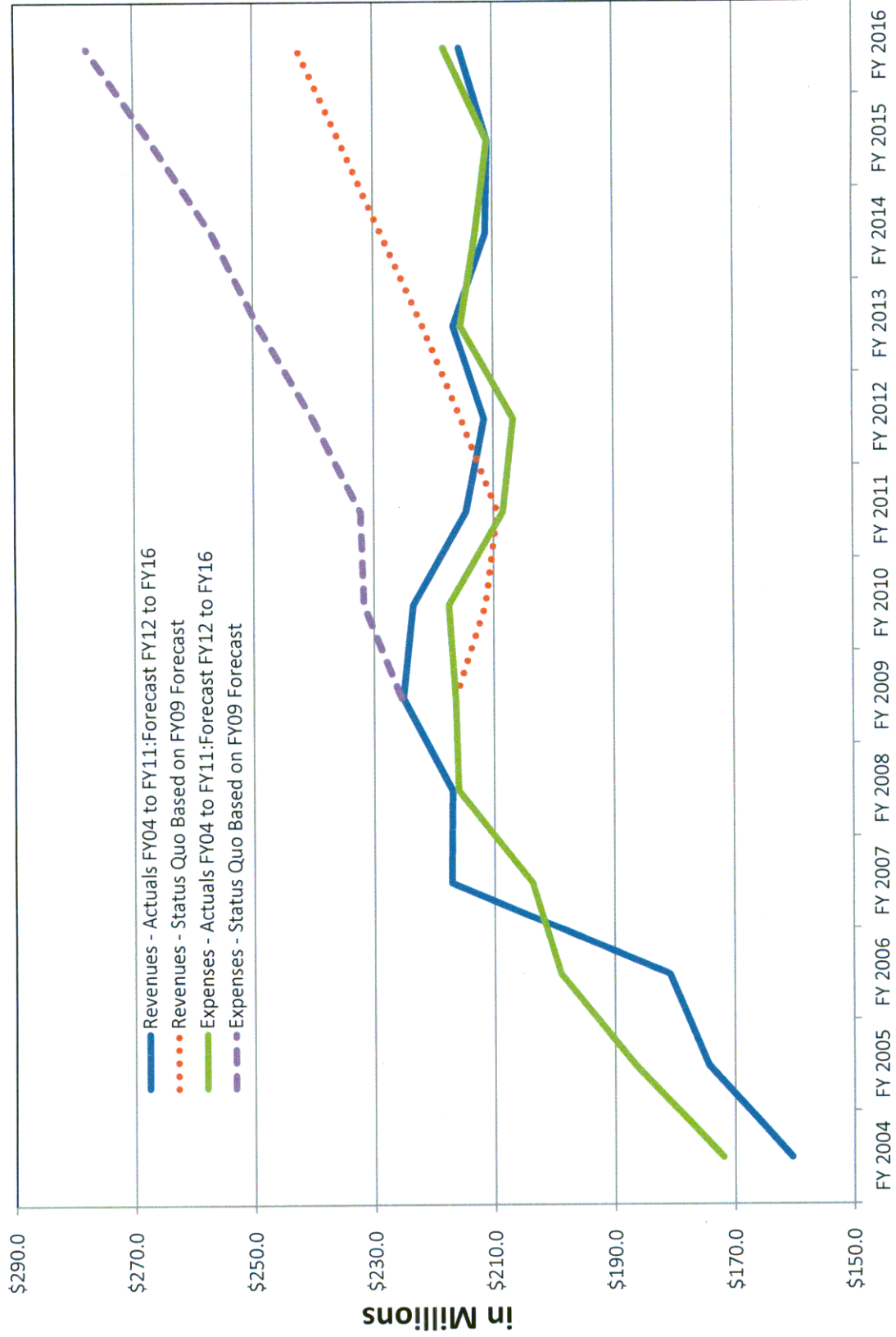
Other Funds (Excludes General Fund and Capital Projects Funds) by Expenditure Category

	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Personnel - Salaries	\$56,585,447	\$60,814,605	\$63,696,335	\$62,026,052	\$68,260,252
Personnel - Benefits	\$26,029,037	\$26,864,040	\$29,178,469	\$27,442,870	\$27,984,228
Supplies & Services	\$247,731,833	\$295,159,367	\$237,450,356	\$248,381,895	\$246,214,505
Debt	\$66,548,528	\$261,836,864	\$213,689,876	\$89,898,969	\$85,174,867
Equipment	\$7,387,514	\$11,937,620	\$8,380,303	\$8,314,562	\$6,319,848
Other Expenses	\$24,313,587	\$28,405,290	\$24,470,398	\$23,051,929	\$14,083,970
Internal Service	\$11,222,191	\$12,141,758	\$12,024,882	\$12,409,314	\$12,272,167
Transfers Out	\$57,085,820	\$40,148,812	\$42,632,443	\$71,053,796	\$60,146,817
Total	\$496,903,958	\$737,308,354	\$631,523,062	\$542,579,388	\$520,456,654
Personnel - Salaries	11.4%	8.2%	10.1%	11.4%	13.1%
Personnel - Benefits	5.2%	3.6%	4.6%	5.1%	5.4%
Supplies & Services	49.9%	40.0%	37.6%	45.8%	47.3%
Debt	13.4%	35.5%	33.8%	16.6%	16.4%
Equipment	1.5%	1.6%	1.3%	1.5%	1.2%
Other Expenses	4.9%	3.9%	3.9%	4.2%	2.7%
Internal Service	2.3%	1.6%	1.9%	2.3%	2.4%
Transfers Out	11.5%	5.4%	6.8%	13.1%	11.6%
	100.0%	100.0%	100.0%	100.0%	100.0%

General Fund Employee Cost per FTE

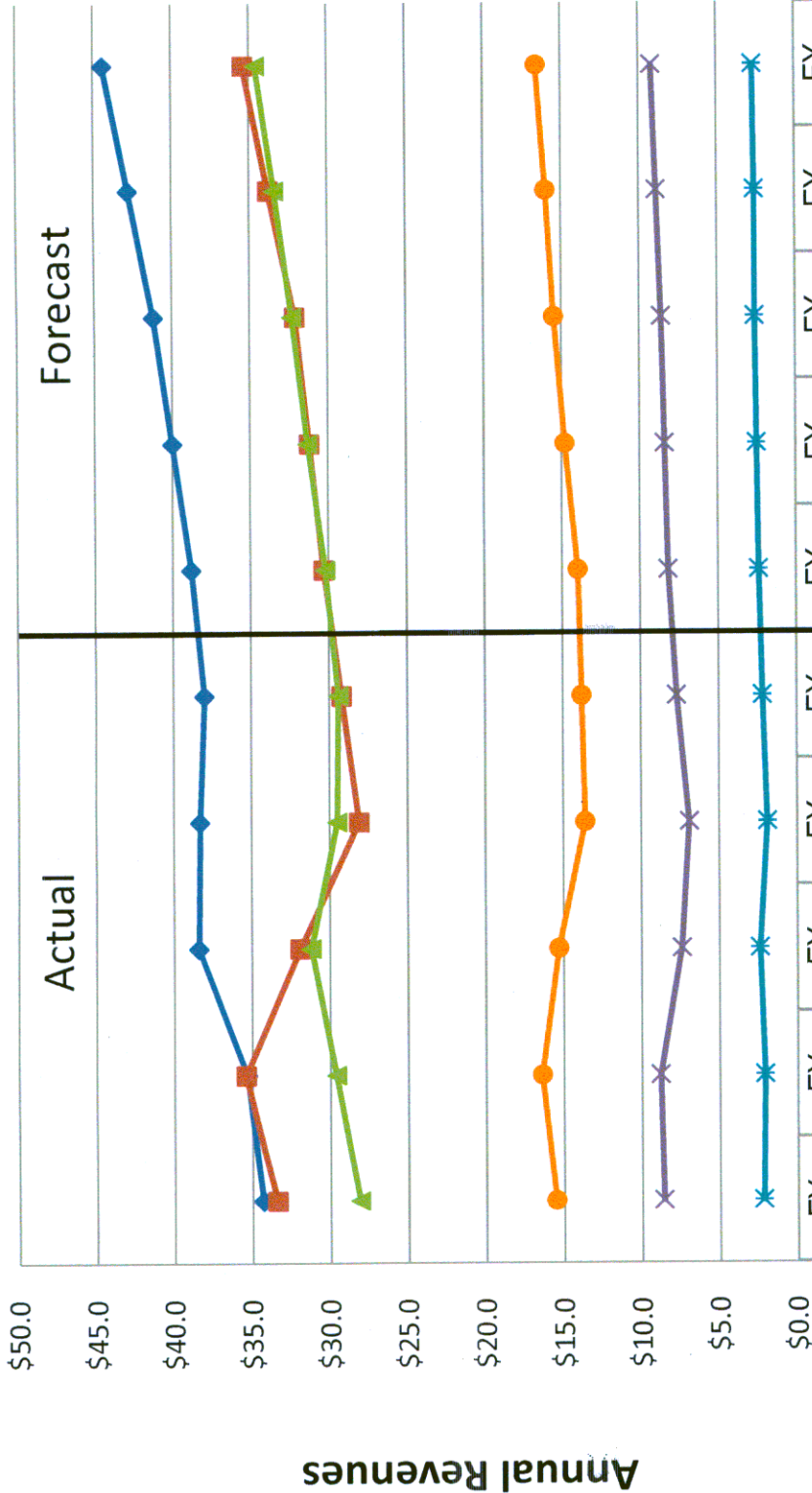


General Fund Revenue and Expense History and Forecast



General Fund Tax Revenues

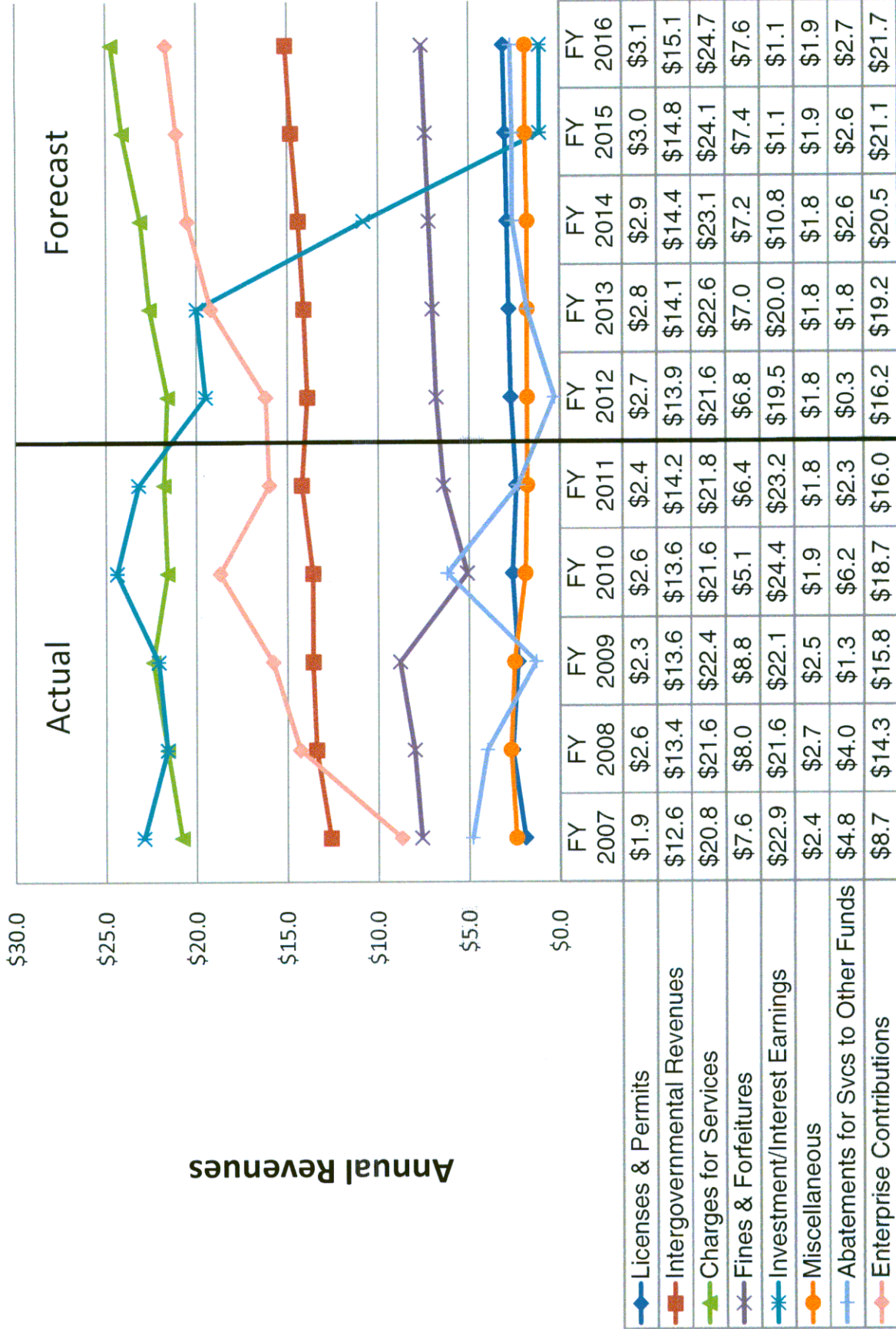
(in millions)



	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
Property Taxes	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016				
Sales Tax	\$34.3	\$35.3	\$38.4	\$38.3	\$38.0	\$38.8	\$40.0	\$41.2	\$42.8	\$44.4				
Utility User Tax	\$33.4	\$35.4	\$31.9	\$28.1	\$29.2	\$30.3	\$31.2	\$32.1	\$33.8	\$35.4				
Transient Occupancy Tax	\$28.1	\$29.6	\$31.2	\$29.5	\$29.4	\$30.2	\$31.3	\$32.3	\$33.4	\$34.6				
Franchise Taxes	\$8.6	\$8.8	\$7.4	\$6.9	\$7.7	\$8.2	\$8.4	\$8.6	\$8.9	\$9.2				
Other Taxes	\$2.2	\$2.1	\$2.4	\$1.9	\$2.2	\$2.4	\$2.5	\$2.6	\$2.6	\$2.7				
	\$15.5	\$16.4	\$15.3	\$13.6	\$13.8	\$14.0	\$14.8	\$15.5	\$16.0	\$16.6				

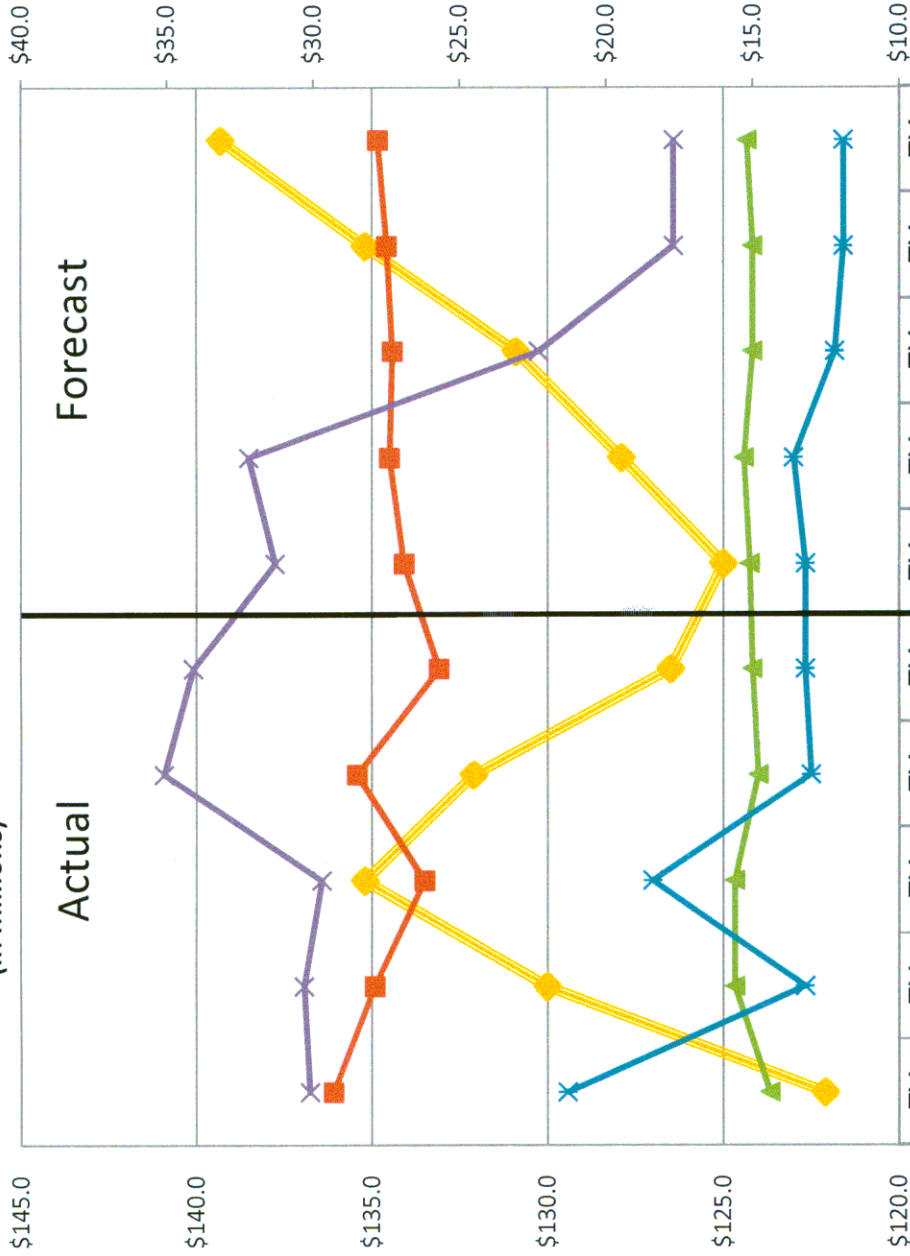
General Fund Non-Tax Revenues

(in millions)



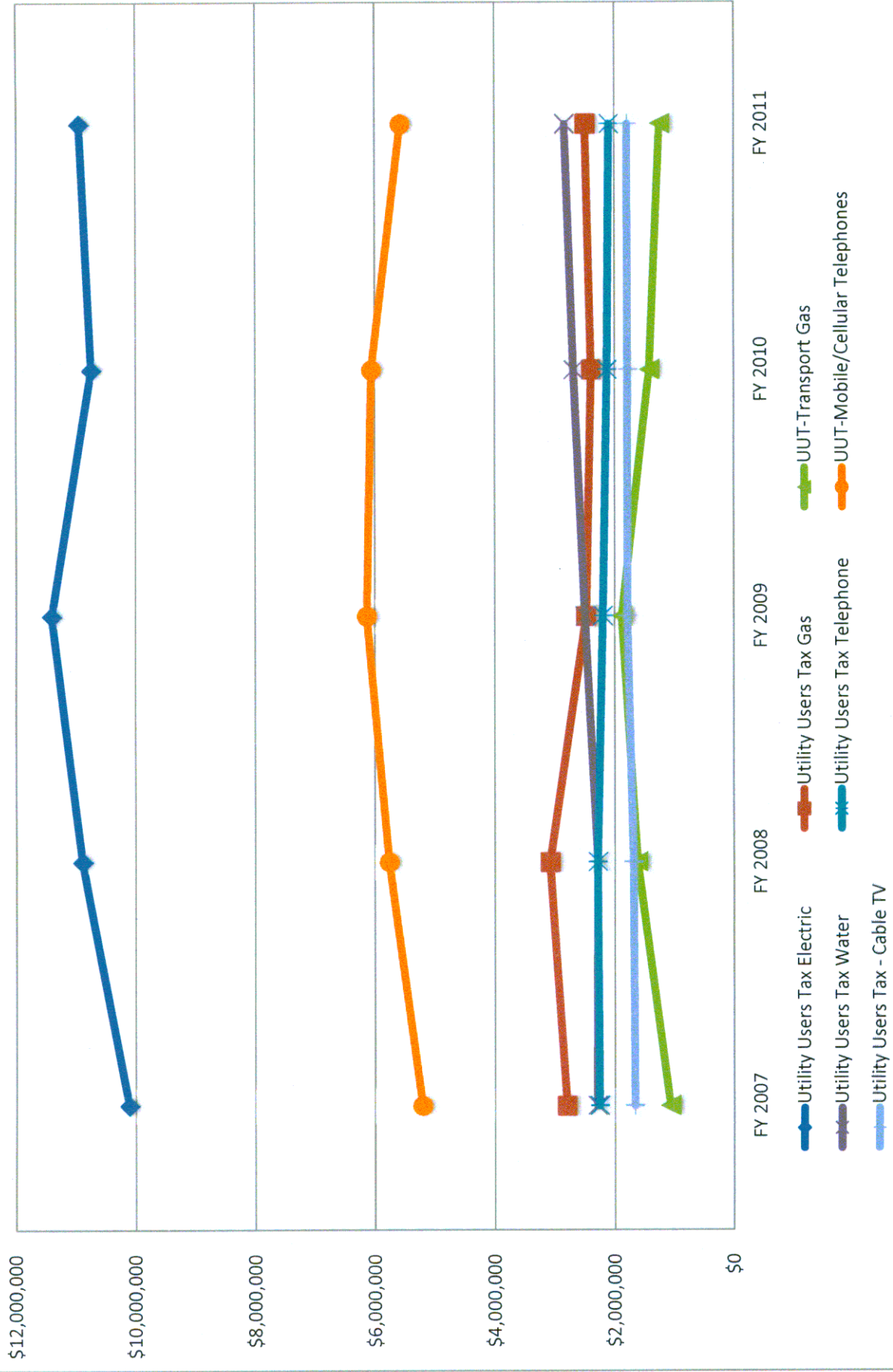
General Fund Expenditures

(in millions)

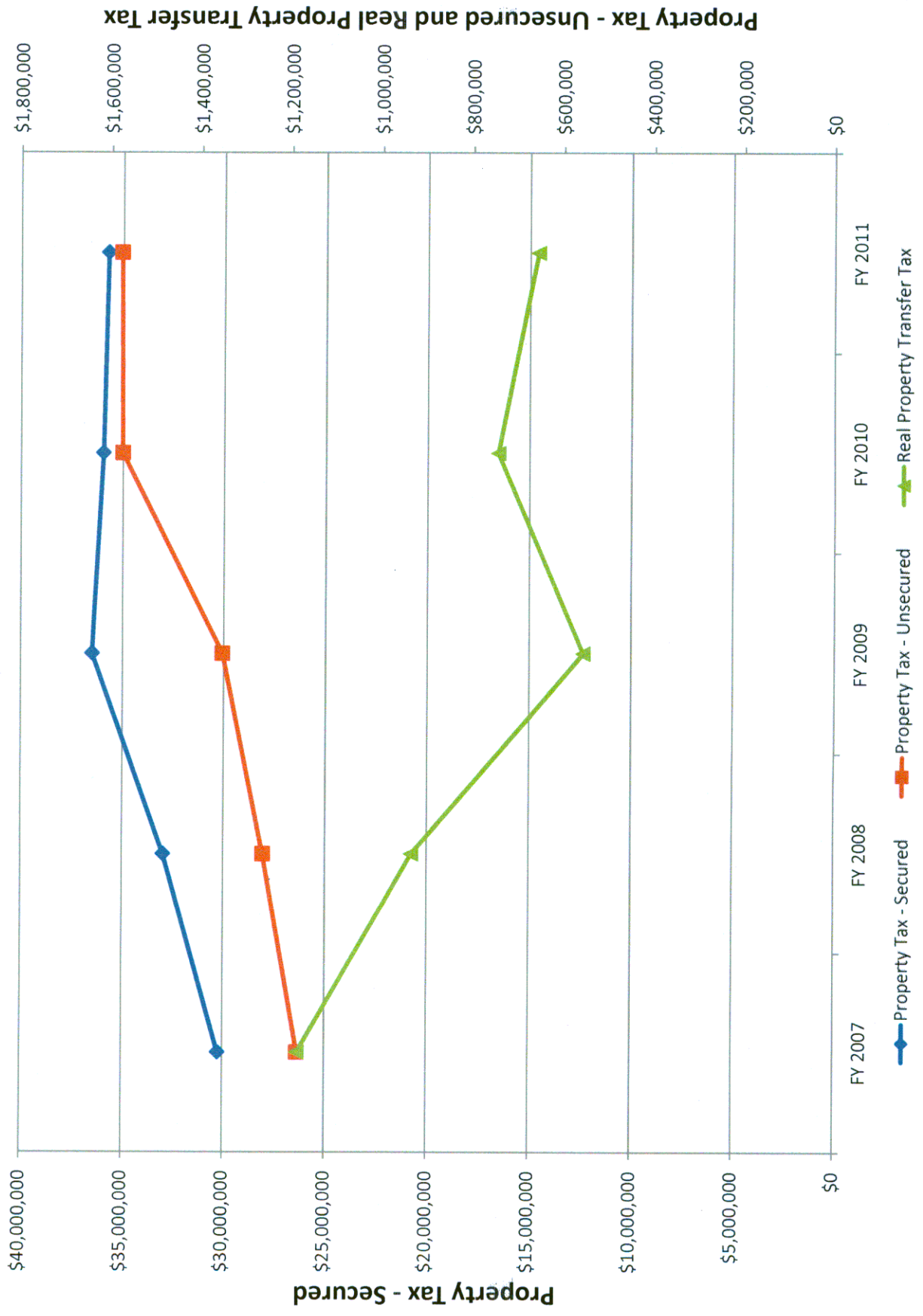


	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Personnel	\$122.1	\$130.0	\$135.2	\$132.1	\$126.5	\$125.0	\$127.9	\$130.9	\$135.2	\$139.3
Services & Supplies	\$29.3	\$27.9	\$26.2	\$28.5	\$25.7	\$26.9	\$27.4	\$27.3	\$27.5	\$27.8
Internal Services	\$14.4	\$15.6	\$15.6	\$14.8	\$15.0	\$15.1	\$15.3	\$15.0	\$15.0	\$15.2
Debt Service	\$30.1	\$30.3	\$29.7	\$35.1	\$34.1	\$31.3	\$32.2	\$22.3	\$17.7	\$17.7
Contributions to Other Funds/Misc	\$21.3	\$13.2	\$18.4	\$13.0	\$13.2	\$13.2	\$13.6	\$12.2	\$11.9	\$11.9

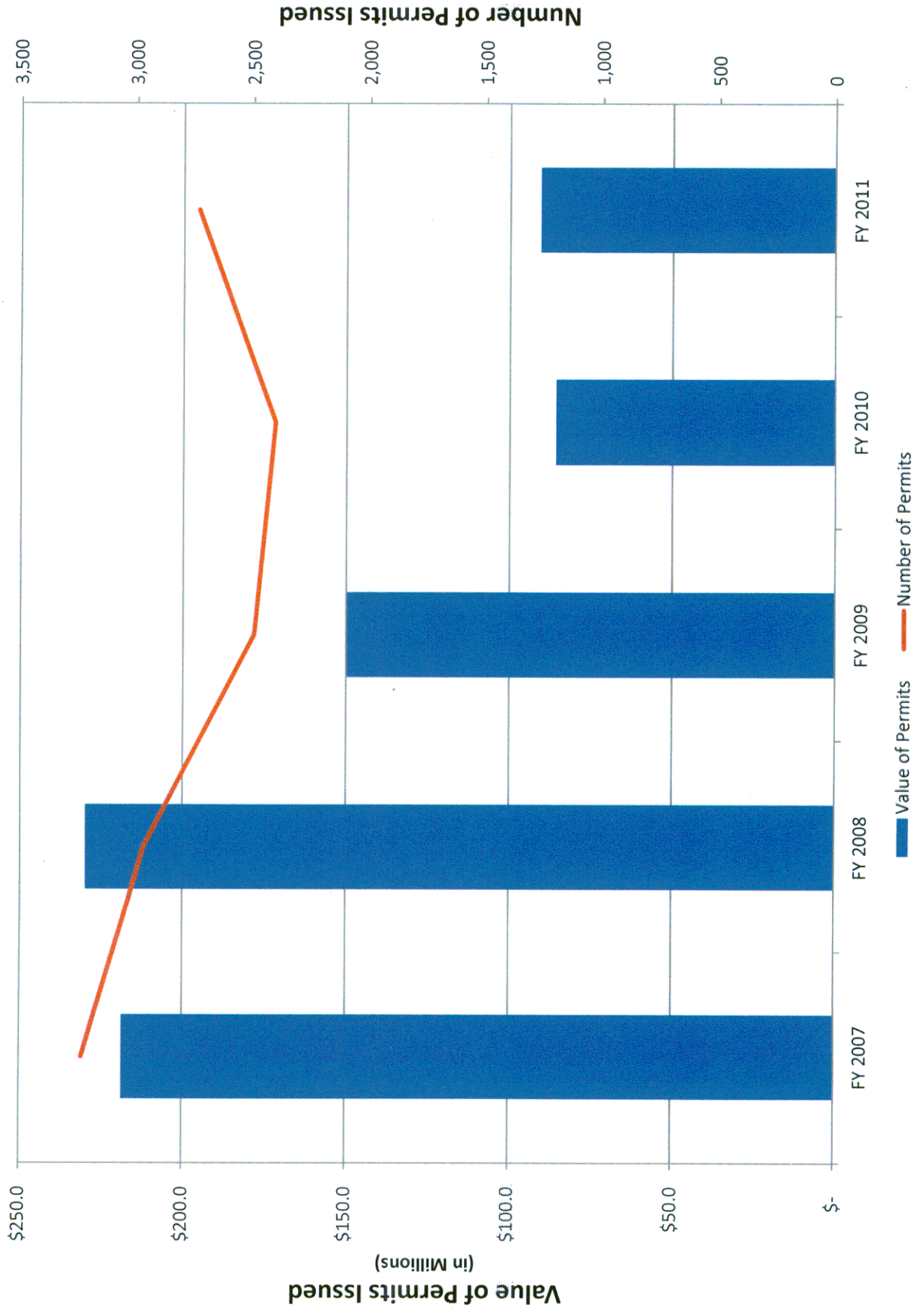
Utility Users Tax - By Utility 5 Year History



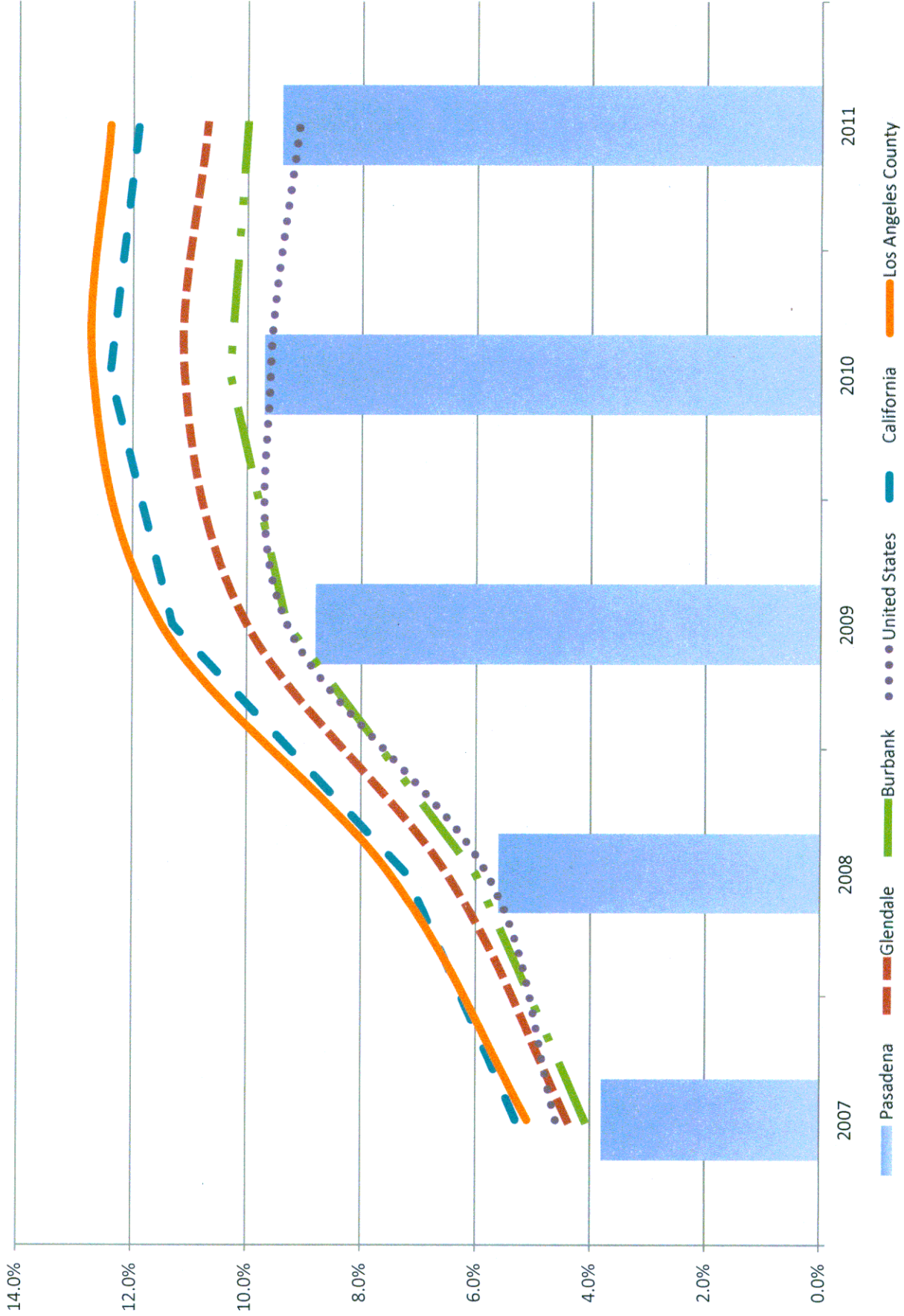
Property Tax



Building Permits



Average Annual Unemployment Rates



City of Pasadena

Revenue Category	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Adopted	FY 12 Revised
Sales Tax	35,444,025	31,941,372	28,059,194	29,249,499	31,300,000	30,300,000
Transient Occupancy Tax (TOT)	8,847,757	7,382,353	6,941,948	7,667,816	7,800,000	8,160,000
Utility Users Tax (UUT)	29,639,753	31,162,427	29,519,608	29,355,562	32,621,000	30,202,800
Construction Tax	3,984,216	2,366,386	1,397,077	1,480,416	1,800,000	1,400,000
Property Tax	35,161,709	38,396,879	38,266,093	37,951,993	39,100,000	38,800,000
Other Tax	14,614,276	15,330,601	14,162,316	14,506,845	15,826,351	14,965,000
Other General Fund Revenues	85,148,573	88,628,617	94,148,167	88,214,037	82,428,649	82,857,700

Sub-Total (exc FPRS) 212,840,309 215,208,635 212,494,403 208,426,167 210,876,000 206,685,500

FPRS 3,185,103 947,693 4,981,704 8,036,000 0 0

Total General Fund Revenue 216,025,412 216,156,328 217,476,107 216,462,167 210,876,000 206,685,500

Expense Category	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Adopted	FY 12 Revised
Operations	183,596,825	194,554,964	183,660,563	180,432,215	183,190,820	183,190,820
Debt Service	30,284,629	29,664,987	34,800,976	34,128,414	32,411,180	31,811,180

Sub-Total (exc FPRS) 213,881,454 224,219,951 218,461,539 214,560,629 215,602,000 215,002,000

FPRS 3,206,114 968,788 4,981,704 8,036,000 0 0

Total General Fund Expense 217,087,568 225,188,739 223,443,243 222,596,629 215,602,000 215,002,000

Surplus/(Deficit) -1,062,156 -9,032,411 -5,967,136 -6,134,462 -4,726,000 -8,316,500

Difference
-3,590,500

General Fund 5-year Financial Plan

As of October 25, 2011

	FY 2009 Actual	FY 2010 Original	FY 2010 Actual	FY 2011 Adopted	FY 2011 Actual	FY 2012 Adopted	FY 2012 Revised	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
Beginning Amount Available for Appropriations	29,129,097	20,149,243	20,074,879	14,107,746	14,107,746	7,973,288	7,973,288	3,155,155	2,079,851	4,300,038	5,646,507
REVENUES											
Property Taxes	38,414,288	48,310,622	38,266,093	38,300,000	37,952,059	39,100,000	38,798,747	39,962,709	41,154,381	42,769,947	44,449,365
Sales Tax	31,941,372	25,098,819	28,059,194	30,000,000	29,249,499	31,300,000	30,300,000	31,209,000	32,145,270	33,752,534	35,440,160
Utility User Tax	31,162,427	33,418,135	29,519,607	31,732,000	29,355,561	32,620,851	30,202,800	31,253,870	32,286,537	33,428,711	34,580,113
Transient Occupancy Tax	7,382,353	7,995,109	6,941,949	7,300,000	7,667,817	7,800,000	8,160,000	8,364,000	8,614,920	8,916,442	9,209,395
Franchise Taxes	2,401,934	2,017,142	1,933,376	2,335,000	2,215,702	2,326,500	2,414,593	2,484,718	2,556,947	2,631,342	2,707,970
Other Taxes	15,277,634	14,729,969	13,626,018	14,300,000	13,771,495	15,250,000	13,950,000	14,803,000	15,469,280	16,041,051	16,634,753
Total Taxes	126,580,018	131,568,796	118,346,237	123,967,000	120,212,133	128,397,351	123,826,140	128,077,297	132,227,334	137,540,027	143,021,757
Licenses & Permits	2,297,129	2,014,068	2,560,129	2,574,088	2,407,099	2,550,240	2,664,160	2,754,314	2,871,521	2,973,320	3,076,451
Intergovernmental Revenues	13,593,024	12,870,662	13,633,140	12,853,000	14,232,863	14,371,083	13,901,083	14,099,940	14,364,350	14,796,870	15,077,704
Charges for Services	22,407,112	20,777,909	21,604,333	25,078,540	21,776,692	21,527,987	21,621,721	22,574,588	23,059,632	24,145,210	24,684,122
Fines & Forfeitures	8,844,378	8,583,560	5,135,244	6,311,000	6,447,122	6,351,000	6,789,500	6,981,540	7,184,911	7,394,384	7,610,140
Investment/Interest Earnings	22,074,198	20,896,445	24,401,371	21,000,000	23,231,648	19,301,200	19,540,000	19,959,902	10,817,132	1,108,537	1,118,276
Rental Income	1,040,577	1,111,626	611,581	824,153	613,649	614,153	658,153	660,984	665,200	669,542	674,015
Miscellaneous	1,485,357	1,061,182	1,287,870	1,028,187	1,163,346	1,199,020	1,120,376	1,143,626	1,167,574	1,192,239	1,217,645
TOTAL REVENUES	198,321,792	198,885,247	187,579,905	193,635,968	190,084,552	194,312,034	190,121,133	196,252,191	192,357,653	189,820,130	196,480,111
EXPENDITURES											
Personnel	135,224,048	136,523,723	132,088,980	127,822,541	126,515,653	127,116,880	127,116,880	130,012,126	132,377,901	135,643,646	140,192,859
Services & Supplies	26,033,719	26,867,870	23,091,571	25,710,983	25,709,769	27,301,404	27,301,404	27,824,418	28,102,662	28,383,889	28,667,526
Equipment	183,638	86,236	5,379,965	50,476	25,157	27,476	27,476	27,751	28,028	28,309	28,592
Internal Services	15,606,815	14,672,825	14,771,992	14,612,626	14,996,858	15,351,807	15,351,807	15,582,084	15,515,815	15,448,553	15,680,281
Added reductions							(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)
TOTAL EXPENDITURES	177,048,220	178,150,654	175,332,508	168,196,626	167,247,438	169,797,567	166,297,567	169,946,379	172,524,406	176,004,196	181,069,257
Excess Revenues over (Expenses)	21,273,572	20,734,593	12,247,397	25,439,342	22,837,114	24,514,467	23,823,566	26,305,812	19,833,247	13,815,934	15,410,854
OPERATING TRANSFER (IN / (OUT))											
Debt Service	(29,664,996)	(35,273,793)	(35,072,953)	(34,930,107)	(34,128,414)	(32,683,158)	(31,811,180)	(32,683,458)	(23,174,674)	(18,556,931)	(18,575,736)
Contributions to Other Funds/Misc	(18,397,519)	(12,510,109)	(13,037,782)	(14,122,093)	(13,184,777)	(13,121,073)	(13,393,253)	(13,858,961)	(14,977,530)	(15,005,656)	(15,343,626)
Abateents for Svcs to Other Funds **	2,242,779	4,516,551	11,157,176	628,501	2,296,783	333,522	336,478	636,478	1,439,522	1,442,658	1,445,887
Enterprise Contributions	15,791,759	16,906,080	18,739,029	17,446,080	16,044,836	16,229,212	16,229,212	18,524,825	19,099,623	19,650,464	20,217,831
NET OPERATING TRANSFER (IN / (OUT))	(30,027,976)	(26,361,270)	(18,214,530)	(30,977,619)	(28,971,572)	(29,241,497)	(28,641,699)	(27,381,116)	(17,613,059)	(12,469,465)	(12,255,643)
Operating Income/(Loss)	(8,754,406)	(5,626,677)	(5,967,133)	(5,538,277)	(6,134,458)	(4,727,030)	(4,818,133)	(1,075,304)	2,220,188	1,346,469	3,155,210
OFF BUDGET RESERVE ACTIVITY											
Use of Designated Reserves (lump sum)	6,200,000	0	0	0	0	0	0	0	0	0	0
CIP Project (Robinson Park) from reserve	0	0	0	0	0	0	0	0	0	0	0
Addl Contr. to the GF Reserve	(6,499,812)	(52,162)	(52,162)	0	0	0	0	0	0	0	0
NET OFF BUDGET RESERVE ACTIVITY	(299,812)	(52,162)	(52,162)	0	0	0	0	0	0	0	0
Net Income/(Loss)	(9,054,218)	(5,678,839)	(5,967,133)	(5,538,277)	(6,134,458)	(4,727,030)	(4,818,133)	(1,075,304)	2,220,188	1,346,469	3,155,210
Ending Amount Available for Appropriations	20,074,879	14,469,110	14,107,746	8,569,469	7,973,288	3,246,258	3,155,155	2,079,851	4,300,038	5,646,507	8,801,718

** FY 2011 and beyond excludes estimated FPRS costs and associated revenues