

Agenda Report

January 14, 2013

TO: Honorable Mayor and City Council
THROUGH: Finance Committee
FROM: Department of Finance
SUBJECT: AMENDMENTS TO THE FISCAL YEAR 2013 ADOPTED OPERATING BUDGET AND THE CAPITAL IMPROVEMENT PROGRAM

RECOMMENDATIONS:

It is recommended that the City Council amend the Fiscal Year 2013 Operating Budget AND Capital Improvement Program Budget as detailed in the *Proposed Budget Amendments* section of this report.

BACKGROUND:

Routinely, each fiscal year, budget amendments are necessary to account for anticipated revenue and expenditure changes from the authorized budget are presented for City Council approval. The proposed budget amendments to the FY 2013 Budget as adopted by the City Council on June 11, 2012 and the Capital Improvement program Budget are detailed in the *Proposed Budget Amendments* section of this Agenda Report.

Proposed Budget Amendments:

1. Water & Power – Appropriation for Increased Water Costs

Appropriate \$200,000 from the unreserved Light and Power Fund (401/410) balance to the Water and Power Department (8139-401-841200) to cover additional water expenses associated with increased operation of Steam Generator Unit B3 at the City's power plant. To maintain reliability and ensure sufficient generating capacity as a result of the two gas turbine units that have been out of service the department has been operating Unit B3 more than planned. Unit B-3 is a boiler/steam turbine that uses more water than the two gas turbines due to the very large cooling tower necessary to condense steam back into water to be reused in the boiler. This has resulted in the need for an additional appropriation to fund the increased water costs being experienced during FY 2013. The Light and Power Fund has a sufficient unreserved fund balance to support these additional operating expenditures.

2. Police – Increase and Adjust America Recovery and Reinvestment Act (ARRA) Justice Assistance Grant (JAG) Revenues and Appropriations

(a) Transfer within the Police Department America Recovery and Reinvestment Act (ARRA) Justice Assistance Grant (JAG) revenues totaling \$19,965 and appropriations totaling \$25,000, from the General Fund 101 (Revenues: 6245-101-401100; Expenses: 8018-101-403200) to the ARRA-JAG Fund 110 (Revenues: 6245-110-401100-91138; Expenses: 8018-110-403200-91138). These revenues and expenses were inadvertently included in the FY 2013 Budget General Fund budget but are more appropriately budgeted in the ARRA-JAG Fund 110.

(b) Recognize \$5,035 in the Police Department ARRA JAG Grant Fund (6245-110-401100-91138). This amount reflects the remaining balance of the grant. The ARRA JAG Grant Fund supports approximately 25 percent of five part-time Youth Advisor positions.

3. Housing – Increase Appropriations to Various Affordable Housing Projects

(a) Washington Classics Project – BEGIN and Calhome Funds

Appropriate \$490,000 from Other Housing Funds Fund for the Washington Classics projects as follows: \$330,000 in BEGIN grant funds to 8167-238-684140 and \$160,000 in CalHome grant funds to 8167-238-684140. The Washington Classics project involves the construction and sale of 6 affordable housing units for low- and moderate-income families. The requested appropriation will be used to provide loan assistance for qualified homebuyers in the subject housing project. The loans will be drawn from BEGIN and Calhome funds; these are State grants for which the City applied and received funding allocations in FY 2008 (Calhome) and FY 2011 (BEGIN). The requested appropriation is being made at this time because the project has been completed and is nearing close-out, with the sixth (and final) affordable unit scheduled to be sold by February 2013.

(b) Washington Classics Project – Inclusionary Funds

Appropriate \$74,000 from the Inclusionary Housing Fund unappropriated fund balance to (8167-619-684140) for the Washington Classics project. The Washington Classics project involves the construction and sale of 6 affordable housing units for low- and moderate-income families. Inclusionary Housing funds are local revenues generated through the implementation of the City's Inclusionary Housing program. In those cases, the requested appropriation will be used to provide homebuyer loan assistance on Unit 107 of the subject housing project, as discussed with City Council during action taken at meeting of Oct. 15, 2012 (Agenda Item No. 8).

(c) Herkimer Gardens Project – BEGIN Funds

Appropriate \$586,075 in Other Housing Funds from BEGIN Grant funds to (8167-238-684140) for the Herkimer Gardens project. The Herkimer Gardens project involves the construction and sale of four affordable housing units for low-income families. The requested appropriation will be used to provide loan assistance for qualified homebuyers in the subject housing project. The loans will be drawn from BEGIN funds; these are State grants for which the City applied and received a funding allocation in FY 2011. The requested appropriation is being made at this time because the project has been completed and is nearing close-out, with the fourth (and final) affordable unit scheduled to be sold by the end of this fiscal year.

4. Pasadena Community Access Corporation – Appropriation of Additional PEG Funding

Increase Pasadena Community Access Corporation (PCAC) appropriations by \$201,000, as well as appropriations in the City's Telecommunications Fund (Fund 408) by a like amount. Since these funds are currently accounted for in the City's Telecommunications Fund it is necessary to increase appropriations on a dollar for dollar basis in order transfer the PCAC's budget.

Of the total appropriations, \$126,000 will be used to pay for tenant improvements at PCAC's new facility located at 150 S. Los Robles Ave. Within the next few weeks, PCAC intends to sign a seven-year lease agreement for this location and as part of the lease will be required to do numerous tenant capital improvements to accommodate a television studio and media center.

The balance of the appropriation, \$75,000 will be used to fund a grant request from PCC-TV for new telecommunications equipment. PCC-TV will use its proposed grant to purchase equipment that will be used for field and onsite productions that will help PCC-TV to create compelling content that will inform, entertain, and educate PCC students and the Pasadena community as a whole. In order to create this content, the PCC Performing and Communication Arts Division will create curriculum and a special field production class that will allow students to hone their skills while creating programs for PCC-TV. The use of these funds in this fashion is consistent with the intent of PEG funding.

5. Rose Bowl Operating Company – Appropriation of Additional Bond Funding

Recognize \$30,000,000 in new bond proceeds and appropriate \$20,450,000 to the Rose Bowl Operating Company (RBOC) Rose Bowl Renovation and Improvement Project (CIP #84002). This action will increase authorized project appropriations from \$140,000,000 to \$160,450,000. On January 7, 2013, the City Council authorized the issuance of new Lease Revenue Bonds. In addition to restructuring some existing project debt, these bonds will generate \$30,000,000 in new revenue for the Rose Bowl Renovation and Improvement Project. This action, if approved, will formally amend the project budget to recognize the additional appropriation. A

portion of these new bond revenues will be used to repay a bridge loan from the City with the balance used to resolve the funding shortfall identified in the recently updated 30-year Rose Bowl Stadium pro forma. The unappropriated portion of the bond revenues (\$9,600,000) will be held in fund balance and appropriated as necessary through future City Council actions.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through monitoring the FY 2013 Operating Budget and implementing any necessary amendments.

FISCAL IMPACT:

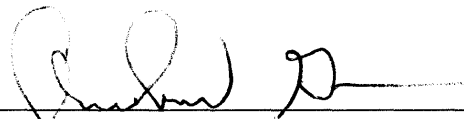
Approval of the proposed budget amendments will increase FY 2013 total authorized operating appropriations across multiple funds and operating companies by \$22,202,075. These increased appropriations costs will be funded through new revenues totaling \$30,206,035 and the use of unreserved available fund balances of \$1,551,075. The following table summarizes the fiscal impact by fund:

Fund	Unreserved Available Fund Balance (as of 7/1/12)	Additional Fund Balance Appropriations	FY 2013 Revenue Amendments	Net New Available Resources	FY 2013 Appropriation Amendments
General Fund (101)	\$4,183,474	\$0	(\$19,965)	(\$19,965)	(\$25,000)
ARRA-JAG (110)	0	0	25,000	25,000	25,000
Other Housing Fund (238)	7,294,978	1,076,075	0	1,076,075	1,076,075
Light and Power Fund (401/410)	25,215,454	200,000	0	200,000	200,000
Telecommunications Fund (408)	995,906	201,000	0	201,000	201,000
Inclusionary Housing Trust Fund (619)	11,458,394	74,000	0	74,000	74,000
Pasadena Community Access Corporation		0	201,000	201,000	201,000
Rose Bowl Operating Company		0	30,000,000	30,000,000	20,450,000
Fiscal Impact Total		\$1,551,075	\$30,206,035	\$31,757,110	\$22,202,075

Note: FY 2013 Appropriation Amendments exceed Net New Available Resources by \$9.6 million primary as a result of the difference between bond proceeds that will be received during the fiscal year and the use of these funds over multiple fiscal years (see Item #5). There is also a minor variance (\$5,035) in Item #2b as a result of grant revenues in excess of the required new appropriations.

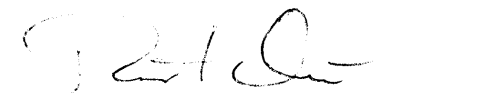
Line item detail of all revenue and expense amendments is provided in *Attachment A: Detail of Proposed Budget Amendments*.

Respectfully submitted,



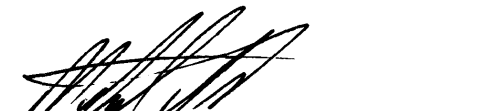
ANDREW GREEN
 Director of Finance
 Department of Finance

Prepared by:



Richard Davis
 Budget Administrator

Approved by:



MICHAEL J. BECK
 City Manager

Attachment: (1)

Attachment A: Detail of Proposed Budget Amendments

Attachment A
Detail of Proposed Budget Amendments

Agenda Report Item #	Department/Fund	Use Available Fund Balance	Revenues			Expenses				
			Account Code	FY 2013 Adopted Budget	FY 2013 Proposed Amendment	FY 2013 Revised Budget	Account Code	FY 2013 Adopted Budget	FY 2013 Proposed Amendment	FY 2013 Revised Budget
Water & Power										
1	Light and Power Fund (401/410)	\$200,000		-	-	-	8139-401-841200	\$250,000	\$200,000	\$450,000
Item #1 Subtotal		\$200,000		-	-	-		\$250,000	\$200,000	\$450,000
Police										
2	General Fund (101)	-	6245-101-401100	\$19,965	(\$19,965)	-	8018-101-403200	\$169,312	(\$25,000)	\$144,312
(a)	ARRA-JAG (110)	-	6245-110-401100	-	\$19,965	\$19,965	8018-110-403200	-	\$25,000	\$25,000
(b)	ARRA-JAG (110)	-	6245-110-401100	-	\$5,035	\$5,035				
Item #2 Subtotal		-		\$19,965	\$5,035	\$25,000		\$169,312	-	\$169,312
Housing										
3	Other Housing Fund (238)	\$330,000		-	-	-	8167-238-684140	\$240,000	\$330,000	\$570,000
(a)		\$160,000		-	-	-	8167-238-684140	\$240,000	\$160,000	\$400,000
(b)	Inclusionary Housing Trust Fund (619)	\$74,000		-	-	-	8167-619-684140	-	\$74,000	\$74,000
(c)	Other Housing Fund (238)	\$586,075		-	-	-	8167-238-684140	\$240,000	\$586,075	\$826,075
Item #3 Subtotal		\$1,150,075		-	-	-		\$720,000	\$1,150,075	\$1,870,075
Pasadena Community Access Corporation										
4	Telecommunications Fund (408)	\$201,000		-	-	-	8114-408-145120	-	\$201,000	\$201,000
	Pasadena Community Access Corporation			-	\$201,000	\$201,000		-	\$201,000	\$201,000
Item #4 Subtotal		\$201,000		-	\$201,000	\$201,000		-	\$201,000	\$201,000
5	Rose Bowl Operating Company			-	\$30,000,000	\$30,000,000	CIP # 84002	\$140,000,000	\$20,450,000	\$160,450,000
Item #5 Subtotal		-		-	\$30,000,000	\$30,000,000		\$140,000,000	\$20,450,000	\$160,450,000
Grand Total		\$1,551,075		\$19,965	\$30,206,035	\$30,226,000		\$141,139,312	\$22,202,075	\$163,341,387

Note: The amount included under FY 2013 Adopted Budget for Item #5 is the current authorized appropriation for the entire Rose Bowl Renovation Project and is not fiscal year specific.