

Agenda Report

June 23, 2014

TO: Honorable Mayor and City Council
THROUGH: Finance Committee
FROM: Department of Finance
SUBJECT: AMENDMENTS TO FISCAL YEAR 2014 OPERATING BUDGET

RECOMMENDATIONS:

It is recommended that the City Council amend the Fiscal Year 2014 Adopted Operating Budget as detailed in the Proposed Budget Amendments section of this report.

BACKGROUND:

Routinely, each fiscal year, budget amendments necessary to account for anticipated revenue and expenditure changes from the authorized budget are presented for City Council approval. The auditors use the budget numbers formally adopted and adjusted by City Council for budget-to-actual comparison in the City's Comprehensive Annual Financial Report (CAFR); therefore, staff typically presents a final set of budget adjustment recommendations to City Council at their last meeting of the fiscal year so the revised numbers will be reflected in the CAFR. This agenda report details proposed changes to the Fiscal Year (FY) 2014 Operating Budget as adopted by the City Council on June 10, 2013 and as revised by City Council throughout the fiscal year. The proposed amendments are detailed in the following section.

PROPOSED BUDGET AMENDMENTS

1. Information Technology Department – Radio Services Contract with City of Montebello

Recognize revenues in the amount of \$120,000 (6574-501-392120 – Inf Radio) and increase appropriations in the amount of \$50,000 (8114-501-392120 – Inf Radio) in the Computing & Communications Fund (501) for the Information Technology Department (DoIT) to reflect the fiscal impact of a new radio services agreement with the City of Montebello. On March 17, 2014 City Council authorized an agreement with the City of Montebello to provide ongoing maintenance of

Montebello's radio communications infrastructure, radio equipment for their Fire, Police, and Public Works departments, and radio equipment for Montebello's bus lines. As stated in the agenda report authorizing this agreement, because of the urgent need for support, DoIT staff commenced providing support for Montebello's radio communications system on July 1, 2013. DoIT staff estimates that for FY 2014 costs will total nearly \$50,000. The balance of FY 2014 revenues will be used to provide additional support to Montebello for specific tasks, to fund a portion of DoIT's overhead costs, or increase the available unrestricted fund balance in the Computing & Communications Fund (501) for contract-related expenses incurred in future fiscal years.

2. Transportation Department – Jobs Access and Reverse Commute Funding

Recognize and appropriate \$634,513 in the Transportation Department in the Proposition C Fund (Fund 209) Job Access and Reverse Commute (JARC) funds to revenue account 6374-209-775600 - ARTS Circulator and expenditure account 8114-209-775600 - Administration – Prop C. JARC grants are awarded by the Federal Transit Administration through the Los Angeles County Metropolitan Transportation Authority (Metro) to improve public transit access to jobs. These JARC funds are to increase local transit capacity for a total of three years on the Pasadena Area Rapid Transit System (ARTS) Route 20 for improved jobs access in Northwest Pasadena. On December 3, 2012 City Council approved all agreements with Metro for these grant funds.

3. Transportation Department – Reduce Measure R Fund Transfer to Proposition C Local Transit Fund

Decrease revenues and appropriations by \$150,827 for the Transportation Department associated with the transfer for Measure R funding from the Measure R Fund (8715-236-775600 – ARTS Circulator) to the Proposition C Local Transit Fund (6899-209-775600 – ARTS Circulator). Measure R Funds are budgeted to be transferred to the Proposition C Local Transportation Fund (Fund 209) to support ARTS transit services. FY 2014 receipts in the Measure R Fund are projected to be lower than budgeted. This action will reduce transfers out and avoid a year-end deficit in the Measure R Fund. There remains sufficient funding in the Proposition C Local Transportation Fund (Fund 209) to ensure ARTS transit services will not be impacted by this budget amendment.

4. Transportation Department – Increase Revenues in the Off Street Parking Facilities Fund

Recognize revenues of \$579,800 for the Transportation Department in the Off-Street Parking Facilities Fund (Fund 407) in accounts 6928-407-774510 – Schoolhouse Block Parking Structure (\$353,600) and 6928-407-774511 – Delacey Parking Structure (\$226,200). This increased revenue is from interest earnings received on Recognized Obligation Payments approved by the Successor Agency and the State Department of Finance.

5. Transportation Department – Off Street Parking Facilities Fund Transfer to the General Fund

Recognize revenues in the General Fund (Fund 101) and increase appropriations in the Off Street Parking Facilities Fund (407) for the Transportation Department by \$1,979,903. This transfer is for the repayment of debt service paid by the General Fund on behalf of the Off Street Parking Facilities Fund (407) for Old Pasadena Parking Garages. Sufficient fund balance is available in the Off Street Parking Facilities Fund (407) to accommodate this request. Appropriations will increase by \$989,951 in account 8677-407-774510 - Schoolhouse Block Parking Structure and \$989,952 in account 8677-407-774511 - Delacey Parking Structure. Revenues of \$989,951 will be recognized in account 6927-101-774510 - Schoolhouse Block Parking Structure and \$989,952 will be recognized in account 6927-101-774511 - Delacey Parking Structure.

6. Transportation Department – Civic Center Parking Meter Fund Transfer to the Off Street Parking Facilities Fund

Recognize revenues in the Off Street Parking Facilities Fund (407) and increase appropriations in the Civic Center Parking Meter Fund (214) for the Transportation Department by \$238,863. This transfer is for the repayment of a short-term loan. The loan was approved by City Council on April 22, 2013 for the purchase of meters by Civic Center Parking Meter Fund (214). This action will increase appropriations in account 8716-214-774311 - Civic Center Parking Meters and recognize revenues in account 6883-407-774500 - Old Pasadena Parking Structure.

7. Transportation Department – Increase Civic Center Parking Fund Revenues

Recognize revenues in the amount \$350,708 for the Transportation Department in account 6841-214-774311 (Civic Center Parking Meters). These revenues represent the proceeds from the lease purchase agreement with JP Morgan/Chase for parking meter equipment authorized by City Council on July 8, 2013.

8. Human Resources – Consultant Services

Appropriate \$140,000 in the General Fund (101) for the Human Resources Department (8115-101-482000 – Labor Relations) to address unanticipated FY 2014 costs for consultant services. There are two issues driving this request: 1) \$90,000 of expenses incurred in FY 2013 were paid in FY 2014; and, 2) \$50,000 for increased support of labor negotiations with eight of the City's bargaining units. The FY 2014 General Fund forecast indicates there are sufficient revenues to support this increased expenditure without a resulting General Fund deficit.

9. Water & Power Department – Revise Budget Associated with the Green House Gas Cap and Trade Program

Reduce revenues by \$3,000,000 and appropriations by \$1,660,000 in the Water & Power Department to reflect anticipated actual Green House Gas Cap and Trade program experience. At the time the FY 2014 budget was prepared, Water & Power's market exposure risk under the Green House Gas Cap and Trade program and the impact of California Air Resources Board (CARB) auctions were unclear. The retail and wholesale expense are being reduced due to price reduction in the carbon market since the FY 2014 budget adoption and the change of allocation of allowances between wholesale and retail. Revenue reductions will be made in account 7127-401-841910 - Energy Charge Summary. Appropriation reductions will be made in 8263-401-841910 - Energy Charge Summary (\$600,000) and account 8283-401-841910 - Energy Charge Summary (\$1,060,000). It is anticipated that revenue in other areas will address the shortfall by the end of the fiscal year.

10. Water & Power Department – Increased Purchased Water Expenses

Appropriate \$2,000,000 to the Water & Power Department (PWP) from the Water Fund (402) unreserved fund balance. This increased appropriation is necessary to cover an increase in Purchased Water expense (8139-402-881000 – Water Engineering). PWP has relied on greater use of purchased water as a result of higher than anticipated water demand, decreased local well production due to various well repairs, and a drop in groundwater levels generally affecting performances of running wells.

11. Rose Bowl Operating Company (RBOC) – Miscellaneous Budget Adjustments

Recognize revenues in the amount of \$8,626,561 and appropriate \$7,372,371 in additional expenses to the Rose Bowl Operating Company's FY 2014 Budget. The additional revenues are the result of Legacy Revenue and the Concessionaire's Investment to support the Renovation Project (\$5,165,274) and higher than anticipated event revenues generated by increased quality of events (\$3,461,287). The increased appropriations support the Renovation Project in the amount of \$5,165,274, for additional event-related expenses in the amount of \$1,711,288 and for non-event expenses such as an Environmental Impact Report and traffic studies

related to the music festival, increased utilities costs, maintenance agreement for the new video and score boards, and unanticipated legal fees in the amount of \$495,809. These increased expenses will be partially offset by lower debt service resulting from the recalculation of the payment schedule on one of the bonds.

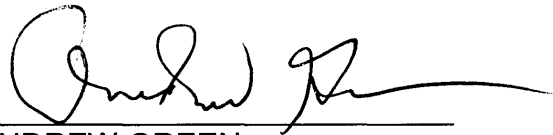
COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through monitoring the FY 2014 Operating and Capital Budgets and implementing any necessary amendments.

FISCAL IMPACT:

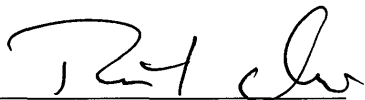
Approval of the proposed FY 2014 Operating Budget amendments will increase total authorized citywide revenues by \$752,960 and appropriations by \$3,232,452 and increase RBOC revenues by \$8,626,561 and appropriations by \$7,372,371. (See Attachment 1 for additional details.)

Respectfully submitted,




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for 
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