



Agenda Report

September 24, 2018

TO: Honorable Mayor and City Council
THROUGH: Finance Committee
FROM: Department of Finance
SUBJECT: AMENDMENTS TO FISCAL YEAR 2019 ADOPTED OPERATING BUDGET

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. Approve amending the Fiscal Year (FY) 2019 Adopted Operating Budget as detailed in the following report.

EXECUTIVE SUMMARY:

Throughout the fiscal year, budget amendments are necessary to account for unanticipated changes to the adopted budget. These revenue and appropriation amendments are presented to the City Council for consideration. This agenda report includes proposed amendments to the FY 2019 Operating Budget as adopted by the City Council on June 18, 2018. These proposed budget amendments fall into one of the following categories:

- Re-appropriations or "carry-forwards" of previously approved appropriations from the FY 2018 budget that were unexpended as of June 30, 2018 (purchase orders, contracts, and grants), where sufficient funding was available in the account, and are now anticipated to be expended during FY 2019. As detailed in *Attachments A and B* of this report, approval of the proposed carry-forwards will increase FY 2019 total authorized operating appropriations across multiple funds by a net amount of \$4,019,752 and will authorize an increase of 1.00 Full-Time Equivalent (FTE); or
- Amendments to the FY 2019 Operating Budget based on information that was not available when the operating budget was presented to the City Council for

adoption on June 18, 2018. As detailed in *Attachment C* of this report, approval of the proposed budget amendments will increase FY 2019 total authorized operating appropriations across multiple funds by a net amount of \$346,520.

Proposed Carry-Forward Items

1. **Carry-Forward of FY 2018 Purchase Orders and Contracts** – The Department of Finance recommends appropriations in the amount of \$4,019,752 be carried forward from FY 2018 to FY 2019 throughout various funds. As detailed in *Attachment A*, the recommended appropriations represent 26 contractual obligations where goods or services were ordered in FY 2018, but will not be received until FY 2019.
2. **Carry-Forward of FY 2018 Grants** – The Department of Finance recommends recognizing revenue and appropriating \$980,245 to carry forward grants from FY 2018 to FY 2019 throughout various funds. This includes a new limited-term 1.00 FTE Graduate Management Intern (GMI). The GMI was not anticipated when the grant was originally received; however, due to greater understanding of the scope of work, the staffing model has now changed. As detailed in *Attachment B*, the recommended appropriations represent the remaining balance of seven FY 2018 grants.

Proposed Budget Amendments

3. **Purchase of a Heavy Duty Forklift** – Pasadena Water and Power Department (PWP) recommends appropriating \$305,000 from unappropriated fund balance in the Power Capital Fund (65%) and Water Capital Fund (35%) to provide funding for the purchase of a heavy duty/electric forklift. PWP previously had a Gradall material handler that served the needs of the Warehouse Section (Warehouse) for 32 years and is currently non-operational. The lifting capacity needed by Warehouse has increased to 19,000 pounds to lift the heavy reels of copper cables. To safely perform these requirements, Warehouse needs to purchase a forklift with a minimum capacity of 20,000 pounds. Currently, Warehouse is renting a unit to address its needs at the rate of \$3,000 per month, or \$36,000 per year. In FY 2018, \$100,000 was appropriated for the purchase of a new forklift. Warehouse posted a bid for a heavy duty forklift on Planet Bids, but received no responses. After canvassing several vendors, it was determined that the current projected cost of a heavy duty/electric forklift is about \$305,000 after taxes and registration.
4. **Rotating Public Art Exhibition Program Phase III** – The Planning and Community Development Department recommends appropriating \$45,000 from the unappropriated fund balance of the Cultural Trust Fund. These funds will be used to install three remaining site-specific art pieces, promotional materials, and for the dedication event. A one-time appropriation of \$95,000 was budgeted in FY 2017 then carried forward to FY 2018 with \$41,000 unspent at end of

FY 2018. The project budget was not completely spent in FY 2018 due to delays with the artist selection process, artist contracting, securing a general contractor, and completion of the art pieces.

5. **Purchase Two Electric Vehicles** – Pasadena Water and Power Department (PWP) recommends appropriating \$35,000 from the Power Operating Fund to the Power Capital Fund to provide funding for the lease-end purchase of two Volkswagen eGolf Electric Vehicles. PWP leased these two vehicles for engineering and field operations in Power Delivery for the past three years. The leases will end in September 2018 and PWP determined that it would be cost effective to purchase the leased vehicles due to their pristine condition, low mileage, and high resale value. Purchase of the vehicles will be in lieu of procuring new electric vehicle leases. The electric vehicles have approximately 6,000 miles each and no maintenance was required during the lease period. The estimated purchase price is approximately \$12,000 plus taxes and fees per each vehicle. The estimated trade-in value of each vehicle is between \$13,647 and \$15,118 with retail values starting at \$15,000 or more with double the mileage.
6. **State Office of Traffic Safety (OTS), Selective Traffic Enforcement Program (STEP) Grant** – The Police Department recommends recognizing revenue and appropriating \$33,752 in the General Fund. OTS awarded \$380,000 to the Police Department to conduct Driving Under the Influence checkpoints and speed education and enforcement programs. The grant period runs from October 1, 2018 to September 30, 2019. During the budget process, only \$346,248 was included in the FY 2019 Operating Budget; therefore, the remaining balance of \$33,752 needs to be recognized and appropriated.
7. **Real Estate Fraud Prevention Grant** – The Police Department recommends recognizing revenue and appropriating \$20,000 in grant funds in the General Fund. Los Angeles County awarded funds to provide funding for work related to real estate fraud. The grant will support costs related to travel, training, and supplies and will partially fund four existing police officer positions whose responsibilities include investigation of fraud-type crimes and real estate fraud cases on a citywide basis.
8. **Office Space Rental Income at Central Library** - The Library and Information Services Department recommends recognizing revenue of \$18,480 in the Library Services Fund for rental income received. The Library recently entered into a contract with Southern California Library Cooperative (SCLC) for rental and usage of office space at the Central Library for SCLC staff use.
9. **City Attorney Services for Rose Bowl Operating Company** - The Department of Finance recommends reducing revenue by \$15,000 in the General Fund for City Attorney services provided by the City on behalf of the Rose Bowl Operating Company. Due to administrative oversight during the FY 2019 Operating Budget adoption, the revenue for billable City Attorney services was budgeted at \$80,000 instead of the agreed upon amount of \$65,000.

- 10. Purchase of K-9 Vehicle and Equipment** –The Police Department recommends recognizing revenue and appropriating \$7,179 to the General Fund. The Department recently received money from the Police Foundation for the lease-end purchase of a K-9 vehicle (\$6,556) and equipment for the Special Investigations Unit (\$623).

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced by monitoring the FY 2019 Adopted Operating Budget and by implementing necessary budget amendments.

FISCAL IMPACT:

As detailed in *Attachments A and B* of this report, approval of the proposed carry-forward items will increase FY 2019 total authorized operating appropriations across multiple funds by \$4,999,997, which will be offset through increased revenues of \$980,245.

As detailed in *Attachment C*, approval of the proposed budget amendments will increase FY 2019 total authorized operating appropriations across multiple funds by \$410,931. In addition, revenue will increase by \$64,411.

The unappropriated fund balance of the General Fund will decrease by \$15,000.

Full-Time Equivalents will increase overall by 1.00 FTE.

The budget amendments included in this agenda report are not anticipated to impact existing FY 2019 budgeted indirect and support costs such as maintenance and DoIT support.

Respectfully submitted,


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Approved by:


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Attachments: (3)

- 1) Attachment A: Listing of Carry-Forward Purchase Orders and Contracts
- 2) Attachment B: Listing of Carry-Forward Grants
- 3) Attachment C: Summary of Proposed FY 2019 Budget Amendments