



# Agenda Report

June 17, 2019

**TO:** Honorable Mayor and City Council

**FROM:** Department of Finance

**SUBJECT: ADOPTION OF FISCAL YEAR 2020 OPERATING BUDGET AND  
RESOLUTION DETERMINING THE AMOUNT OF ANNUAL  
TRANSFER FROM THE POWER FUND**

## **RECOMMENDATIONS:**

It is recommended that the City Council:

1. Close the public hearing and adopt by resolution the City's Fiscal Year 2020 Operating Budget as presented in the April 29, 2019 City Manager's Recommended Budget or as subsequently amended during the budget hearing process; and
2. Adopt a resolution determining the amount to be transferred from the Light and Power Fund to the General Fund is 10 percent of gross revenues from retail sales for Fiscal Year 2020.

## **BACKGROUND:**

On April 29, 2019, the City Manager submitted the Recommended Fiscal Year (FY) 2020 Operating Budget in compliance with the requirements set forth in Section 904 of the City Charter. The budget represents the City's financial plan for FY 2020 and furthers the City's mission to deliver exemplary municipal services responsive to our entire community and consistent with the City's history, culture, and unique character. In addition to the City's anticipated operating revenues and expenses, the Recommended FY 2020 Budget includes the FY 2020 appropriations for the FY 2020-2024 Capital Improvement Plan (CIP) and the City's affiliated agencies (Rose Bowl Operating Company, Pasadena Center Operating Company, and Pasadena Community Access Corporation).

Since April 29, 2019, the Finance Committee and the City Council conducted six joint meetings for the recommended budget (May 6; May 13; May 20; June 3; June 10; and June 12, 2019). The Operating and CIP budgets for City

departments and affiliated agencies were reviewed and discussed. Many questions and requests for additional information were posed by the City Council during the budget hearings, and written responses were provided by staff at the June 12<sup>th</sup> meeting.

The Recommended FY 2020 Operating Budget achieves the City Council's strategic goal to maintain a balanced General Fund budget and continues to address increasing personnel costs, aging infrastructure, unfunded liabilities, and reserves. After thorough discussions and deliberations, the budget is being forwarded to the City Council for adoption.

During the public hearing process, one department identified adjustments to its original submission of the Recommended FY 2020 Operating Budget.

- Pasadena Public Health Department

Increase recommended revenues by \$368,919 and recommended appropriations by \$298,250 in the Public Health Fund (203), as additional funding from Los Angeles County and First 5 LA was authorized for the Black Infant Health (BIH) Program through June 30, 2020.

Increase the total Full-Time Equivalents (FTEs) in the Public Health Fund by 3.25 FTEs. This includes three new, limited-term positions (1.0 Community Services Representative II, 1.0 Social Worker, and 1.0 Program Coordinator I) supported by the supplementary funding for BIH, and an additional 0.25 FTE to make the Deputy Director of Public Health position whole at 1.0 FTE (budget neutral due to the recent reclassification no longer requiring a medical background; previous classification was Health Officer/Deputy Director).

*Attachment A* summarizes the citywide Recommended FY 2020 Operating and CIP Budget Appropriations by department and affiliated agencies. *Attachment B* is the General Fund Five-Year Financial Forecast which continues to be the basis for determining the long-term impact of financial decisions and planning.

Regarding recommendation number 2, pursuant to Pasadena Municipal Code Section 4.1 00.020, the maximum aggregate amount available for the Light and Power Fund transfer is calculated by multiplying the annual gross electric retail income by 8 percent and comparing the amount so calculated to the accrual year's actual net income, for a combined total transfer of 16 percent. The City Council shall by resolution transfer the lesser of the two amounts. However, the City Council may transfer an amount other than that figure if the Council determines that it would not be detrimental to the functioning and administration of the power utility during the budget year under consideration.

For Fiscal Year 2020, staff is recommending that the City Council adopt a resolution transferring a combined amount equal to 10 percent of estimated gross revenues, or \$17,388,144.

**COUNCIL POLICY CONSIDERATION:**

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through adoption of the FY 2020 Recommended Budget.

**FISCAL IMPACT:**

**Total Budgeted Appropriations**  
(including Affiliated Agencies and CIP)

in millions

	<b>FY 2018 Actuals</b>	<b>FY 2019 Adopted</b>	<b>FY 2020 Recommended</b>
General Fund	\$259.1	\$246.1	\$274.4
All Funds	\$811.9	\$816.7	\$872.5

**Full-Time Equivalent Positions**  
(including Affiliated Agencies)

	<b>FY 2018 Adopted</b>	<b>FY 2019 Adopted</b>	<b>FY 2020 Recommended *</b>
General Fund	983.75	974.91	1,002.80
All Funds	2,171.26	2,181.57	2,272.70

\*Includes previously "non-budgeted" positions (56.00 FTE MASH trainees, 8.00 FTE Firefighter trainees, 12.42 FTE Retirees). There are no appropriations budgeted for these positions – only the FTE authorization to meet ERP system requirements.

Respectfully submitted,



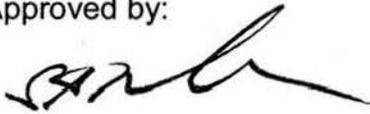
**MATTHEW E. HAWKESWORTH**  
Director of Finance  
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Prepared by:



**Timothy Park**  
Budget Administrator

Approved by:



**STEVE MERMELL**  
City Manager

Attachments: (2)

- 1) Attachment A: FY 2020 Appropriations by Department
- 2) Attachment B: General Fund Five-Year Financial Forecast and Summary of Assumptions