

Agenda Report

DATE: JUNE 23, 2003

TO: CITY COUNCIL
THROUGH: Finance Committee

FROM: CITY MANAGER

SUBJECT: ADOPTION OF THE FISCAL YEAR 2004 OPERATING BUDGET

RECOMMENDATION

It is recommended that the City Council adopt by resolution the City's fiscal year 2004 Operating Budget as detailed in the attached Exhibit A and as amended by the recommended modifications outlined in the Background section of this report.

BACKGROUND

On May 19, 2003 the City Manager submitted the Recommended Fiscal Year 2004 Operating Budget in compliance with the requirements of the City Charter. Since that date, joint meetings between the Finance Committee and the City Council were held to review and discuss the recommended budget for each City department, as well as the two operating companies.

With the adoption of the Operating Budget the Stabilization Reserve will be funded at an \$8 million level. Although these funds will be appropriated, with the adoption of the Recommended Budget the City Council is authorizing staff to transfer and/or expend up to \$4 million of these funds should such transfer or expenditure become necessary as a result of the state budget.

The following summarizes the changes between the Recommended Operating Budget submitted by the City Manager on May 19th and the revised recommended budget. Except where otherwise noted all changes are in the General Fund:

1. Include funding in the amount of \$155,000 in the Human Services and Recreation Department, to support the crossing guard program. The recommended budget of May 19th had proposed that responsibility for the crossing guard program be shifted back to the City from the School District

and converted into a program staffed with volunteers. After discussions with the Finance Committee and input from the School District, it is recommended that these funds be reprogrammed in the budget, but remain on the list of possible future reductions should the state budget crisis result in a loss of more than \$5.2 million.

2. Include funding in the amount of \$18,480 in the Non-departmental portion of the General Fund operating budget to support Project DAY. The recommended budget of May 19th proposed eliminating this funding, as the City was not utilizing the services provided by Project DAY. Upon further review, it was determined that the Project DAY is a Joint Powers Authority to which the City belongs and as such it is not appropriate to recommend eliminating the City's contractual contribution on the basis of whether or not the City utilizes the services of Project DAY.
 3. Reduce funding in the following amounts and in the following departments in order to achieve a total of \$2.5 million in July 1 budget reductions in light of the restoration of funds for crossing guards and Project DAY discussed above.
 - \$72,224 in the Public Works Department Street Light and Traffic Signal Program and defund a vacant Street Light & Signal Repairer position.
 - \$71,463 in the Finance Department thereby reducing less frequently used early morning and late evening hours as well as Saturday hours in Municipal Services. The Water and Power Department will conform the hours of its credit section, which is also located in City Hall Municipal Services lobby, thereby reducing expenses by \$12,000 in its operating budget.
 - \$24,300 in the Human Services and Recreation Department that was added to the fiscal year 2003 budget for domestic violence counseling and emergency shelter vouchers.
 - \$11,775 in the Human Services and Recreation Department thereby reducing Neighborhood Connections mailing from biweekly to monthly and the Jackie Robinson Center newsletter from bimonthly to quarterly.
 - \$6,200 in the Public Works Department, thereby eliminating weekend removal of illegal signs.
 4. Remove the request to add a police officer at a cost of \$103,360 and to recognize additional false alarm fee revenue in the amount of \$123,000 from the Police Department's operating budget. The recommended budget was prepared based on the assumption that the City Council would approve a change in the City's policy regarding the billing of false alarms
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and that this change would provide for the addition of a police officer to help offset the operational impact of responding to the large number of false alarm calls.

The City Council will be asked to consider the recommendation to modify the City's false alarm policy separately from the consideration of the operating budget and therefore it is being removed from the budget discussion.

5. Eliminate 1.0 FTE in City Clerk's Office. As a result of a retirement in the City Clerk's Office announced subsequent to the submission of the Recommended Budget, a Staff Assistant III is being recommended for elimination. The funding for this position will remain in the budget to cover the cost of the separation incentive provided by the City.
6. Reduce Non-departmental expenses in the General Fund by \$448,049 to correct amounts for debt service. General Fund debt service is budgeted in the Non-departmental portion of the budget. The recommended budget of May 19th inadvertently included as part of the General Fund portion of debt service for the 1996 Multipurpose Certificates of Participation and the 2001 Refunding of Certificates of Participation \$448,049 that is attributable to non-general funds and which were included in the respective budget for these funds. The correct debt service amount had been included in the various versions of the 5-year financial plan presented to the City Council.
7. Increase appropriations in the Planning & Development Department (Rental Assistance Fund) by \$28,021 to provide for equity adjustments for Housing Assistant I, II, III & IV job classes which were part of the PACTE MOU and approved by City Council on April 14, 2003 but not included in the May 19th recommended budget.
8. Reduce appropriations to the Planning and Development Department by \$2,175,000, in the Housing Opportunity Fund, thereby changing the recommended Operating Budget for Planning and Development from \$63,606,794 to \$61,431,794, not including item number 8 above. Appropriations of \$2 million to the Heritage Square Project and \$175,000 for Emergency Homeless Assistance related to Washington Theater were approved during fiscal year 2003 as well as included in the fiscal year 2004 Operating Budget. As a result appropriations for the Housing Opportunity Fund for FY 2004 were overstated in the May 19th recommended budget.
9. Reduce funding in the amount of \$7,886 in the City Manager's Office for the residents survey. As discussed at the joint City Council – Finance Committee meeting, the survey will be performed biannually as opposed to annually.

10. Revise revenues and appropriations for the Rose Bowl Operating Company from \$9,083,249 and \$8,588,908 respectively to \$9,267,489 and \$8,678,095. Since the submission of the recommended operating budget on May 19th, the RBOC staff and Board have reviewed its budget and made a number of revisions resulting in a change in anticipated revenues and expenses.
11. Reduce the number of FTEs for the Pasadena Center Operating Company from 111 for 101. The Recommended Operating Budget for the Pasadena Center Operating Company inadvertently listed the number of FTEs as 111, when 101 is the correct figure.
12. Increase refuse rates for both residential and commercial collection services by 3.55% effective July 1, 2003 and amend the General Fee Schedule to include residential and commercial refuse collection services fees.

In May 2002, the City Council approved a series of measures intended to correct the cash deficit in the Refuse Fund by the end of a three-year period. Included in those recommendations was the need to annually increase residential and commercial refuse collection service rates so that revenue would keep pace with the rising cost of providing the service.

Based on the recommendations residential and commercial refuse collection service rates were increased last year 5.3 percent. At this time staff recommends that these rates be increased by 3.55 percent, which reflects the change in the Consumer Price Index between March 1, 2002 and March 1, 2003 and is equal to the increase in the City's schedule of taxes, fees and charges and general fee Schedule. For residential customers, depending on the size of their refuse container, this will result in an increase of \$0.35 to \$0.91 per month. This rate increase will allow the Refuse Fund to continue to improve its financial performance.

13. Authorize an amendment to lease agreement number 9706, between the City and the Norton Simon Museum of Art increasing the monthly amount paid by the City to Norton Simon for landscape maintenance to \$7,732.

The lease between the City and the Norton Simon Museum of Art has been in place since 1975. In 1990 the lease was amended to provide among other things, that the City pay Norton Simon \$3,000 per month (adjusted annually by the change in CPI) for the cost of landscape maintenance.

In October 2000, as a result of significant improvements and renovations of the museum grounds, most notably the replacement of a fountain with a

natural-type pond complete with plants and fish, additional funding was programmed in the City's operating budget, in the Public Works Parks Division, to cover the increased cost associated with maintaining the new grounds. These funds, which total \$92,784 have been included in each successive annual operating budget and are included in the Recommended Fiscal Year 2004 Operating Budget. However, the actual lease agreement between the City and Norton Simon has not been updated to reflect the current level of support provided by the City. With the adoption of the recommended budget, it is recommended that the City Council authorize an amendment to the lease agreement thereby making it consistent with the budget and practice. As these funds are already included in the recommended operating budget, this request does not increase appropriations.

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FISCAL IMPACT

Approval of the above recommendations will establish the Fiscal Year 2004 budget as illustrated in the following tables:

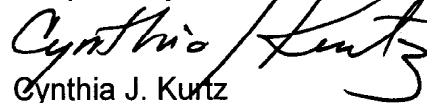
Total Appropriations

Operating Budget	Adopted Fiscal Year 2003	Revised Fiscal Year 2003	Recommended Fiscal Year 2004 – as submitted May 19 th	Recommended Fiscal Year 2004 – as proposed June 23 rd
All Funds	\$439,767,485	\$441,186,920	\$468,436,678	\$465,807,109
General Fund	\$159,672,158	\$160,209,671	\$172,637,905	\$172,006,128

Total Full-Time Equivalent Positions

Operating Budget	Adopted Fiscal Year 2003	Revised Fiscal Year 2003	Recommended Fiscal Year 2004 – as submitted May 19 th	Recommended Fiscal Year 2004 – as proposed June 23 rd
All Funds	2,234.13	2,257.43	2,297.27	2,286.27
General Fund	1,057.81	1,067.76	1,066.90	1,065.90

Respectfully submitted,



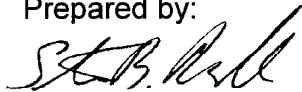
Cynthia J. Kurtz
City Manager

Approved by:



Jay M. Goldstone
Director of Finance

Prepared by:



Steve Mermell
Budget Administrator