

Agenda Report

TO: CITY COUNCIL **DATE:** MARCH 14, 2005

FROM: CITY MANAGER

SUBJECT: ADOPTION OF A RESOLUTION DETERMINING ADDITIONAL AMOUNTS TO BE TRANSFERRED AND TRANSFERRING SAID AMOUNTS FROM THE LIGHT AND POWER FUND TO THE GENERAL FUND FOR FISCAL YEAR 2005

RECOMMENDATION

It is recommended that the City Council adopt a resolution determining additional amounts to be transferred and transferring said amounts from the Light and Power Fund to the General Fund for fiscal year 2005.

BACKGROUND

On January 31, the City Council approved a number of actions related to the seismic upgrade and rehabilitation of Pasadena City Hall. One of these actions was to direct the City Attorney to prepare an ordinance increasing the transfer from the Light and Power Fund to the General Fund for fiscal year 2005, to an amount equal to 16% of gross income.

Subsequent to this action, it was determined that an ordinance revision is not required and that adoption of a resolution of the City Council will provide sufficient authority to make the transfer from the Light and Power Fund.

More importantly, it has also been determined that the maximum amount of additional funds available for transfer from the Light and Power Fund to the General Fund this fiscal year is less than the \$8.6 million projected in the agenda report of January 31.

City Charter sections 1407 and 1408 in combination limit the total amount of funds that may be transferred from the Light and Power Fund to the General Fund to 16% of gross income not to exceed net income. The \$8.6 million figure was based on 16% of gross income, however, based on the net income of the Light and Power Fund, the maximum amount of additional funds available for this

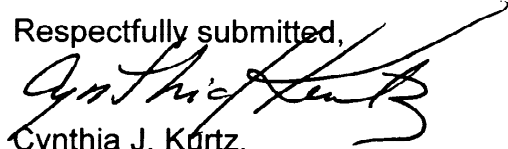
fiscal year's transfer are \$5.1 million. Accordingly, the attached resolution has been drafted to transfer this lesser amount.

In order to remain consistent with the funding plan approved by City Council for the City Hall seismic retrofit project, the recommended fiscal year 2006 operating budget will include the balance (\$3.5 million) of the total \$8.6 million additional transfer from the Light and Power Fund.

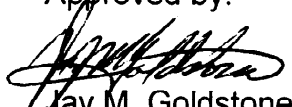
FISCAL IMPACT

Adoption of the proposed resolution will increase the transfer from the Light and Power Fund to the General Fund in fiscal year 2005 by \$5.1 million.

Respectfully submitted,


Cynthia J. Kurtz,
City Manager

Approved by:


Jay M. Goldstone
Director of Finance

Prepared by:


Steve Mermell
Budget Administrator

RESOLUTION NO.

A RESOLUTION OF THE CITY OF PASADENA DETERMINING
ADDITIONAL AMOUNTS TO BE TRANSFERRED AND TRANSFERRING SAID
AMOUNTS FROM THE LIGHT AND POWER FUND TO THE GENERAL FUND
FOR FISCAL YEAR 2005

WHEREAS, Sections 1407 and 1408 of the Charter provide for the transfer of certain amounts from the Light and Power Fund to the General Fund; and

WHEREAS, the amount to be transferred in fiscal year 2005, as determined at the time the City's operating budget for fiscal year 2005 was adopted, was \$10,457,844; and

WHEREAS, in July 2004, \$7,044,954, representing seventy-five percent of this amount, was transferred and \$3,412,890 was transferred in November 2004, following the receipt of a report by an independent certified public accountant on the examination of the books of account of the City's power utility for fiscal year 2004; and

WHEREAS, Section 4.100.020 of the Pasadena Municipal Code provides for a maximum aggregate amount available for transfer pursuant to Sections 1407 and 1408 of the City Charter and further provides that the City Council may by resolution transfer a different amount, not to exceed the net income of the power utility in the preceding fiscal year or the maximum amount allowable under the City Charter, if it determines that such additional transfer would not be detrimental to the functioning and administration of the power utility during the budget year under consideration; and

WHEREAS, the actual net income of the power utility in fiscal Year 2004 was \$15,654,067 and City Council desires to transfer this amount for the reasons set forth in the Agenda Report dated January 24, 2005.

WHEREAS, such transfer will not be detrimental to the functioning and administration of the power utility during said fiscal year:

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena as follows:

1. The amount to be transferred from the Light and Power Fund to the General Fund of the City of Pasadena with respect to which the books of account of the power utility have been audited in accordance with the provisions of Section 1407 of Article XIV of the Charter of the City of Pasadena has been determined to be and hereby is fixed as the sum of \$7,827,033, which represents one-half of net income of the electric works for the immediately preceding fiscal year 2004.

2. The sum of \$7,827,033 hereby is ordered to be and hereby is transferred from the Light and Power Fund to the General Fund of the City of Pasadena less such amounts as were previously advanced. The sum thus advanced and transferred shall be expended for the payment of interest, principal or both due or to become due prior to July 1, 2005 on bonds of the City of Pasadena which are wholly payable out of moneys received from general taxes of the City and for municipal improvements included in the 2005 Budget.

3. The amount to be transferred from the Light and Power Fund to the General Fund of the City of Pasadena with respect to which the books of account of the power utility have been audited in accordance with the provisions of Section 1408 of Article XIV of the Charter of the City of Pasadena has been determined to be and hereby is fixed as the sum of \$7,827,034, which represents one-half of net income of the electric works for the immediately preceding fiscal year 2004.

4. The sum of \$7,827,034 is ordered to be and hereby is transferred from the Light and Power Fund to the General Fund of the City of Pasadena. The sum thus transferred shall be expended for any municipal purpose.

5. It is hereby found and determined that the total amounts hereby transferred, representing the net income of the electric works as allowed by Sections 1407 and 1408 of the City Charter for fiscal year 2005, will not be detrimental to the functioning and administration of the power utility during fiscal year 2005.

Adopted at the regular meeting of the City Council of the City of Pasadena on the _____ day of _____, 2005, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jane L. Rodriguez, CMC
City Clerk

APPROVED AS TO FORM:


Scott D. Rasmussen
Assistant City Attorney