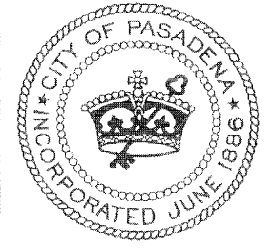
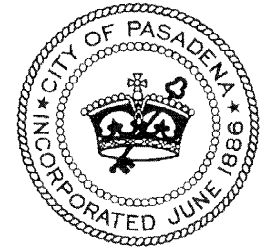
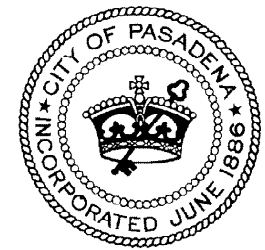
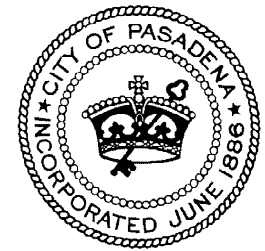
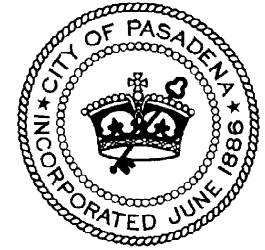
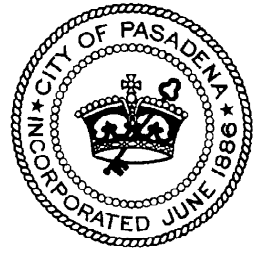


# CITY MANAGER'S RECOMMENDED OPERATING BUDGET

FISCAL YEAR 2006



CITY OF PASADENA, CALIFORNIA

PASADENA CITY COUNCIL

Bill Bogaard, Mayor

Joyce Streater  
**District 1**

Paul Little  
**District 2**

Chris Holden  
**District 3**

Steve Haderlein  
**District 4**

Victor Gordo  
**District 5**

Steve Madison, Vice Mayor  
**District 6**

Sidney F. Tyler Jr.  
**District 7**

Cynthia J. Kurtz  
**City Manager**

Jay M. Goldstone  
**Director of Finance**

Prepared by the Budget Division  
Department of Finance

# TABLE OF CONTENTS

## CITY MANAGER'S TRANSMITTAL LETTER

### DEPARTMENTAL BUDGETS

City Attorney/City Prosecutor	1.0
City Clerk	2.0
City Council	3.0
City Manager	4.0
Finance	5.0
Fire	6.0
Human Resources	7.0
Human Services, Recreation and Neighborhoods	8.0
Information Services	9.0
Planning and Development	10.0
Police	11.0
Public Health	12.0
Public Works	13.0
Transportation	14.0
Water and Power	15.0

### AFFILIATED AGENCIES

Pasadena Center Operating Company	16.0
Rose Bowl Operating Company	17.0

### EXHIBIT A- The Budget In Brief

Statement of Expenses by Fund	18.0
Statement of Revenue by Fund	19.0
Statement of Inter-Fund Transfers	20.0



## **City Manager's Transmittal Letter**

May 9, 2005

### **To the Honorable Mayor and City Council Members of the City of Pasadena:**

#### **INTRODUCTION**

It is my pleasure to submit to you the recommended fiscal year 2006 Operating Budget for the City of Pasadena. The tables below provide a comparison of the budget for the General Fund and all City Funds, as well as a summary of full-time equivalent positions for the City. The information is provided for the adopted fiscal year 2005 budget, the revised fiscal year 2005 budget that reflects budget amendments approved by the City Council during the fiscal year, and the recommended fiscal year 2006 budget.

#### **Total Appropriations**

	Adopted Fiscal Year 2005	Revised Fiscal Year 2005	Recommended Fiscal Year 2006
Operating Budget			
All Funds	476,246,865	479,125,484	508,534,691
General Fund	178,987,929	179,924,406	193,076,357

#### **Total Full-Time Equivalent Positions**

	Adopted Fiscal Year 2005	Revised Fiscal Year 2005	Recommended Fiscal Year 2006
Operating Budget			
All Funds	2,271.971	2,296.341	2,319.325
General Fund	1,051.127	1,054.297	1,053.297

Sufficient funds are available for fiscal year 2006 to support the recommended budget. In addition, the budget begins to restore funding of the 8% General Fund Reserve as discussed later.

**THE FISCAL CLIMATE**

The last few years have been challenging ones for local governments throughout California. A prolonged state budget crisis, which has yet to be fully resolved, triggered a shift in local revenues to the state. As a consequence of these raids on local revenues and the threat of additional transfers, many local governments were forced to reduce expenses in some cases by reducing or eliminating public services, in order to maintain balanced budgets.

Pasadena lost approximately \$1.3 million in General Fund revenue and \$2.7 million in redevelopment funds to the state during this period. Moreover, an additional \$1.8 million in redevelopment funds will be lost in fiscal year 2006. Fortunately, with the guidance of the City Council, a balanced approach that included budget reductions, new revenues, the use of a budget stabilization reserve and shifts in expenses to other non-general funds where appropriate, the City successfully managed this difficult period without significant impacts on City services or the City's workforce.

The passage of Proposition 1A (Protection of Local Government Revenues) in the November 2004 general election ended the period of uncertainty as it relates to the state budget. The Proposition protects local funding for public safety, health, libraries, parks and other vital services and requires the state to fund legislative mandates on local governments or suspend their operation. Despite this major victory for local government and the citizens it serves, the loss of local redevelopment funds remains a continuing threat.

Locally, Pasadena's economy remains strong. The City's unemployment rate is consistently below county and state averages. The local real estate market is competitive, with home values typically above the median for California and office space vacancy rates half of the county average. Building activities are expected to remain largely unchanged from recent prior years and several large educational institutions in the city including the California Institute of Technology, Art Center College of Design and Fuller Theological Seminary, are in various stages of expansion. The City's debt levels remain moderate despite the issuance of \$53 million of bonds to support the seismic retrofit of historic Pasadena City Hall. These factors, coupled with a demonstrated commitment to sound fiscal policies and management, lead two of the major financial rating agencies to upgrade Pasadena's bond ratings, from AA to AA+, which is considerably higher than the State of California's rating and higher than 90% of other cities in California with bond ratings.

While Pasadena's financial outlook appears strong, the City still faces fiscal challenges as the cost of providing services to the public continues to rise. The General Fund five-year financial plan helps guide the development of the Recommended Operating Budget by tracking and trending current and anticipated revenues and expenses. The current five-year projection indicates that the City should finish fiscal year 2005 with positive net income. However, as in prior budgets, revenues are not expected to fully match expenses in fiscal year 2006, and the gap is projected to grow over the next few years. Although a cause for some concern, these projections tend to be conservative and there is every

reason to believe that by continuing to monitor revenues and expenses closely, reducing costs through efficiencies, pursuing new revenues, and if necessary, making reasonable and balanced cost reductions, the overall financial health of the City will stay strong and City services will be maintained. The Recommended Operating Budget for fiscal year 2006 includes both modest reductions aimed at maintaining the City's fiscal discipline, and enhancements intended to further the goals of the City Council as discussed in greater detail below.

Additionally, as mentioned above, the Recommended Operating Budget includes funding to begin the restoration of the 8% General Fund Reserve. City policy calls for a reserve in the General Fund equal to 8% of the current year's appropriations. In fiscal year 2004, as part of the response to the loss of revenues to the state, the City capped the reserve at its then current level of \$13.25 million. This figure represents 7.17% of General Fund appropriations in the fiscal year 2006 Recommended Operating Budget. An additional \$626,000 is included in the Recommended Operating Budget in order to raise the reserve to 7.5% of appropriations. In subsequent fiscal years additional amounts will be added to reach the 8% target by fiscal year 2012.

### **CITY COUNCIL GOALS**

The City Council has established the following goals for the municipal organization and as in prior years, the Recommended Operating Budget is prepared with these goals in mind.

- Assure a Safe and Secure Community
- Foster Economic Prosperity
- Create Neighborhood Vitality and Livability
- Focus on Planning, Programming and Reinvesting in Our Parks and Parklands
- Make Water and Power Utilities Market Competitive
- Create a More Effective, Cost Efficient Government
- Improve Our Public Schools

The following provides examples of how the Recommended Operating Budget furthers these goals. Additional information regarding how the programs of each City department relate to and support the City Council goals is provided in greater detail in the budget document.

#### **Assure a Safe and Secure Community**

No service provided by the City is more important than those that contribute to the safety and security of the community. Pasadena defines public safety to include elements that extend beyond traditional police and fire service to include issues related to public health and youth services. It is estimated that the City spends in excess of \$10 million annually on programs that directly support youth.

This past September, the City Council accepted a series of recommendations from a working group it had assembled to address neighborhood impacts arising from a number of "nuisance" liquor stores. In order to support these recommendations and further

enhance safety and security within the community, in January 2005, the City Council added funding to the budget for overtime, night and weekend code enforcement efforts and directed that a second Neighborhood Action Team, consisting of 5 Police Officers and 1 Sergeant be assembled. Funding for this Team and the ongoing code enforcement efforts are included in the recommended Operating Budget.

The Recommended Operating Budget includes continued funding for other public safety efforts approved in prior years including: The HOPE team, consisting of a police officer and a clinician from the Los Angeles County Department of Mental Health, which provides intervention, referral and/or placement services to protect the community from those, who as a result of a mental disorder, are a danger to themselves or others; the City Resources Against Slum Housing program (CRASH), which provides a coordinated and proactive approach to the enforcement of code violations and slum conditions within the city and the Truancy and Nuisance Abatement programs in the City Attorney's/City Prosecutor's Office and the Tobacco Use Prevention Ordinance which seeks to restrict access to tobacco products by minors and to limit the public's exposure to secondhand smoke.

**Create Neighborhood Vitality and Livability**

In addition to the steps being taken to address the issue of nuisance liquor stores in neighborhoods, the Recommended Operating Budget continues funding for a number of activities and programs that further neighborhood vitality and livability. Through the *Lookin' Good Pasadena* effort issues that negatively impact how our neighborhoods look are being addressed. Specific examples include the highly successful shopping cart retrieval program, the graffiti hotline, which results in 90% of all reported graffiti being abated within 24 hours, and the bulky item pick-up program. Effective code enforcement continues to be a priority with emphasis on unkempt and blighted properties. And the Transportation Department continues to place emphasis on projects and programs to reduce the impact of traffic on neighborhoods.

Maintaining neighborhood vitality and livability includes efforts to encourage the development of housing affordable to a range of households with varying income levels. Coordinating this critical effort will be the responsibility of the newly added Assistant City Manager, thus ensuring that it remains a primary focus for the City.

The ongoing practice of designating historical properties and expanding historical districts continues as a means of recognizing the unique character of Pasadena.



**Foster Economic Prosperity**

The City promotes investment in several targeted areas that increase employment opportunities and create quality services for residents, businesses and visitors. The Recommended Operating Budget supports various programs that encourage economic health and growth in the various revenues that fund municipal services. The fiscal year 2005 adopted budget included a number of programs including:

- Recruitment and Survey Programs for Old Pasadena, South Lake, and the Playhouse retail districts.
- Outreach activities directed to small businesses and particularly the technology sector.
- Programs supporting positive environment for commercial filming and special events.
- Support for redevelopment opportunities in various focus areas.
- Support for emerging business districts in North Lake and Lamanda Park.

The fiscal year 2006 budget includes funding for the continuation of these efforts.

Additionally, in order to ensure that local residents have an opportunity to more fully participate in economic development taking place in Pasadena, the City Council adopted a First Source Hiring Ordinance this past fiscal year. The Ordinance requires that developers obtaining financial assistance from the City agree to hire a specific number of Pasadena residents during the construction phase of the project. Additionally, the City will offer a rebate on construction tax for non-City supported projects that hire local residents. Funding to support this new innovative program including the hiring of a First Source Project Manager, was added during fiscal year 2005 is included in the Recommended Operating Budget.

**Focus on Planning, Programming and Reinvesting in Our Parks and Parklands**

Maintaining and improving City parks and parkland remains a high priority. Beginning in fiscal year 2002, the City undertook a comprehensive, multi-phased program devoted to improving the maintenance of parks and athletic sports fields throughout the City. Despite the loss of revenue to the state, the City has managed to maintain full funding of this program.

The approval of the Lower Arroyo Master Plan, the Hahamongna Watershed Park Master Plan and the Guiding Principles for the Arroyo Seco, in April 2004, set the stage for a series of ambitious improvements in the City's most significant area of parkland. Most recently, work has begun on restoring 20 acres of habitat in the Arroyo Seco by removing concrete and non-native plants south of the Devil's Gate dam, as well as under the Colorado Street Bridge.

The City continues to pursue ways of increasing the amount of parks and open space available for active and passive recreational activities. The Master Plan for the new

Eaton Wash Park has moved into the implementation phase with the construction of a playground, 2.5 acre off-leash dog area, picnic area, restroom and landscaping currently underway. Complementing the new park is a plan to construct a new ice rink facility adjacent. Additionally, this past March the City Council approved the purchase of 29.5 acres of property in the upper Arroyo Seco from the Metropolitan Water District. The Recommended Operating Budget includes funding to undertake a master plan process to include this in the Hahamongna Master Plan.

Additionally, the City is currently in the process of updating the Green Space/Recreation Element of the General Plan as well as creating a comprehensive Recreation and Parks Master Plan. Formerly known as the Open Space Element, the Green Space/Recreation Element will serve as a framework for goals and policies to assure efficient stewardship of the City's green spaces, recreation facilities, and natural resources. This element will incorporate all the existing plans prepared for open space and park areas and will also include several new planning and implementation efforts. The Recreation and Parks Master Plan will further refine and prioritize the City's goals and provide further direction for park improvements. The Master Plan and Green Space/Recreation Element are expected to be completed by the end of 2005.

### **Make Water and Power Utilities Market Competitive**

The Water and Power Department continues to offer customers market competitive rates for water and electricity. In order to help ensure Pasadena a source for reliable, cost-effective energy the City contracted for an approximate 20-megawatt share of the Magnolia Power Plant Project under construction in the City of Burbank. It is anticipated that construction will be completed in June 2005.

Implementation of the Water System Master Plan continues at a steady pace, including the replacement of eight miles of aging water mains. In March of this year the City Council approved the Power System Distribution Master Plan that will result in the replacement and upgrade of infrastructure to maintain service reliability, safety and efficiency. Funding for implementing both the Water System and Power System master plans is provided in the Capital Improvement Program Budget.

**Create a More Effective, Cost Efficient Government**

As an organization, the City continually seeks to improve the way in which it delivers service in order to reduce costs, increase effectiveness and enhance efficiency. Many of the budget reductions made over the past few years were the result of implementing efficiencies. As departments are able to further improve operations, some of the resulting cost reductions will be used to expand services thereby enabling the City to maximize scarce financial resources.

**Improve Our Public Schools**

In addition to services that protect and support youth, the City continues to support the Public Schools directly through a variety of efforts. In fiscal year 2006 the City will complete the distribution of \$437,000 to eight local schools for improvements of playing fields. Additionally, the City is actively assisting the School District in its effort to identify potential sites for the placement of a joint use primary learning center in northwest Pasadena.

**CONCLUSION**

The fiscal year 2006 Recommended Operating Budget represents a carefully crafted approach to furthering City Council goals and maintaining quality service to the community. The energy invested by City staff in bringing together the information and working through the budget decision process demonstrates the high level of competence and commitment of our city employees. The fiscal year 2006 budget is a testament to our continuous effort to improve the way city government does business and to assure that we continue to keep Pasadena a World Class City.

Respectfully Submitted



Cynthia J. Kurtz  
City Manager