

# Agenda Report

September 13, 2010

**TO:** Honorable Mayor and City Council  
**THROUGH:** Finance Committee (September 13, 2010)  
**FROM:** Finance Department  
**SUBJECT:** AMENDMENTS TO FISCAL YEAR 2011 ADOPTED BUDGET

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Amend the Fiscal Year 2011 Adopted Budget as detailed in the Proposed Budget Amendments section of this report and Attachment A.
2. Approve the organizational changes necessary to implement the City Manager's proposed re-organization as detailed in Item 7 of the Proposed Budget Amendments section of this report and Attachment A.
3. Direct the City Attorney to prepare an ordinance amending Municipal Code Chapters 2.270 Planning & Development Department and 2.40 City Manager's Department to reflect the transfer of the Economic Development Division and Northwest Programs Office to the City Manager's Office as well as the renaming of the Planning & Development Department to Planning Department.

## **BACKGROUND:**

Routinely each fiscal year budget amendments necessary to account for anticipated revenues and expenditures are presented for City Council approval. This agenda report details proposed changes to the Fiscal Year (FY) 2011 operating budget as adopted by the City Council on June 21, 2010. The proposed budget changes fall into one of the following three categories:

- Carry forward of previously approved appropriations from the FY 2010 Budget that were unexpended at June 30, 2010 and anticipated to occur during FY 2011;
- Amendments to the FY 2011 Budget based on information that was not available when the budget was presented to the City Council for adoption; and,

- Amendments to the budget as a result of the City Manager's recently announced reorganization that changes the reporting relationship for selected functions within the City Manager, Planning, and Public Works Departments.

The proposed budget amendments are detailed in the following section and in Attachment A.

**PROPOSED BUDGET AMENDMENTS:**

1. Appropriate \$12,989,420 and recognize \$3,195,402 in revenues for the carry forward of expenditures and revenues budgeted, but not realized, in FY 2010. This action will also carry forward dedicated revenues for selected expenditures. Nearly two-thirds of the requested carry forwards (\$8,679,264) are in the Housing Department. These carry forwards are primarily in two funds, Inclusionary Housing Trust Fund (619) and Affordable Housing Capital Projects (810) and are the result of changes in project schedules. Most of the increased appropriations do not result in a fiscal impact to the City because they will be funded by dedicated revenues or the use of un-designated fund balances.

The recommended carry forwards will increase General Fund appropriations by \$830,000. These additional expenditures will be funded through the recognition of nearly \$200,000 of grant revenues and \$630,000 from fund balance. The largest recommended General Fund carry forward is \$400,000 originally appropriated by City Council on February 16, 2010. These funds are for a Joint Use Facilities Agreement with Pasadena Unified School District. As was noted at the time City Council approved the FY 2010 appropriation, the funding for this project will come from the General Fund Reserve for Key Projects. These funds remain in the General Fund balance. Additional General Fund carry forward items include nearly \$200,000 in Police Department grant funded activities, \$160,000 in the Transportation Department for contract service related to the General Plan Mobility Element Update, \$56,000 for Public Works for software licensing related to implementation of a work order tracking system, and nearly \$15,000 for Human Services to fund an extension of the NOW Program through the summer of 2010.

2. Recognize and appropriate \$2,396,617 from the Measure R Fund (236) to fund a transfer to the Proposition C Fund. This funding will be used to support Pasadena Area Rapid Transit System (ARTS) service. Los Angeles County Metro began distributing funds from the Measure R ½ cent sales tax to the City in mid-FY 2010. Similar to the use of Proposition A ½ cent sales tax revenues, Measure R funds are used to support the City's ARTS bus service. All ARTS service related expenses are incurred in the Proposition C Fund. As part of the annual budget development process an appropriation in the Proposition A Fund to authorize the transfer of Proposition A monies to the Proposition C Fund was included. However, because Measure R revenues are new, the FY11 Budget did not include a similar appropriation to transfer Measure R funds to the Proposition C Fund to support

ARTS service costs. The Measure R Fund currently has a balance of \$940,617 from FY10 receipts. The forecasted revenue for the Measure R Fund for FY 2011 is \$1,456,000. If approved, the requested appropriation will authorize the transfer of \$2,396,617 from the Measure R Fund to the Proposition C Fund and be used to fund ARTS service.

3. Recognize and appropriate \$786,719 from the unappropriated Refuse Collection Fund (406) balance for the purchase of five Solid Waste Vehicles. These vehicles are part of the Vehicle Replacement Schedule in the 2010 Integrated Waste Management Operations Plan, approved by the City Council on June 21, 2010. The Adopted FY 2011 Budget includes \$649,281 toward the purchase of these vehicles. The additional appropriation is necessary to fund the cash purchase of these vehicles (total cost is \$1,436,000). The original budget amount assumed the financing of the vehicle purchases over time. Since sufficient funds are available in the unappropriated Refuse Collection Fund, staff now recommends avoiding any financing costs and making the purchase with the available cash balance.
4. Recognize and appropriate \$185,000 from the unappropriated Power Fund balance to the Water and Power Department, Power Division. The Public Works Department recently repaved approximately 13.5 miles of Pasadena streets using funding from the American Recovery and Reinvestment Act. Due to the nature of Power Vaults and the specialized requirements to adjust the vault lids the Water and Power Department undertakes these activities through a separate contract. The work to raise a power vault manhole cover requires special expertise to avoid safety issues and damage to equipment. Water and Power now needs to bring in a qualified vender to adjust the 50 power vault manhole covers and raise the lids. This work is necessary to regain access to the power vaults for maintenance and in case of an emergency such as repairing equipment during a power outage. The quantity of work was not anticipated when the FY 2011 Budget was developed, therefore staff did not include adequate appropriation for this work.
5. Recognize and appropriate \$34,416 and .25 FTE from the unappropriated Computer and Communications Fund (Fund 501) to the Department of Information Technology (DOIT). These additional funds will be used to support a position in the DOIT that was originally funded with 75 percent Computer and Communications Fund (fund 501) and 25 percent external funds from the City of Glendale. With the DOIT re-organization, the scope of the position has changed and this position will no longer support the City of Glendale functions. As such, it will require additional funding and .25 FTE associated with the scope change of this position. Support for the City of Glendale contract will continue to be provided by the Library Department.
6. Recognize and appropriate \$96,761 from the unappropriated Water Fund balance to the Water and Power Department, Water Division for labor cost associated with the water conservation group. Currently there is a position budgeted in the Power Fund to support activities that are more appropriately funded in the Water Fund. While this reallocation of an authorized FTE does not impact the Department's total

staffing levels, it is necessary to increase Water Fund appropriations to provide for the appropriate funding of this position. There is sufficient unappropriated balance in the Water Fund to support this increased appropriation and there will be offsetting savings for the same amount in the Power Fund. Additionally, the current vacant position (Senior Utility Service Planner) will be reclassified to Management Analyst II consistent with the change in job responsibility.

7. Authorize the transfer of appropriations, revenues and FTEs consistent with the City Manager's recently announced reorganization of the Planning & Development Department. While there is no fiscal impact on the overall FY 2011 Adopted Budget, this reorganization requires that the budgets for each of the affected departments be revised as follows:
  - Transfer the Economic Development Division from the Planning and Development Department to the City Manager Department. This transfer will include \$521,667 of General Fund appropriations and 4.00 General Fund FTEs and \$34,917,206 from various PCDC Capital Project and Debt Service funds and 15.97 PCDC FTEs.
  - Transfer the Northwest Program Division from the Planning and Development Department to the City Manager Department. This transfer will include \$546,493 of General Fund appropriations and 2.60 FTEs.
  - Transfer the Graffiti Abatement program from the Planning and Development Department to the Public Works Department. This transfer will include \$323,420 of General Fund appropriations and 4.00 FTEs.
8. Eliminate a total of vacant 14.16 FTEs (5.11 General Fund FTEs and 9.05 Capital Fund FTEs) in the Public Works Department. This action has no impact on budgeted appropriations in either the General Fund or Capital Fund. These reductions were anticipated in the FY 2011 Adopted Budget. However, at the time the budget was submitted to Council for adoption the specific positions to be eliminated were not known. Public Works has now identified each of the impacted positions.

### **COUNCIL POLICY CONSIDERATION**

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through the monitoring of the FY 2011 operating budget and implementing any necessary amendments.

**FISCAL IMPACT**

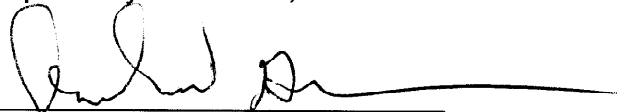
Approval of the proposed budget amendments will increase FY 2011 total authorized appropriations by \$16.4 million across multiple funds. These increased appropriations will be funded through the carry forward of FY 2010 unrecognized revenues totaling \$4.7 million and the use of available fund balances of \$11.7 million. Attachment A provides detail on each of the recommended changes to FY 2011 appropriations and revenues. Attachment A consists of three tables that detail the proposed budget amendments from three perspectives:

- Table 1 – By Agenda Report Item
- Table 2 – By Department and Fund
- Table 3 – By Fund and Department

FTE Changes:

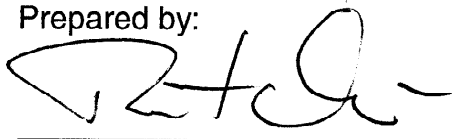
	All Funds	General Fund
Public Works (Item 8)	(14.16)	(5.11)
Information Technology (Item 5)	0.25	-
Water & Power - Fund 401 (Item 6)	(1.00)	-
Water & Power – Fund 402 (Item 6)	1.00	-

Respectfully submitted,



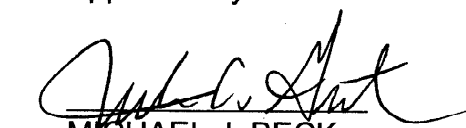
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