

Agenda Report

June 6, 2011

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Finance Department

SUBJECT: AMENDMENTS TO FISCAL YEAR 2011 ADOPTED BUDGET

RECOMMENDATIONS:

1. It is recommended that the City Council amend the Fiscal Year 2011 Adopted Budget as detailed in the Proposed Budget Amendments section of this report and summarized on Attachment A.
2. It is recommended that the City Council increase Purchase Order 46032 with GP Petroleum by \$310,396 for a not-to-exceed amount of \$2,449,803

BACKGROUND:

Throughout the fiscal year, budget amendments are recommended to City Council to account for changes in revenues and expenditures that are based on information that was not available when the Fiscal Year (FY) 2011 Operating Budget was adopted on June 21, 2010. The proposed budget amendments are detailed in the following section.

PROPOSED BUDGET AMENDMENTS:

1. Information Technology – Contract Services

Recognize and appropriate \$229,957 from the available Computing and Communications Fund (Fund 501) balance of \$2,451,108 (as of April 30, 2011) to the Department of Information Technology (8114-501-328100). The increased appropriation will be used to pay for outside contract services related to the formation of the Department of Information Technology, development of the Information Technology Strategic Plan, the new charge-back methodology, and an IT skills assessment. The FY 2011 Adopted Budget for the Department's contract service costs did not fully anticipate the complete cost for the work tasks noted above.

2. Information Technology – ICIS Equipment Lease

Recognize and appropriate \$169,096 from the available Computing and Communications Fund (Fund 501) balance of \$2,451,108 (as of April 30, 2011) to the Department of Information Technology (8677-501-951012). The Interagency Communications Interoperability System (ICIS) project encompasses upgrades to the handheld and mobile radio communications infrastructure used daily by Police and Fire. The increased appropriation will be used to pay the interest expense related to finance equipment purchased for the ICIS project. These costs were inadvertently left out of the FY 2011 Adopted Budget.

3. Public Works - Fleet Maintenance Fuel Budget

Recognize and appropriate \$310,396 to the Public Works in the Fleet Maintenance and Repair program fuel line-item (Revenue: 7148-503-766200; Expenditures: 8137-503-766200). The FY 2011 Adopted Budget amount of \$2,139,704 was based on an average diesel fuel price of \$2.37 per gallon and \$2.76 per gallon for unleaded fuel. Current fuel prices are \$3.89 and \$3.97 per gallon respectively. As fuel is a billable expense paid by each department, the revenue collected offsets this expense. This increase in program expenses does not increase the fleet billing rate charged to departments and ensures that the budget is in line with the higher than anticipated fuel costs.

Additionally, as a result of the higher than anticipated fuel prices staff is requesting authorization for the City Manager to amend Purchase Order No. 46032 with GP Petroleum, to increase the contract by \$310,396 for a total not to exceed amount of \$2,449,803. Due to the increase in fuel prices as outlined above, this increase will insure sufficient contract authority is available for the purchase of fuel through the end of the fiscal year.

4. Public Works - Fleet Maintenance Services and Supplies Budget

Recognize and appropriate \$887,454 to the Public Works in the Fleet Maintenance and Repair program services and supplies budget (Revenue: 7148-503-766200; Expenditures: \$635,626 to 8101-503-766200 and \$251,828 to 8114-503-766200). Due to higher than anticipated costs for repairs, and the frequency of these repairs, the Fleet Maintenance and Repair program has exceeded the FY 2011 operating appropriations.

Specific areas of the overspending include: 1) costs resulting from sublet work for extensive automotive repairs; and 2) the purchase of automotive parts needed to complete automotive repairs which were outside of the regular scheduled maintenance work.

As the actual repair expenses are charged directly to the customer departments, the revenue collected offsets this. This increase in program expenses will not result in any increase to the Fleet billing rate but rather ensures that the Fleet Maintenance

program is able to continue funding its operations for the remainder of FY 2011. This issue has been corrected in FY 2012 Budget.

5. Transportation – South Lake Parking Fund

Appropriate \$49,724 from the available South Lake Parking Operating Fund (Fund 217) balance of \$315,918 (as of April 30, 2011) to the Department of Transportation (8145-217-774212). The increased appropriation will be used to pay both the FY 2010 and FY 2011 property tax assessments in connection with the South Lake Business District. The FY 2010 assessment was charged to the incorrect fund in May 2010. This erroneous charge from the previous fiscal year was correctly adjusted to Fund 217 in the current fiscal year. As a result, a budget amendment is necessary to pay both the corrected FY 2010 assessment and the regularly scheduled FY 2011 assessment.

6. Transportation – Old Pasadena Parking Meter Fund

Appropriate \$67,372 from the available Old Pasadena Parking Meter Fund balance of \$534,811 (as of April 30, 2011) to the Department of Transportation (8722-213-951400). The increased appropriation will be used to pay debt service associated with a 1993 Refunding issue. The debt service payment was inadvertently excluded from the FY 2011 budget.

7. Housing - Section 8 Grant

Recognize and appropriate \$123,100 in the Rental Assistance Programs Fund (Fund 220). These funds represent a new funding increment from the Federal Housing and Urban Development Department to the City's Housing Department to provide rental support vouchers to non-elderly persons with disabilities.

8. Information Technology - State Homeland Security Grant

On March 14, 2011, at the request of the Information Technology Department, City Council authorized an amendment to the FY 2011 Budget that recognized and appropriated \$135,900 in State Homeland Security Grant fund in the Computing and Communications Fund. While the appropriation amount is correct, because the City must segregate these grants funds, they were appropriated to an incorrect fund. These funds should be appropriated to the Fire Grants Fund. Staff is requesting authority to transfer the appropriation from Fund 501 and recognize the revenues in Fund 230 (8114-230-361000).

9. Pasadena Community Development Commission

Appropriate \$2,234,672 from the available fund balance of various Redevelopment Project Areas including Old Pasadena (Fund 805), Orange Grove (Fund 803), Fair Oaks (Fund 802), Villa Parke (Fund 804), Lake/Washington (Fund 806), and Lincoln (Fund 807). The increased appropriations are for payment to the County for Special Education Revenue Augmentation Fund (SERAF) pursuant to the State of California

Health & Safety Code Section 33681.9. Additionally, staff is requesting authority to allocate the payment among various redevelopment project areas based on available fund balances prior to the final close for FY 2011.

COUNCIL POLICY CONSIDERATION:

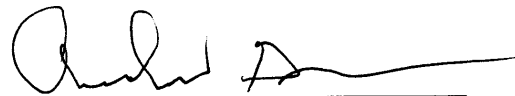
The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through the monitoring of the FY 2011 Operating Budget and implementing any necessary amendments.

FISCAL IMPACT:

Approval of the proposed budget amendments will result in the following changes to the FY 2011 Operating Budget:

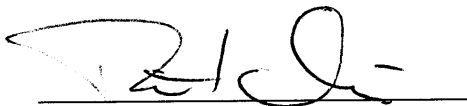
- Increase Computer and Communications Fund (Fund 501) appropriations by \$263,153;
- Increase Fleet Maintenance Fund (Fund 503) revenues and appropriations by \$1,197,850;
- Decrease revenues and appropriations in the Computer and Communications Fund (Fund 501) by \$135,000 and increase revenues and appropriations in the Fire Grants Fund (Fund 230) by \$135,900.
- Increase South Lake Parking Operating Fund (Fund 217) appropriations by \$49,724.
- Increase Old Pasadena Parking Meter Fund (fund 213) appropriations by \$67,372
- Increase Rental Assistance Program Fund (Fund 220) by \$123,100.
- Increase Redevelopment Project Area (specific project areas to be identified at a later date) appropriations by \$2,234,672.

Respectfully submitted,



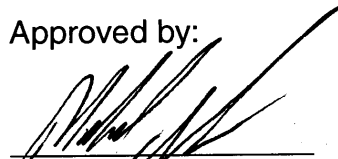
ANDREW GREEN
Finance Director
Department of Finance

Prepared by:



Richard Davis
Budget Administrator

Approved by:



MICHAEL J. BECK
City Manager

Attachments:

Attachment A - Budget Amendment Items

Attachment A

Item #	BUDGET AMENDMENT ITEMS	FY 2011 Revised Budget	\$ Revenue Changes	\$ Expense Changes	FY 2011 Revised Revenue Budget	FY 2011 Revised Expense Budget
	Department Budget Amendments					
	Information Technology					
	Computing and Communications Fund (Fund 501)					
1	Other Contract Services	1,073,067		229,957		1,303,024
2	Interest Expense	24,537		169,396		193,933
8	Homeland Security Grant Program Revenues	135,900	(135,900)		0	0
8	Homeland Security Grant Program Revenues Expenses	135,900	(135,900)	(135,900)	0	0
	Total			263,453		1,496,957
8	Homeland Security Grant Program Revenues	0	135,900	135,900	135,900	135,900
8	Homeland Security Grant Program Revenues Expenses	0	135,900	135,900	135,900	135,900
	Total					
	Fire Grants Fund (230)					
	Public Works - Fleet Management					
	Fleet Maintenance Fund (Fund 503)					
3 & 4	Program Rev Fleet Maintenance	6,645,362	1,197,850		7,843,212	2,450,100
3	Fuel	2,139,704		310,396		1,550,618
4	Materials & Supplies	914,992		635,626		684,095
4	Other Contract Services	432,267		251,828		4,684,813
	Total	10,132,325	1,197,850	1,197,850	7,843,212	4,684,813
	Transportation					
5	South Lake Parking Fund (Fund 217)	36,731		49,724		86,455
6	Taxes, Payroll and Other					
	Old Pasadena Parking Meter Fund (Fund 213)	435,101		67,372		502,473
	Transfers To Debt Service Fund	471,832	0	117,096	0	588,928
	Total					
7	Housing					
	Pasadena Housing Authority Fund (Fund 220)					
	HUD Housing Assist Payments	10,373,681	107,800		10,481,481	10,635,448
	HUD Management Fees	1,378,408	15,300		1,393,708	67,800
	Lease Payments	10,527,648		107,800		10,635,448
	Other Contract Services	52,500		15,300		67,800
	Total		123,100	123,100	11,875,189	10,703,248
	Pasadena Community Development Commission (PCDC)					
9	Various Project Area Funds					
	Special Education Revenue Augmentation Fund (SERAF) payment	0	0	2,234,672	0	2,234,672
	Total	0	0	2,234,672	0	2,234,672