

Agenda Report

May 21, 2012

TO: Honorable Mayor and City Council
THROUGH: Finance Committee
FROM: Department of Finance
SUBJECT: AMENDMENTS TO FISCAL YEAR 2012 ADOPTED BUDGET

RECOMMENDATIONS:

It is recommended that the City Council:

- 1) Amend the Fiscal Year 2012 Adopted Budget as detailed in the Proposed Budget Amendments section of this report.
- 2) Regarding Item 2 of this report:
 - a. Authorize the issuance of a purchase order to Seagrave Apparatus LLC in an amount not to exceed \$130,568 for the purchase of two new compressed air foam systems (Competitive bidding is not required pursuant to City Charter section 1002(C), contracts for labor, materials, supplies or services available from only one vendor); and
 - b. Find that this action is exempt from CEQA pursuant to state CEQA Guidelines Section 15061 (b) (3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
 - c. Grant the proposed purchase order contract an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.048 (B), Contracts for which the City's best interests are served.
- 3) Regarding Item 3 of this report:
 - a. Authorize an increase to Purchase Order #49401 with Logans Marketing in an amount not to exceed \$198,700, for the purchase of slurry and cold

mix required to complete the last 1,500 feet of main line pipe installation in the county area served by Pasadena Water and Power ("PWP"); and

- b. Find that this action is exempt from CEQA pursuant to State CEQA Guidelines Section 15061 (b) (3), the General Rule that CEQA only applies to projects that may have an effect on the environment.

BACKGROUND:

Routinely, each fiscal year, budget and fee amendments necessary to account for anticipated revenue and expenditure changes from the authorized budget are presented for City Council approval. This agenda report details proposed changes to the Fiscal Year (FY) 2012 Operating Budget as adopted by the City Council on June 27, 2011 and revised by City Council throughout the fiscal year. The proposed amendments are detailed in the following section.

Proposed Budget Amendments

1. Transportation Department – Appropriation for South Lake Avenue Business Improvement District

Appropriate \$151,193 from the unreserved South Lake Parking District Fund balance to the Transportation Department (8145-217-774212) for a payment of the property tax for a parcel located at 175 S. Lake Avenue, Suite 200. This payment covers the period of July 1, 2011 to June 30, 2012 in the amount of \$22,711 and delinquent property taxes in the amount of \$128,482. There is an existing easement agreement that binds the City to pay for these property taxes on behalf of the South Lake Business Improvement District. Staff was unaware of this obligation, and therefore, this appropriation was excluded from the FY 2012 budget.

2. Public Works – Appropriation for Fleet Maintenance Fund

Appropriate \$130,568 from the unreserved Fleet Maintenance Fund balance to the Public Works Department (8505-503-766300) for costs related to equipment installed on recently purchased fire engines. In FY 2011, the Pasadena Fire Department and the Building Systems and Fleet Management Division (BSFMD) scheduled the purchase of two new replacement fire pumps. Through Seagrave Apparatus, the Fire Department found an appropriate specification upon which they could piggyback this purchase. That specification did not include a compressed air foam (CAF) system.

The CAF system is a tool that enhances firefighting capability by giving strike teams more flexibility and allowing them to be dispatched to other cities or counties to provide wildfire support or to freeway accidents where water is not readily available.

Prior to submission to the City Council, the Fire Department wanted to add the CAF system to the two pumpers and provided a separate CAF specification to BSFMD, which in turn prepared the September 13, 2010 agenda report. That report included the CAF systems description, but not the cost. BSFMD believed the Fire Department could purchase the CAF systems on separate purchase orders, as it had done in 2008 for two fire engines with CAF systems. The Fire Department authorized Seagrave Apparatus to proceed on the fire engine build. These CAF systems, however, were more expensive than those in 2008 and could not be paid without City Council approval. The engines have now been received and the City has been invoiced for the CAF systems by Seagrave. The engines are currently undergoing the City's outfitting process and are expected to be in service by the end of June 2012.

3. Water and Power – Amend the Previous Purchase Order Contract With Logans Marketing

Amend the purchase order contract No. 49401 with Logans Marketing to increase the amount by \$198,700. Existing funds are available in the FY 2012 Capital Improvement Program (CIP) budget for Distribution Mains project (1001) and Fire Protection System Improvements project (1019) in amounts sufficient to cover the requested increase. Approval of this action will facilitate completion of the installation of the remaining 1,500 feet (3,500 feet total) of water distribution main line pipe. The total amount of the purchase order for FY 2012 will be \$413,700.

The pipe replacement project is located in Los Angeles County (LACo), but is served and maintained by PWP. During construction, sewer and other utility lines were found which required PWP crews to create trenches both wider and an additional three feet deeper than originally planned. LACo requires all trenches to be filled with slurry which is more expensive than using the typical native soil mixed with slurry, commonly used within the city limits of Pasadena. LACo's requirement of slurry fill added cost to the project that was not included in the original purchase order covering this project. Completion of this project in this fiscal year will replace old riveted steel mains that were installed in 1915. The project also coincides with a Public Works project to repave a portion of the street. Completion will assist PWP with meeting its goal to replace a specified number of miles of water distribution mains and fire protection systems.

4. Housing Department – Hudson Oaks Project

Recognized and appropriate \$3,287,454 to the Housing Department (6245-238-684140 and 9187-238-684140) in grant revenues for the Hudson Oaks project. The Hudson Oaks project involves the renovation of a vacant fire damaged, three story, 46-unit apartment building located at 1267 N. Hudson Avenue, into an affordable rental housing project for very low income senior citizens. The project was awarded a grant from the California Tax Credit Allocation Committee (TCAC) in Section 1602 ARRA Funds in lieu of tax credits. One of TCAC's conditions in granting these funds

to a project is that TCAC will not pay expenses directly but will rather reimburse another lender for costs already paid. In the case of Hudson Oaks, Pasadena is this lender. Reimbursements received by the City are then used to pay other project expenses.

COUNCIL POLICY CONSIDERATION:

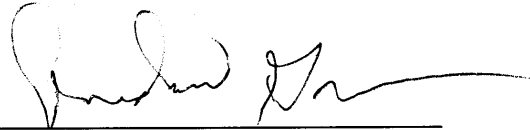
The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through monitoring the FY 2012 Operating Budget and implementing any necessary amendments.

FISCAL IMPACT:

Approval of the proposed budget amendments will increase FY 2012 total authorized appropriations by \$3,287,454. This amount includes increases to the Fund 217 - South Lake Parking District Fund (\$151,193); Fund 503 – Fleet Maintenance Fund (\$130,568); and the Other Housing Projects Fund (\$3,287,454). These additional appropriations will be fully offset by revenues to be received in FY 2012 or unreserved fund balances.

Approval of the increase to purchase order contract No.49401 with Logans Marketing will have no direct fiscal impact as a result of this action and will not have any indirect or support cost requirements. Existing funds are available in the Water Fund FY 2012 Capital Improvement Program (CIP) budget for Distribution Mains project (1001) and Fire Protection System Improvements project (1019) in amounts sufficient to cover the requested increase. There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



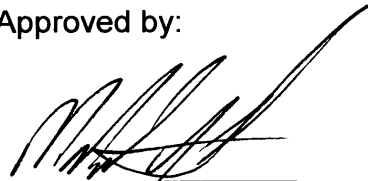
ANDREW GREEN
Director of Finance
Department of Finance

Prepared by:



Richard Davis
Budget Administrator

Approved by:



MICHAEL J. BECK
City Manager

Attachment A - Detail of Budget Amendment Items

Item #	BUDGET AMENDMENT ITEMS	REVENUES				EXPENSES				
		Use of Available Fund Balance	Revenue Entities	FY 2012 Adopted Budget	FY 2012 Proposed Amendment	FY 2012 Revised Budget	Expense Entities	FY 2012 Revised Budget	FY 2012 Proposed Amendment	FY 2012 Revised Budget
	Department Budget Amendments									
	Transportation Department									
	South Lake Parking (Fund 217)									
1	Property tax payment for 175 S. Lake Ave., Suite 200	151,193	Unreserved Fund Balance	410,705	151,193	561,898	8145-217-774212	410,705	151,193	561,898
	Sub-Total - S. Lake Parking Fund	151,193		410,705	151,193	561,898		410,705	151,193	561,898
	Public Works Departments									
	Fleet Maintenance Fund (593)									
2	Equipment for two fire engines	130,568	Unreserved Fund Balance	-	130,568	130,568	8505-503-766300	-	130,568	130,568
	Subtotal - Fleet Maintenance Fund	130,568		-	130,568	130,568		-	130,568	130,568
	Housing Department									
	Other Housing Fund (239)									
4	Increase Revenues and Appropriations for the Hudson Oaks TCAC ARRA Pass Through (Previously fund 810)	-	6245-238-684140-66-52049	-	3,287,454.00	3,287,454.00	8167-238-684140-66-52049	-	3,287,454.00	3,287,454.00
	Subtotal - General Fund	-		-	3,287,454	3,287,454		-	3,287,454	3,287,454
	GENERAL FUND REQUEST - OPERATING BUDGET	0			0	0			0	0
	OTHER FUNDS REQUEST - OPERATING BUDGET	281,761			3,569,215	3,569,215			3,569,215	3,569,215
	GRAND TOTAL - CLEAN UP REPORT - OPERATING BUDGET	281,761			3,569,215	3,569,215			3,569,215	3,569,215