

Agenda Report

June 10, 2013

TO: Honorable Mayor and City Council
FROM: Department of Finance
**SUBJECT: REVISED RECOMMENDATIONS FOR FISCAL YEAR 2014
OPERATING BUDGET**

REVISED RECOMMENDATIONS:

It is recommended that the City Council:

1. Close the public hearing and adopt by resolution the City's FY 2014 Operating Budget as presented in the May 13, 2013 City Manager's Recommended Budget including changes proposed in this agenda report; and
2. Adopt a resolution determining the amount to be transferred from the Light and Power Fund to the General Fund is 9 percent for FY 2014.

BACKGROUND:

On May 13, 2012, the City Manager submitted the Recommended Fiscal Year (FY) 2014 Operating Budget in compliance with the requirements set forth in Section 904 of the City Charter. This budget, including the changes proposed in this agenda report, represents the City's financial plan for FY 2014 and furthers the City's mission to deliver exemplary municipal services responsive to our entire community and consistent with the City's history, culture, and unique character. In addition to the City's anticipated operating revenues and expenses, the FY 2014 Recommended Budget includes the appropriations of the FY 2014-2018 Capital Improvement Program (adopted by the City Council on May 20, 2013) and the City's operating companies (Rose Bowl Operating Company, Pasadena Center Operating Company, and Pasadena Community Access Corporation).

Attachment 1 provides a summary of the adjustments identified throughout the budget hearing process and the final city-wide FY 2014 recommended appropriations by department and affiliated agencies and estimated revenues by category. The original detail budget information was delivered to the City Council and various City facilities and was made available on the City's website on April 30, 2013.

The proposed changes to the originally submitted FY 2014 Recommended Operating Budget for the General Fund, if approved will increase revenues by \$142,728 and appropriations by \$115,815 for a net change to the surplus of \$26,913. A more detailed discussion the impact of the proposed changes on the originally submitted FY 2014 Recommended Operating Budget on the General Fund and other City Funds is discussed in the following section and detailed in Attachment 1.

Proposed Changes to FY 2014 Recommended Budget

1. Increase recommended appropriations for the City Council in the General Fund (101) by \$13,100 to correct an error in the salary calculation and other miscellaneous increases.
2. Decrease recommended appropriations in the City Clerk's Office in the General Fund (101) by \$38,100 to eliminate funding for election costs related to a potential recall election that will not be required; however, funding for a special election remains.
3. Reduce recommended revenues in Public Works in the Refuse Fund (406) by \$155,930 to reflect revised estimates for franchise fee and operating income revenues based on more recent collection activity. Sufficient funding is still available to cover all operational needs.
4. Reduce recommended revenues in Public Works in the General Fund (101) by \$107,272. Staff has been negotiating with the Rose Bowl Operating Company (RBOC) to reimburse Public Works for maintaining Area H and the baseball diamonds used for event parking. Based on the revised proforma RBOC cannot contribute to funding these maintenance expenses. Discretionary General Fund revenues will be used in place of the RBOC revenues.
5. Increase Charges for Services revenues in Non-Departmental by \$765,000 (General Fund = \$265,000; all other funds = \$500,000) to reflect estimated revenues from the various revenue increases reflected in the FY 2014 General Fee Schedule and the FY 2014 Schedule of Taxes, Fees, and Charges which were presented at the June 3, 2013 City Council meeting. The revenues associated with proposed fee schedule adjustments are primarily the result of the 2.22% inflation-related increase included in both schedules. The two schedules will be presented for adoption by the City

Council on June 10, 2013 prior to the adoption of the FY 2014 Recommended Budget.

6. Reduce recommended appropriations and revenues by \$15,000 in Human Services & Recreation (HS&R) in the General Fund (101) to properly reflect the accounting process for scholarships for the Villa Parke Youth Soccer Program (VPYSP) This change has no impact on the bottom line budget as both revenues and expenditures are reduced by the same amount.
7. Increase recommended appropriations by \$25,000 (from \$50,000 to \$75,000) in Human Services & Recreation (HS&R) in the General Fund (101) to provide additional funding for the Flintridge Center contract for Violence Prevention/Intervention and Positive Youth Development programs. The Flintridge Center has expanded its role in providing direct services for programs such as Reintegration, A Positive Force Mentoring, and Sillz Summer School Remediation. These funds can also be used by the Flintridge Center to serve as a match for potential grants.
8. Increase appropriations in the Human Resources Department in the General Fund (101) by \$25,000 to fund a recently developed employee recognition pilot program.
9. Increase revenues and appropriations in the new 311 Call Center Fund (510) by \$461,362 to fund the establishment of a centralized 311 Call Center. The majority of the appropriations for this function (\$368,814) were already included in other funds of the FY 2014 Recommended Budget. This adjustment will consolidate the appropriations into a single fund. The net change in FY 2014 Recommended Budget appropriations is \$92,548 as a result of minor adjustments in personnel costs (\$11,827) and 311 Call Center related Services & Supplies and Internal Service costs (\$80,721).

Revenues to support the 311 Call Center Fund will come from transfers from the General Fund, Refuse Fund, Light & Power Fund, and Water Fund in addition to the re-appropriation of monies previously committed to the 311 Citizen Request Management CIP Project (CIP Projects: 71150, 1070, and 3203).

The various increases and decreases of revenues and appropriations, as well as the applicable staffing transfers of this action, are detailed in Attachment 2.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through adoption of the FY 2013 Recommended Budget.

FISCAL IMPACT:

The numbers below reflect the adjustments discussed in this report.

Revised Recommended Budget Summary

	<u>Appropriations</u>	<u>Revenues</u>
Operating Budget		
General Fund	\$202.7 Million	\$202.8 Million
All Other Funds	<u>\$328.5 Million</u>	<u>\$376.5 Million</u>
Citywide Operating Costs	\$531.2 Million	\$579.3 Million
Capital Improvement Program	\$94.8 Million	\$94.8 Million
Operating Companies	<u>\$51.9 Million</u>	<u>\$51.9 Million</u>
Total:	<u>\$677.9 Million</u>	<u>\$726.0 Million</u>

FTEs

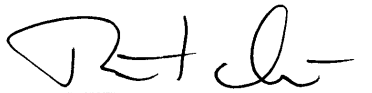
General Fund 937.0
All Funds 2,145.0

Respectfully submitted,



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Department of Finance

Prepared by:



Richard Davis
Budget Administrator

Approved by:



MICHAEL J. BECK
City Manager

Attachments: 2

Attachment 1: Citywide Revenues and Appropriations

Attachment 2: Proposed Changes to FY 2014 Recommended Operating Budget to Establish
Centralized 311 Call Center

ATTACHMENT 1

Citywide Revenues and Appropriations

Citywide Appropriations (including Capital Improvement Program and Affiliated Agencies) By Department

	FY 2014 Recommended (May 13, 2013)	Proposed Changes	FY 2014 Recommended for Adoption
-----\$'s in thousands-----			
Operating Expenses			
City Departments			
City Council	2,009	13	2,022
City Manager	5,213	-	5,213
City Attorney/City Prosecutor	6,138	-	6,138
City Clerk	2,281	(38)	2,243
Finance	13,099	-	13,099
Fire	39,423	-	39,423
Information Technology	13,522	-	13,522
Police	63,540	-	63,540
Planning and Community Development	12,188	-	12,188
Human Resources	3,664	25	3,689
Public Health	13,898	-	13,898
Libraries and Information Services	12,623	-	12,623
Human Services & Recreation	9,369	10	9,379
Housing	24,631	-	24,631
Public Works	66,165	348	66,513
Transportation	30,610	-	30,610
Water & Power	280,230	100	280,330
Non Departmental	42,209	105	42,314
Department Total	640,812	563	641,375
Successor Agency to PCDC	27,094		27,094
Citywide Sub-Total	667,906	563	668,469
Capital Labor Adjustment	(27,383)	-	(27,383)
Inter-Departmental Transfers	(109,447)	(461)	(109,908)
Citywide Operating Sub-Total	531,076	102	531,178
Affiliated Agencies			
Pasadena Center Operating Company	18,543	-	18,543
Pasadena Community Access Corporation	980	-	980
Rose Bowl Operating Company	32,396	-	32,396
Affiliated Agencies Sub-Total	51,919	-	51,919
Total Operating Appropriations	582,995	102	583,097
Capital Appropriations			
Information Technology	608	-	608
Libraries and Information Services	600	-	600
Pasadena Center Operating Company	650	(50)	600
Planning	167	-	167
Public Works	30,055	50	30,105
Rose Bowl Operating Company	10,100	-	10,100
Transportation	4,854	-	4,854
Water & Power	51,190	(3,430)	47,760
Capital Improvement Program Appropriations Subtotal	98,224	(3,430)	94,794
Total Appropriations	681,219	(3,328)	677,891

ATTACHMENT 1

Citywide Revenues and Appropriations

Citywide Revenues (including Capital Improvement Program and Affiliated Agencies) By Revenue Category

Revenue Category	FY 2014 Recommended (May 13, 2013)	Proposed Changes	FY 2014 Recommended for Adoption
-----\$'s in thousands-----			
Property Tax	67,874	0	67,874
Other Taxes	22,670	0	22,670
Sales Tax	32,486	0	32,486
Transient Occupancy Taxes	12,270	0	12,270
Utility Taxes	31,302	0	31,302
Franchise Taxes	5,726	149	5,875
Taxes Subtotal	172,328	149	172,477
Building Licenses and Permits	5,439	0	5,439
Non Building Licenses and Permits	3,736	0	3,736
Intergovernmental-Local	1,047	0	1,047
Federal Grants Direct	17,554	0	17,554
Federal Grants Indirect-State	9,207	0	9,207
State Non Grant Direct	23,404	0	23,404
State Grant Direct	6,866	0	6,866
Intergovernmental-Local	1,326	0	1,326
Charges For Services	20,122	750	20,872
Charges For Services-Quasi Ext	6,112	7,577	13,689
Operating Transfers In	64,640	461	65,101
Fines and Forfeitures	7,087	0	7,087
Investment Earnings	9,618	0	9,618
Rental Income	12,565	(107)	12,458
Parking Rental	3,237	0	3,237
Miscellaneous Revenue	8,726	0	8,726
Other Financing Sources	1,455	0	1,455
Operating Income	307,728	(7,882)	299,846
Non-Operating Income	6,112	0	6,112
Citywide Operating Revenues Subtotal	688,306	948	689,254
Inter-Departmental Transfers	(109,447)	(461)	(109,908)
Total Citywide Operating Revenues	578,859	487	579,346
Affiliated Agencies	51,919	-	51,919
Capital Improvement Program Appropriations Subtotal	98,224	(3,430)	94,794
Total Revenues	729,002	(2,943)	726,059

ATTACHMENT 2

Proposed Changes to FY 2014 Recommended Operating Budget to Establish Centralized 311 Call Center

	<u>FY 2014 Proposed Changes</u>	
	Amount	FTEs
<u>311 Call Center Fund (510) Recommended FY 2014 Budget</u>		
Revenues		
Transfer from:		
Transfer from General Fund	105,795	-
Transfer from Refuse Fund	192,073	-
Transfer from Power & Light Fund	138,494	-
Transfer from Water Fund	25,000	-
Total Revenues	461,362	-
Appropriations		
Personnel	349,316	4.00
Services & Supplies	58,521	-
Internal Services	53,525	-
Total Appropriations	461,362	4.00
311 Call Center Fund (510) Surplus/(Deficit)	-	(4.00)
<u>Other 311 Call Center Related Changes</u>		
General Fund		
Operating Transfers to 311 Call Center (Fund 510)	105,795	-
Net Impact on General Fund	105,795	-
Refuse Fund (406)		
Transfer 2 FTEs and reduce associated Personnel appropriations	(142,073)	(2.00)
Transfer Internal Service Allocations to 311 Call Center Fund	(31,325)	-
Operating Transfers to 311 Call Center (Fund 510)	192,073	-
Net Impact on Refuse Fund	18,675	(2.00)
Capital Projects Fund		
Transfer 1 FTE and reduce associated Personnel appropriations	(131,922)	(1.00)
Net Impact on Capital Projects Fund	(131,922)	(1.00)
Power Fund		
Transfer 1 FTE and reduce associated Personnel appropriations	(63,494)	(1.00)
Operating Transfers to 311 Call Center (Fund 510)	138,494	-
Net Impact on Power Fund	75,000	(1.00)
Water Fund		
Operating Transfers to 311 Call Center (Fund 510)	25,000	-
Net Impact on Power Fund	25,000	-
Net Impact on of 311 Call Center Changes on FY 2014 Recommended Operating Budget	92,548	(4)