

## Agenda Report

June 22, 2015

**TO:** Honorable Mayor and City Council  
**THROUGH:** Finance Committee  
**FROM:** Department of Finance  
**SUBJECT: AMENDMENTS TO FISCAL YEAR 2015 ADOPTED BUDGET**

### **RECOMMENDATION:**

It is recommended that the City Council:

- 1) Amend the Fiscal Year 2015 Adopted Budget as detailed in the *Proposed Budget Amendments* section of this report.
- 2) Amend the Fiscal Year 2016 Adopted CIP Budget as detailed in the proposed CIP Amendments section of this report.

### **BACKGROUND:**

Each fiscal year budget amendments are necessary to account for anticipated changes to the adopted budget. These revenue and appropriation amendments are presented to City Council for approval. This agenda report includes proposed amendments to the Fiscal Year (FY) 2015 budget. These proposed budget amendments fall into one of the following categories:

- Amendments to the FY 2015 budget, based on information that was not available when the budget was presented to City Council for adoption on June 16, 2014:  
and
- Amendments to the recently adopted FY 2016 Capital budget:

A discussion of each proposed budget amendment is included in the *Proposed Budget Amendments* section. Additionally, Attachments A through D provide the accounting details for each recommended budget amendment by fund, department, and line item for the FY 2015 Operating Budget and the FY 2016 Approved CIP Budget.

As staff completed initial analysis on the General Fund activity through April 30, 2015, it was determined that there would be a higher than anticipated general fund balance at the end of FY 2015 which could then be allocated for one-time purposes. The higher balance is projected primarily because of one-time property transfer that was received

as a result of the dissolution of redevelopment, and spending activity is also down for the General Funded Departments. As detailed below, General Fund is only being recommended for one time costs or issues. For example staff is recommending to close the outstanding balance due on the Water General Fund Transfer Settlement in the amount of \$5.0 million. There are also allocations to Capital Projects and operating budgets for one time purchases.

## **FY 2015 AMENDMENTS**

### **City Manager**

#### **(a) Risk Assessment Audit – General Fund (101)**

Appropriate \$175,000 from the unappropriated General Fund Balance to account 8114-101-141000 for consultant services to review internal control as well as segregation of duties for the following six city departments: Finance, Public Works, Human Services & Recreation, Transportation, Housing and Public Health as part of the risk Assessment audit. The goal is to eventually have all city departments go through this analysis. It is anticipated that a firm will be selected within the next several weeks.

### **Fire Department**

#### **(b) Fire Department – Building Services Fund (204)**

Appropriate \$30,000 from the unappropriated Building Services Fund to 8005-204-362200 for salaries. Actual salaries have come in higher than budgeted salaries. The employees are charged to the Fire Department but perform work for the Planning Commission, specifically as it relates to permit and plan check fees. Sufficient funds exist in the Building Services Fund to cover this cost.

#### **(c) Fire Truck 3183 Ladder Certification**

Transfer \$200,000 from the unappropriated General Fund Balance 8704-101-363100 to Fleet Maintenance Fund 6807-503-766200 and appropriate the same amount to 8716-503-766200 for repairs to ladder truck 3183. Ladder truck 3183 failed a ladder certification inspection last fall and was taken to the authorized Seagrave repair facility (Southern California Fire) for an estimate of needed repairs. So Cal Fire informed the City that they could not perform the needed repairs and that the truck would need to be transported to Seagrave (Wisconsin). The ladder truck was transported to Wisconsin and Seagrave provided the City with an estimate to perform the repairs needed to pass the ladder certification. The costs for these repairs along with the transportation back from Wisconsin totals \$200,000.

## **Housing**

### **(d) Housing & Career Services Dept – HOPWA (226) Fund**

Decrease expenditures by \$110,000 and revenue by \$110,000. The expenditures have been below contract budget due to program participant difficulty in locating rental units, resulting in under-utilization of funds. The revenue account is 6235-226-68431 and corresponding expenditure account is 8105-226-684341.

## **Planning and Community Development**

### **(e) General Plan Maintenance Fee Building (204) Fund**

Transfer \$467,230 from the General Fund 8720-101-444200-91178 to Building Services Fund 6807-204-444200-91178.

General Plan Maintenance fee was established to support staffing and consultant services required for regular updates to the General Plan and implementation of the General Plan. It is collected in the Building Services Fund. However; revenues in the amount of \$467,230 for the General Plan Maintenance Fee were posted to the General Fund incorrectly in FY2013-14 and therefore need to be transferred to the Building Fund. State law allows cities to establish fees, however; the revenues collected must be utilized for the designated purpose of the fee. As such, it is required to move the project balances from the General fund to the designated Building Fund accounts and expend accordingly.

### **(f) Technology Fee Building (204) Fund**

Transfer \$545,034 from the General Fund 8720-101-444200-91179 to Building Services Fund 6807-204-444200-91179.

The Technology Fee was established for technology improvements and maintenance of systems, such as the new Land Management System. However, revenues for the Technology Fee in the amount of \$545,034 were posted to the General Fund in FY2014 in error and must be transferred to the Building Fund. On a go forward, all revenues and expenses are currently posted to the Building Fund. State law allows cities to establish fees, however; the revenues collected must be utilized for the designated purpose of the fee. As such, it is required to move the project balances from the General fund to the designated Building Fund accounts and expend accordingly.

### **(g) Capital Public Art (310) Fund**

Decrease appropriations by \$145,000 in account 8005-101-444300 in the Zoning Section of the Planning Department due to substantial salary savings

as a result of vacancies. Transfer same amount from General Fund account 8745-101-444300 to Capital Public Art account 6807-310-442000. Personnel costs for the Program Coordinator II (.75 FTE), responsible for administering the Capital Public Art Program have been historically budgeted out of the General Fund. In an effort to improve the fiscal condition of the General Fund, the position was later budgeted out of the Capital Public Art Fund (.50 FTE) and the Cultural Trust Fund (.23 FTE). The Capital Public Art Fund sustained \$198,148 in personnel costs from FY 2012-2014 and an additional \$64,209 in personnel costs were budgeted for FY 2015; however, this fund was not structured to incur ongoing personnel costs

(h) Capital Public Art (310) Fund – Civic Center Capital Public Art Project (98200)

Recognize and appropriate \$100,000 from National Endowment for the Arts (NEA) *Our Town* 6249-310-442000-98200 grant to the Capital Public Art Fund for the Civic Center Capital Public Art project 8114-310-442000-98200. This grant requires a minimum \$100,000 match which will be realized through \$80,000 in Capital Public Art Funds (hard match) with the remainder to be allocated from existing budget appropriations for personnel costs associated with the project management (soft match). Additional contributions to the total \$255,500 Civic Center Capital Public Art project budget will be met by the identified community partner for this grant, Side Street Projects.

The Civic Center Capital Public Art project is being developed as a series of temporary public artworks related to public engagement in civic life. Permanent public artwork for the Civic Center area will be implemented under Policy 6 of the City's Public Art Master Plan. The Plan's Implementation Strategies include placement of temporary public art in the Civic Center as a prelude to the permanent installations. The PCOC Convention Center Public Art Requirement is directed to the broader Civic Center area in the Public Art Master Plan document.

The NEA *Our Town* grant was received after the current fiscal year budget was adopted and requires action within this fiscal year in order to fully implement the project before the August 2016 deadline.

**Police Department**

(i) Helicopter Blade Replacement General (101) Fund and FAST (108) Fund

Appropriate \$315,000 from the unappropriated General Fund balance to 8504-101-401700 for MD 500 rotor blades and inspections/overhaul for needed maintenance to its helicopter fleet. Appropriate and Transfer \$65,000 from the FAST fund (6850-101-401700 transfer in of \$65,000 and appropriate \$65,000 in 8504-101-401700 and transfer out of 8705-108-401700 for \$65,000) Without these necessary repairs, three helicopters will not be able to fly.

(j) AB 109 Grant General (101) Fund

Recognize and appropriate \$238,095 AB 109 Grant Funds to the following accounts: 6531-101-401100-91181 for \$238,095 and 8114-101-401100-91181 for \$238,095. These funds support programs associated with AB 109 Criminal Justice Alignment and early prisoner release, including the West San Gabriel Valley Anti-Crime Task Force and the Pasadena/Altadena Parole Re-Integration Program. This will fulfill a total annual grant amount of \$681,190 for FY 2015.

(k) Alcohol Beverage Control (ABC) Grant General (101) Fund

Recognize and appropriate \$47,655 State Department of Alcoholic Beverage Control (ABC) Grant funds in the General Fund to the following accounts: 6531-101-402800 for \$47,655 and 8114-101-402800 for \$47,655. These funds will support the costs of alcohol-related operations, including inspections and undercover operations to ensure restaurants and liquor stores are in compliance with State and Local laws.

(l) Vehicle Replacement General (101) and Fleet (503) Fund

Decrease appropriations by \$62,042 from Police account 8008-101-403100 and transfer same amount from the General Fund (8704-101-403100) to the Fleet Maintenance Fund transfer in account 6807-503-766200 for \$62,042 and appropriate to 8505-503-766300 for \$62,042 for the purchase of two of the seven vehicles for the Police Department that have been identified by Public Works as being eligible for replacement. The Fleet Fund currently has money to purchase five of the seven vehicles and the Police Department has salary savings from vacancies that it wishes to use to fund the remaining vehicles.

**Public Works**

(m) Wood Facility Site Preparation General (101) Fund

Appropriate \$50,000 from unappropriated General Fund balance to account 8105-101-765210 for the preparation of the site facility for the contaminated wood. This facility will contain the trees that have been removed that are infested with the Shot Hole Borer. The location at Woodbury and Windsor needs the following work to be performed, install a fence, landscaping, ground cover and water meter before the contaminated wood can be brought to the facility. The wood will be brought to this temporary staging facility prior to disposal.

## **Transportation**

### **(n) License Plate Readers General (101) Fund**

Appropriate \$118,675 from unappropriated General Fund balance to 8505-101-774100 for purchase of license plate readers (LPR). The LPR system allows Parking Enforcement Representatives to automatically capture license plate numbers to improve enforcement of parking permits or time-limited zone rules, and to decrease the number of parking ticket disputes and increase compliance. The City currently has two mobile license plate readers and is requesting two additional mobile readers in order to support parking enforcement operations. LPRs support the Parking Management System by facilitating virtual permitting, allowing real time permit data reporting, improving recovery of citation/permit fees by supporting integrated citations/permit databases and improving operational efficiencies by allowing coverage of larger areas by same staff while facilitating reduced program expenditures.

### **(o) Preferential Signage Upgrade General (101) Fund**

Appropriate \$90,000 from unappropriated General Fund balance to account 8114-101-774100 for preferential signage upgrade from residential streets with time-limited parking restrictions city-wide. This project provides for the removal of existing parking restriction signs and replaces them with the new modified Preferential Parking signage along several streets citywide. The Department of Transportation is in the process of modifying the Preferential Parking Permit Program to provide resident/guest exemption from the hourly time limits on residential streets. This type of program can be used to address the hardship imposed on residents by the need for time limits to protect against parking intrusion.

### **(p) Fold N Go Bicycle Program Local Transit (209) Fund**

Appropriate \$27,255 in the Local Transit Fund (8114-209-775413) for final payment to CALSTART for program management services. In November 2011, the City received a reimbursable and matching grant from the Los Angeles County Metropolitan Transit Authority to implement a folding bike demonstration program. The program provides discounts to transit riders who are interested in purchasing selected folding bikes to use in conjunction with bus and/or rail systems in Pasadena.

### **(q) Ginkgo Trees in Old Pasadena Old Pasadena Meter (213) Fund**

Appropriate \$1,951 in the Old Pasadena Parking Meter Fund (8114-213-774310) for reimbursement to the Old Pasadena Management District (OPMD) for replacement of ginkgo trees in Old Pasadena. On August 14, 2013, the Urban Parks and Forestry Committee recommended replacement of the ginkgo trees with non-fruiting ginkgo trees. On October 17, 2014, the

Old Pasadena Parking Meter Zone Advisory Commission recommended that the Old Pasadena Parking Meter Fund (213) pay for the costs associated with the replacement of said trees. On October 22, 2013, OPMD opened a sundry with the Public Works Department to pay for the replacement of 16 fruiting trees with 16 non-fruiting trees. The sundry was closed by Public Works on April 14, 2014 and OPMD was charged and is now requesting reimbursement.

(r) Reverse Annual Abatement Transportation Sales Tax (208) Fund

Decrease revenues and appropriations in the following accounts: 8177-208-775100 (\$170,294); 6761-101-771100 (\$168,254); and 6761-212-603100 (\$2,040). In the past, the Transportation Sales Tax Fund would transfer annual of \$168,254 to the General Fund for transit and circulation engineering services provided by the Transportation Department. In an effort to improve reconciliation of actual staff costs associated with transit operations in Fund 208, Transportation staff is now charging directly to the Transportation sales Tax Fund through the City's payroll system. As a result of this direct-payroll charge methodology, the annual abatement/budget transfer of \$168,254 is no longer needed. The Transportation Sales Tax Fund also provided the Library Services with one-time budget of \$2,040 to purchase ARTS tickets for youth riders to attend the Summer Teen Reading Program. This one-time budget of \$2,040 was inadvertently included in the FY 2015 Adopted Budget and now needs to be reversed as well.

(s) South Lake Operating (217) Fund

Appropriate \$107,704 from available fund balance in the South Lake Operating Fund (217) to account 8145-217-774212 in order to provide funding for additional costs due to increases in property taxes. The property taxes for Shoppers Lane were finally adjusted by the Los Angeles County Assessor's Office for properties sold a few years ago. The properties were sold at a higher value, resulting in higher property taxes. The original budgeted amount for property taxes in FY 2015 Adopted Budget was \$28,000 and the current total tax expense is \$135,704.

(t) Parking Operations (102) Fund and Off-Street Parking Facilities (407) Fund

Transfer \$400,015 from Parking Operations Fund 8716-102-774210 to the off-Street Parking Facilities Fund 6807-407-774210. In FY 2014, the Transportation Department restructured its various Parking Services Funds for enhanced operational efficiency. Part of the fund restructure was to create a new Off-Street Parking Facilities Fund (407) which the Holly Street Parking Structure is part of to better utilize funding resources between parking garages and surface lots operations, as well as maintenance projects. Prior to this change, the Holly Street Parking Structure operation was in Fund 102.

(u) City of Montebello Proposition A Exchange Auditor Recommended Adjustments General (101) Fund

Transfer \$1,012 from General Fund non departmental Account 8715-101-955100 to Proposition C Transit Services Account 6807-209-775600.

On an annual basis, the General Fund provides \$378,994 support for Fund 209 Proposition C Transit Services in order to be in compliance with Measure R funding requirements. In FY 2014, there was an opportunity to enter into a two-year agreement (FY 2014 and FY 2015) with the City of Montebello to exchange their uncommitted Proposition A Local Return funds (\$506,000 each fiscal year for two years) with our General Fund (\$379,500 each fiscal year for two years). This exchange would provide the City of Pasadena with a total net increase in Proposition A revenue of \$252,000 (\$126,500 each fiscal year). On July 18, 2014, The City Council approved the proposal to use the committed General Fund monies in Fund 209 Proposition C Transit Services for the Proposition A Fund Exchange Agreement with the City of Montebello. The agreement with the City of Montebello indicated a General Fund exchange commitment of \$379,500; however, the actual budgeted amount in the account was only \$378,994, a difference of \$506 for each fiscal year totaling \$1,012.

The Proposition Fund A Exchange Agreement with the City of Montebello is now complete and a total of \$1,012 from the exchange was recognized in Fund 208 Proposition A Local Return. Per recommendation of the MTA auditors to replenish funds spent in Fund 209 Proposition C fund, we request a transfer of \$759,000 from 8715-208-955100 Proposition A Fund to 6815-209-775600 Proposition C fund.

(v) Old Pasadena Parking Meter (213) Fund and Civic Center Parking Meter (214) Fund

Transfer \$12,326 from available fund balance from Old Pasadena Parking Meter Fund (8737-213-774310) to the Civic Center Parking Meter Fund (6810-214-774311) for payment of the Master Lease Purchase Agreement for the purchase of six meters that were paid for by the Civic Center Parking Meter Fund but were installed in the Old Pasadena Meter District.

**Pasadena Water and Power**

(w) The Water (402) fund and the General (101) Fund

Transfer \$5,066,188 from unappropriated General Fund balance (8734-101-955100) to the Water Fund (6807-402-880000) for final payment of the Water General Fund Transfer Settlement.



▪ **FY 2016 CIP AMENDMENTS**

1. Building Preventive Maintenance FY 2016 – 2020

Appropriate \$115,000 in General Fund from salary savings in the Police Department to the Building Preventive Maintenance CIP project and expand the project's scope to include the installation of bullet proof glass on the public counters in the Police Station. In FY 2016, the public counters in the Police Building will be retrofit to meet ADA requirements. The Police Department requests, this work will be expanded to include the installation of bullet proof glass atop the counters, at a cost of \$115,000. The estimated completion date for the new counters and glass is December 31, 2015.

2. Police Department – Body Cameras

Appropriate \$300,000 in General Fund salary savings from the Police Department to the Body Cameras capital project to purchase approximately 275 body worn cameras for both sworn and civilian Police Department personnel working in the field and in the jail. Body worn cameras are a necessary component of today's police work. Body worn cameras capture audio and video evidence of incidents involving police personnel interacting with citizens/suspects. This evidence is crucial when responding to complaints and can help avoid litigation from false complaints and/or frivolous lawsuits, mitigating costs and risk to the City. Recording of critical incidents also provides for more accurate review and analysis for improved training for Department personnel and improved service to the City. Actual deployment policies will be developed prior to purchase and shared with the Public Safety Committee.

3. Villa Parke Community Center Boxing Ring and Gymnasium

Appropriate \$750,000 from unappropriated General Fund balance to fully fund the Villa Parke Community Center Boxing Ring and Gymnasium capital project. This project includes reconfiguring and combining the current boxing ring and weight room at the Villa Parke Community Center. The first floor will be approximately 2,500 square feet and consist of a professional size boxing ring with ringside seating and boxing equipment. The second floor will consist of a mezzanine that will house fitness equipment and two offices. Reconfiguring and combining the area will allow for a more efficient use of space and create a consolidated fitness facility. Currently, the boxing ring and weight rooms are separated by a walkway/atrium. Creating a larger multi-purpose room will enable more people to participate in activities at the center and better serve the needs of the community.

**COUNCIL POLICY CONSIDERATION:**

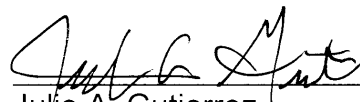
The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through monitoring the FY 2015 Operating Budget and implementing any necessary amendments.

**FISCAL IMPACT:**


Approval of the proposed budget amendments will increase FY 2015 total authorized operating appropriations across multiple funds by **\$10,028,888**. These increased costs will be offset through increased revenues across all funds of **\$7,828,303** and the use of the unappropriated balance across all funds of **\$2,200,585** as detailed in *Attachment A: Summary of Proposed Amendments*. The tables in *Attachment A* also summarize the fiscal impact by department and fund:

Line item detail of all revenue and expense amendments is provided in *Attachment B, Detail of Proposed Budget Amendments*. The budget amendments included in this agenda report are not anticipated to impact existing FY 2015 budgeted indirect and support costs such as maintenance and IT support. Attachment C provides a Water GFT Funding Summary. Attachment D provides the total impact to the CIP 2016 Approved budget.

Respectfully submitted,

  
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Attachment: (5)

Attachment A: Summary of Proposed Budget Amendments

Attachment B: Detail of Proposed Budget Amendments

Attachment C: Water General Fund Transfer Settlement

Attachment D: Detail of Proposed 2016 CIP Budget Amendments

Attachment E: General Fund Five Year Forecast