

Agenda Report

June 27, 2016

TO: Honorable Mayor and City Council
FROM: Department of Finance
SUBJECT: **ADOPTION OF FISCAL YEAR 2017 OPERATING BUDGET**

RECOMMENDATIONS:

It is recommended that the City Council:

1. Close the public hearing and adopt by resolution the City's Fiscal Year 2017 Operating Budget as presented in the May 9, 2016 City Manager's Recommended Budget as amended by the recommended modifications outlined in the background section of this report; and
2. Adopt a resolution determining the amount to be transferred from the Light and Power Fund to the General Fund for FY 2017.

BACKGROUND:

On May 9, 2016, the Interim City Manager submitted the Recommended Fiscal Year (FY) 2017 Operating Budget in compliance with the requirements set forth in Section 904 of the City Charter. The budget represents the City's financial plan for FY 2017 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 2017 Recommended Budget includes the FY 2017 appropriations for the FY 2017-2021 Capital Improvement Plan (adopted by the City Council on May 16, 2016) and the City's affiliated agencies (Rose Bowl Operating Company, Pasadena Center Operating Company, and Pasadena Community Access Corporation).

Since May 9, 2016, the Finance Committee and the City Council conducted five joint meetings to consider the recommended budget (May 9; May 16; June 6; June 13; and June 20, 2016). The operating budgets for City departments and affiliated agencies were reviewed and discussed. Many questions and request

for additional information were posed by the City Council during the budget hearings, and written responses were provided by staff. Under separate cover, the Interim City Manager is transmitting additional follow-up information.

The following amendments are recommended to be incorporated into the budget adoption.

1. Add 10 unfunded police officer FTEs to the Police Department.
2. Add \$50,000 in General Fund to Planning and Community Development for a community-based organization to assist with minimum wage outreach.
3. Add \$95,000 from the Cultural Trust Fund for the Rotating Art project. These funds were inadvertently omitted from the Recommended Operating Budget and are necessary to provide replacement art for the upcoming rotation of the program.
4. Create a 1.0 FTE, full-time position for Villa Parke by combining existing .63 and .70 FTEs. (No additional funds are required for this action.)

Attachment 1, "FY 2017 Recommended Budget Summary", summarizes city-wide Recommended FY 2017 Operating Budget Appropriations and Full-Time Equivalents (FTEs) by department and affiliated agencies and estimated revenues by category. Attachment 2, "General Fund Five-Year Forecast", continues to be the basis for determining the long-term impact of financial decisions and planning.

Regarding recommendation number 2, pursuant to Pasadena Municipal Code Section 4.100.020, the maximum aggregate amount available for transfer pursuant to Sections 1407 and 1408 of the City Charter from the Light and Power Fund to the General Fund shall be calculated by multiplying the annual gross electric retail income by 8 percent and comparing the amount so calculated to the accrual year's actual net income. The City Council shall by resolution transfer the lesser of the two amounts. Notwithstanding the foregoing, the City Council may transfer an amount other than 8 percent by resolution if it determines that it would not be detrimental to the functioning and administration of the power utility during the budget year under consideration.

For fiscal year 2017, staff is recommending the City Council adopt a resolution transferring an amount equal to 10 percent of estimated gross revenues, or \$17,936,226.

COUNCIL POLICY CONSIDERATION:


Adoption of the FY 2017 Recommended Budget furthers the City Council's strategic planning goal of maintaining fiscal responsibility and stability.

FISCAL IMPACT:

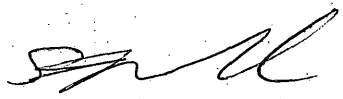
FY 2017 Recommended Budget Summary

	Appropriations	Revenues	FTEs
Operating Budget			
General Fund	\$237.8 million	\$237.8 million	1,006.0
All Other Funds	476.4 million	503.1 million	1,213.5
Citywide	714.2 million	740.9 million	2,219.5
Capital Improvement Program	\$64.6 million	\$64.6 million	
Operating Companies	\$57.1 million	\$63.1 million	
Total	<u>\$835.9 million</u>	<u>\$868.6 million</u>	

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance
Department of Finance



STEVE MERMELL
Interim City Manager