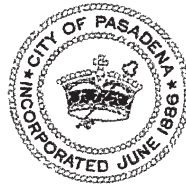


ATTACHMENT 3
Follow-up Memo



DEPARTMENT OF FINANCE

June 19, 2017

TO: Honorable Mayor and City Council

FROM: Matthew E. Hawkesworth, Director of Finance

SUBJECT: Follow-up from May 15th, May 22nd, June 5th, and June 12, 2017 Special Finance Committee/City Council Meeting

This memo is the response to questions posed by City councilmembers at the special meetings regarding the Fiscal Year (FY) 2018 Recommended Operating Budget.

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Finance

1. Provide the most recent CalPERS rate of return along with a 10 year and 20 year forecast.

10 -20 Year Average Returns as of 6/30/16:

Years	Percent
3 Years	6.9%
5 Years	6.8%
10 Years	5.1%
20 Years	7.0%

Please see: **Attachment A** - CalPERS April 30, 2017 Monthly Update Performance and Risk and **Attachment B** – CalPERS June 30, 2015 Actuarial Valuation Miscellaneous Plan of the City of Pasadena

Fire Department

2. Provide additional information on potential cost recovery in the Fire Department.

The Fire Department (PFD) has the potential for increased annual cost recovery by adjusting EMS Transport fees to match County of Los Angeles general ambulance rates. This change and other changes in EMS billing practices provide PFD the opportunity to increase overall collections and also improve its 33% average collection rate. PFD plans to accomplish this in partnership with Wittman (the City's third party billing agency) by requiring detailed reports and ensuring pertinent billing information is consistently collected on scene (social security information, medical insurance and vehicle insurance at traffic collisions).

Improved cost recovery can also be accomplished by evaluating and implementing a first responder fee. Furthermore, enhanced Fire Prevention programs will have the potential for increased cost recovery by transitioning false alarm response fee collections to a third-party vendor and implementing a life-safety systems compliance reporting program.

3. Provide more information about how the Fire Department will address or reduce false alarms

PFD plans to re-assess how often resources are sent to false alarms through improved information from a new third-party vendor. The new system will allow for automated employee reporting, improved billing and collections methods, and higher collection rates for false alarm responses as a result of greater accountability, tracking and code compliance of fire alarm systems. PFD will also track and analyze whether systems are properly permitted. Lastly, trend analysis will be performed focusing on building type, geographic location, and repetition.

4. How many firefighters has the City recently hired?

From Fiscal Year 2016 to present, PFD hired 29 firefighters (16 Firefighter Trainees and 13 Lateral Firefighter Paramedics). Two were local hires.

5. Are all of the City's fire stations compliant with minimum safety requirements?

Yes, all stations are currently compliant with applicable safety standards. However, as identified in the Fire Department Facilities Condition Evaluation (WLC Architects, Inc., April 2011), significant deficiencies exist. The City has since rebuilt one station (39) and seismically retrofitted another (32). Identifying capital funding to update the remaining stations remains a priority. Staff will present more thoroughly on this subject at an upcoming meeting of the Public Safety Committee.

Housing and Career Services

6. Does the City have Housing Trust Funds?

Yes, the City has the Inclusionary Housing Trust Fund (Fund 239), which was established in 2001 when the Inclusionary Housing Ordinance was enacted.

In addition, the Low & Moderate Income Housing Asset Fund (Fund 237), commonly referred to as the "Housing Successor Fund". This fund was established under state law in connection with the dissolution of redevelopment agencies in 2012. The Pasadena Community Development Commission, as the former redevelopment agency, maintained the "Low & Moderate Income Housing Trust Fund (Fund 810)", which was funded from redevelopment tax increment dollars. With the dissolution of redevelopment, this fund was superseded by the Housing Successor Fund per state statute.

7. What are the available balances for the City's Housing Trust Funds?

Fund #	Fund Name	Balance (as of 6/13/17)
221	HOME (federal)	\$3,638,467
237	Low & Moderate Income Housing Asset Fund	\$2,862,244
238	Other Housing Funds (state)	\$1,108,227
239	Inclusionary Housing Trust Fund	\$1,562,479
	Total:	\$9,171,417

8. What are the performance measures of the Foothill Workforce Development Board?

The performance measures of the Foothill Workforce Development Board (FWDB) are as follows and have also been provided within the operating budget book.

PM #	Performance Measure	FY 2016 Actual	FY 2017 Target	FY 2017 Mid-Yr Actual	FY 2018 Target
11	Percentage job placement for unemployed adult program clients at sustainable wages- Foothill Workforce Development Board (FWDB).	73%	70%	73%	70%
12	Percentage unemployed youth program clients entering employment or education - FWDB.	65%	60%	68%	60%

The Housing Department in partnership with the FWDB will provide detailed performance goals in a future correspondence. Each program, based upon the funding source, has specific performance targets and metrics that must be met.

Human Resources Department

9. What is the Workers' Compensation Carve-Out Program?

"Carve-out" programs allow employers and unions to create their own alternatives for workers' compensation benefit delivery and dispute resolution under a collective bargaining agreement. Eligibility of parties to participate in a program must be approved by the administrative director of the Division of Workers' Compensation, and the requirements to participate and the elements required to be in "carve-out" programs are contained in Labor Code and California Code of Regulations.

Both the Police and Fire bargaining groups have expressed an interest in considering whether a Workers' Compensation Carve-Out Program makes sense to pursue. As a

first step in this process, staff attended a presentation in mid-May 2017 to learn more about developing a carve-out program. Key goals of a carve-out program include:

- Streamlining treatment to injured employees and providing quality treatment
- Returning injured employees to work more quickly
- Handling claims more efficiently and closing claims faster
- Reducing costs to the City
- Improving employee satisfaction with the workers' compensation program

Discussions are expected to continue into FY 18 involving staff in Human Resources (HR), Police and Fire bargaining groups.

10. What is the City's Recruitment and Local Hiring Activity?

HR maintains a goal of filling at least 50% of the City's entry level positions with local Pasadena residents. This objective aligns with the City Council's goal of supporting and promoting the local economy while also ensuring that the City of Pasadena hires the most qualified workers.

Resident requirements cannot be enforced for regular, permanent positions, but local hiring is promoted and encouraged in a number of ways. For example, HR supports other departments in offering programs that provide vocational training. These programs include the Ambassadors (high school students enrolled in a Pasadena school) and Summer Rose (low-income youth aged 14-21 residing in Pasadena). The Police and Fire Departments promote local hiring through several of their own initiatives, which HR staff supports as needed. HR also partners with the Housing Department to encourage local hiring for the MASH program (Maintenance Assistants Serving Homeowners). MASH is a one- to two-year vocational training program that provides workers with vital job experience and regular feedback as well as the opportunity to apply for promotional-only openings in the City of Pasadena. The next MASH trainee recruitment is planned for summer of 2018.

The HR department also participates in local and regional job fairs, such as:

- Pasadena City College Job Fair
- Los Angeles Abilities Job Fair
- Congresswoman Judy Chu's Job Hunter's Bootcamp in City of San Gabriel
- Career Services Job Fair - City of Pasadena
- Supervisor Michael Antonovich's Foster Youth and Community Job Fair Expo at Robinson Park
- South Pasadena War Memorial Job Fairs

In FY17 to date, HR has received and processed 19,223 applications for 240 regular jobs. Of these, 116 were new hires and 124 were internal promotions or appointments (such as Police Trainee being appointed to Police Officer).

HR will continue to participate in local hiring initiatives by partnering with departments and attending as many local job fairs as possible.

11. How Diverse is the City's Workforce?

The City's Equal Opportunity in Employment Annual Report will be brought to the City Council in July 2017. This report includes gender and race/ethnicity data by job category (such as administrative, service and maintenance, and protective) as well as for hiring activity of new and promoted employees.

Although the legal prohibitions established by Proposition 209 against targeted recruitments limit the City's ability to actively seek out candidates of a particular group, the City is committed to diversity and ensuring qualified, historically under-represented groups have access and opportunity for entry into all fields. The City's workforce demographics indicate the City's employee population is as or more diverse than Pasadena's population.

12. What is Defensive Driver Training?

This training provides City employees basic knowledge and techniques to recognize potential hazards and avoid collisions and traffic violations. The course is designed to encourage employees to change their behind the-wheel behaviors and attitudes. Employees are taught coping techniques for dealing with speeding, distracted driving, impaired driving, and hazardous traffic conditions. After attending this training, employees should be more responsible drivers with increased understanding of best practices to avoid collisions and traffic violations thereby prevent injury and property damage while driving a motor vehicle.

Defensive driver training is provided monthly and additional classes are offered upon department request. While this training is not currently mandatory, it often is presented to employees who drive city vehicles as part of their job. Over the last 11 months, 142 employees have completed this course.

Human Services and Recreation Department

13. Please provide greater detail regarding cost recovery targets and results by service area.

The Department has developed preliminary cost recovery goals as detailed in the table below:

Programming/Lines of Service	Pricing Strategy	Preliminary Cost Recover Goals
Adaptive and Inclusive Recreation	General Fund	0-20%
After school	General Fund	0-20%
Enrichment	User Fees	80-100%
Health & Fitness	User Fees	80-100%
Human Services	General Fund	0-20%
Outdoor Recreation	User Fees	80-100%
Permitting	User Fees	80-100%
Seasonal	User Fees	80-100%
Special Events	General Fund/User Fees	20-80%
Sports	General Fund/User Fees	20-80%

Currently, the Department is conducting a cost of service analysis for each program listed above and staff anticipates this analysis to be completed by January/February 2018. The results of this analysis will be used to finalize the Department's optimal cost recovery goals.

During FY 2017, the Department completed cost of service analyses for various program areas including special events (2016 Fall Festival) and the After School Adventures Program (ASAP). Below is a brief summary of two cost of service / cost recovery models:

2016 Fall Festival at Victory Park

Participants	Cost	Recovery	Net Investment / Participant	Cost Recovery
1,500	\$23K	\$3K	\$13	17%

Future Outlook:

Reduce the cost per participant and increase the cost recovery rate by increasing outreach to obtaining additional donations and partnerships with local nonprofit organizations.

2015-2016 After School Adventures Program (ASAP)

Participants	Cost	Recovery	Net Investment / Participant	Cost Recovery
1,169	\$1,134K	\$383K	\$643	34%

Future Outlook:

As a result of a nominal program fee increase in FY 2017, it is expected that revenue will increase by 22% and the projected cost recovery rate for the 2016-2017 ASAP will increase to 42%.

The Passport to Fun Youth Scholarship Program ensures that qualifying Pasadena residents have affordable access to participation in Pasadena Human Services and Recreation Department programs, classes, and services.

The table below reflects the three-year scholarship activity for our Summer Camps:

Summer Camp Scholarships		
	Total Camp Scholars	Total Awards (\$)
2015	76	\$22,211
2016	71	\$22,171
2017	64	\$22,500

14. Can the City appropriate additional Funding and job opportunities for the Summer R.O.S.E. program?

In recognition of the need for increased youth and intervention programming in the community, the adopted budget will reflect the reallocation of \$40,000 of Human Services and Recreation Department funds to the Summer R.O.S.E. Program. This will not change overall appropriations. Nevertheless, this significant and important reallocation of funds means an additional 26 Pasadena youth will be employed over the summer. In total, 197 youth will work up to 125 hours and earn a maximum \$1,500. Summer R.O.S.E. is one of the City's most popular and impactful youth programs.

The Summer R.O.S.E. Program provides low-income Pasadena youth (ages 14 to 24) with enriching and constructive summer job experience and a safe, productive way to spend their time. These students are placed at a number of local employers, including the City of Pasadena, Kidspace and the Boys and Girls Club. Although it is a short-term employment and training program, many Pasadena youth have made long-term connections with employers who positively impact their future by providing mentorship, resume building, work-related skill development and exposure to various careers.

The Libraries and Information Services Department is materially subsidized by the General Fund. Given the forward-looking constraints of the General Fund, the Library Services Fund Sheet below illustrates the forecasted financial position of the City's library system:

	FY 2016 Actual	FY 2017 Revised	FY 2017 Est Actual	FY 2018 Recommended	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Beginning Fund Balance	3,597,192	3,388,780	3,388,780	3,696,482	3,090,936	2,306,441	1,392,898	339,369	(766,383)
SOURCES									
General Fund Contribution	10,703,910	10,664,865	10,664,865	11,128,918	11,351,496	11,578,526	11,810,096	12,046,298	12,287,224
Library Special Tax Fund 218 Transfer to									
Library Services Fund	2,490,691	2,550,724	2,550,724	2,630,843	2,683,460	2,737,129	2,791,872	2,847,709	2,904,663
Library Services Fund Revenue	206,215	122,140	122,140	179,000	182,580	186,232	189,956	193,755	197,630
Total Revenue	13,400,816	13,337,729	13,337,729	13,938,761	14,217,536	14,501,887	14,791,924	15,087,763	15,389,518
EXPENSES									
Personnel	8,179,687	8,839,414	8,115,947	8,922,304	9,323,808	9,680,700	10,053,652	10,344,073	10,645,683
Services & Supplies	2,437,593	2,889,324	2,092,089	2,869,324	2,898,017	2,926,997	2,956,267	2,985,830	3,015,688
Internal Services	2,576,197	2,780,204	2,780,204	2,752,678	2,780,205	2,807,732	2,835,534	2,863,611	2,864,746
Transfers	158,597								
Transfers to CIP	5,621	41,787	41,787	0	0	0	0	0	0
Other Expenses									
Total Expenses	13,357,695	14,550,729	13,030,027	14,544,307	15,002,030	15,415,429	15,845,454	16,193,515	16,526,117
Net Income	43,122	(1,213,000)	307,702	(605,546)	(784,494)	(913,543)	(1,053,530)	(1,105,752)	(1,136,599)
Ending Fund Balance	3,640,314	2,175,780	3,696,482	3,090,936	2,306,441	1,392,898	339,369	(766,383)	(1,902,982)

The Pasadena Public Art program was established to build a publically available collection of contemporary art that celebrate the human spirit and condition. Private development projects within the Old Pasadena and Downtown Redevelopment Area, other citywide development and construction all fund the Cultural Arts Fund. Given the forecasted decline in construction and development activities within the City, the fund sheet below illustrates the forecasted financial position of the Public Arts program given current approved projects.

	FY 2016 Actual	FY 2017 Revised	FY 2017 Est. Actual	FY 2018 Recommended	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Beginning Fund Balance	\$402,112	\$ 614,961	\$ 614,961	\$ 807,683	\$ 753,519	\$ 1,038,282	\$ 1,066,459	\$ 1,841,551	\$ 1,860,600
Investment Earning	\$ 6,652	\$ 4,630	\$ 7,582	\$ 4,353	\$ 3,543	\$ 2,695	\$ 2,722	\$ 2,725	\$ 2,727
Gain/Loss on Pool Investment	\$ 163	\$ -	\$ 6,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private Contributions	\$ 529,696	\$ 163,096	\$ 555,985	\$ 275,000	\$ 527,750	\$ 277,750	\$ 1,030,528	\$ 280,528	\$ 283,333
Total Revenue	\$ 536,511	\$ 167,726	\$ 570,227	\$ 279,353	\$ 531,293	\$ 280,445	\$ 1,033,250	\$ 283,252	\$ 286,060
EXPENSES									
Personnel (1)	\$ 37,872	\$ -	\$ -	\$ 31,082	\$ 32,325	\$ 33,780	\$ 35,300	\$ 36,889	\$ 38,548
Services & Supplies (2)	\$ 279,590	\$ 286,784	\$ 371,854	\$ 296,784	\$ 208,440	\$ 212,609	\$ 216,861	\$ 221,198	\$ 225,622
Rotating Public Art Phase III Program		\$ 95,000							
Internal Service Charges	\$ 6,200	\$ 5,651	\$ 5,651	\$ 5,651	\$ 5,764	\$ 5,879	\$ 5,997	\$ 6,117	\$ 6,239
Total Expenses	\$ 323,662	\$ 387,435	\$ 377,505	\$ 333,517	\$ 246,529	\$ 252,268	\$ 258,158	\$ 264,204	\$ 270,410
Net Income	\$ 212,849	\$ (219,709)	\$ 192,722	\$ (54,164)	\$ 284,764	\$ 28,177	\$ 775,092	\$ 19,049	\$ 15,650
Ending Fund Balance	\$ 614,961	\$ 395,252	\$ 807,683	\$ 753,519	\$ 1,038,282	\$ 1,066,459	\$ 1,841,551	\$ 1,860,600	\$ 1,876,250

(1) FY18 - Addition of .25 FTE Program Coordinator II

(2) Base budget supports: Fall Art Night, Spring Art Night, Annual Grants Program, Festivals & Parades, Student Art Wall, Neighborhood Mural, Art Brochure

17. What is the average age of Pasadena Police Officers?

The average age of a Pasadena Police Officer is 43 years.

18. How does the Police Department's percentage of female officers compare to other agencies?

The Department employs 29 female officers out of 244 sworn FTEs. A comparison with other agencies is still in progress.

19. What is the cost of data storage for Body Worn Cameras?

The cost for Body Worn Cameras is approximately \$22,000 per month, or roughly \$75 per user, to include unlimited storage, maintenance, support, software upgrades, and replacement cameras in three years. Currently, the Department is averaging about 3.2 terabytes of storage per month. The cost of the program is estimated at \$1,532,258 for a 5-year period, assuming static costs for that period. Costs can only increase if we deploy additional cameras. The benefit of this program is enhanced efficiency for court discovery processes that averages about 60 cases per month.

20. Is it possible to provide crimes reports by zip code?

The Department currently provides three categories of crime data reporting: UCR (which is reported to the State on overall crime), Service Area Policing, and Council District reporting. Adding zip code crime reporting data would be a fourth additional level of crime data reporting. The Department does not suggest a fourth category be created at this time, although it could be achieved with further input on desired measures from City Council.

21. It is possible to provide response time metrics?

Currently the Department tracks response time metrics categorized as Priorities 1 through 5:

- Priority 1: life-threatening
- Priority 2: property-threatening with a high probability of catching the suspect(s)
- Priorities 3 -5: report-taking calls for service, which have more subjective response rates based on deployment levels and other factors.

The Department suggests identifying Priority 1 & 2 response time metrics for reporting purposes, which is similar to the metrics currently collected by the Fire Department. This

data can be presented to the Public Safety Committee at the Council's request, and/or added to the Department's annual performance measures.

22. Bring forward a report to the Public Safety Committee on Air Operations and the use of drones by law enforcement.

The Department will prepare a presentation for the Public Safety Committee on drone technology and its viability in policing, tentatively scheduled for Public Safety on June 21st, 2017. A report on Air Operations will be provided to the committee at a subsequent meeting

Public Works

23. What is the line item budget for street sweeping?

The FY 2017 Revised Budget for street sweeping is \$1,352,877. Below is the line-item detail.

	Cost Category	FY 2016 Actuals	FY 2017 Revised Budget	FY 2018 Proposed Budget
Expense	Capital Outlay	0	54,599	0
	Internal Service Charges	585,989	498,946	296,444
	Operating Transfers Out	7,595	0	0
	Operating Expenses	5,155	0	0
	Personnel	540,683	728,439	772,446
	Services & Supplies	87,848	70,893	70,893
Expense Total		1,227,270	1,352,877	1,139,783
Grand Total		650,306	1,071,823	922,783

Transportation

24. Please provide the Transportation presentation addressing traffic safety in Pasadena

Please see **ATTACHMENT C: Addressing Traffic Safety in Pasadena: Identification of High Collision Locations Prioritization of Treatments**

Successor Agency to the PCDC

25. What is the total outstanding debt of the Successor Agency to the PCDC and how many years will it remain in existence?

Obligation Type	Description	Contract / Obligation Termination Date	Total Outstanding Debt or Obligation
Debt Obligation	Tax Allocation Bonds 2006 - Fair Oaks	7/1/2021	\$ 1,142,501 00
Debt Obligation	Tax Allocation Bonds 2006 - Lake Washington	7/1/2017	\$ 92,115 00
Debt Obligation	Tax Allocation Bonds - Fiscal Agent Fees - Fair Oaks	12/21/2021	\$ 13,000 00
Debt Obligation	Tax Allocation Bonds - Fiscal Agent Fees - Lake Washington	12/1/2017	\$ 4,000 00
Debt Obligation	Old Pasadena Parking Structure Certificate of Participation	1/1/2018	\$ 2,215,312 00
Debt Obligation	Fire Station No 36 Rent	11/30/2017	\$ 22,783 00
City ROPS Loans	City ROPS Loan - Resolution #6614	7/21/2037	\$ 1,227,664 00
City ROPS Loans	City ROPS Loan - RA #15,583, CDC-182	7/21/2037	\$ 655,000 00
City ROPS Loans	City ROPS Loan - RA #15,584, CDC-183	7/21/2037	\$ 850,213 00
City ROPS Loans	City ROPS Loan - RA #16,282, CDC-263	7/21/2037	\$ 3,556,645 00
City ROPS Loans	City ROPS Loan - RA #13,541	7/21/2037	\$ 635,880 00
City ROPS Loans	City ROPS Loan - RA #14,583,	7/21/2037	\$ 322,687 00
Total Obligations			\$ 10,737,800.00

Pasadena Center Operating Company

26. What are Pasadena Center Operating Company's (PCOC) reserves?

Yes, the operating fund balance is maintained at a minimum of \$4.5 million to facilitate a healthy cash flow to sustain and grow PCOC's operations. The Capital Improvement / Facility Restoration Fees fund is designated for PCOC's capital improvement programs as approved by Board and City Council. Currently, PCOC has over \$11 million in unfunded needs.

Summary of Fund Balance	(in millions)			
	FY 2016 Actuals	FY 2017 Approved	FY 2017 Projected	FY 2018 Recommended
Operating Fund	\$ 3,365	\$ 4,200	\$ 4,565	\$ 4,887
Reserve Fund	4,364	4,364	4,364	4,764
Capital Replacement / Facility Restoration Fees	2,196	1,596	1,596	1,271
Restricted for Public Art	987	987	987	987
Organ Grant	3	3	3	-
Total Fund Balance	\$ 10,915	\$ 11,150	\$ 11,515	\$ 11,909

27. Does the PCOC have a reserve policy similar to that of the City?

Reserve fund balance is a "rainy day" fund that has been set aside for shortfalls in the course of conducting business including deficit in bond payment proceeds, unanticipated increased bond rates, unanticipated loss from TOT and TBID funding, and any major unfunded or unforeseen expenses that may arise. This fund is maintained at a minimum of 25% of PCOC expenses.

Rose Bowl Operating Company

28. Provide a 10 year history of adopted FTEs

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Full Time Employees	22	21	21	21	23	25	27	32	33	35
Year to Year Change		-1	0	0	22	22	22	5	1	2

Water and Power Department

29. Why has the meter replacement schedule decreased within FY 2018 from FY 2017?

The goal of the ongoing meter replacement program is to replace all water meters approximately every 15 years. The annual targets may shift depending on capital improvement project priorities. During FY2017, there was a larger than expected customer driven demand that shifted water construction crews away from meter replacements. The FY2017 customer driven work has increased by 49% to 70 projects, compared to 47 projects in FY2016. Since the target to replace 2,800 meters was established before the increase in customer driven demand, it is anticipated that about 1,450 meters will actually be replaced during FY2017.

The Water and Power Department replaced 430 meters during the first two quarters of FY2017 and as of May 2017 a total of 1,217 have been replaced. This includes the upgrade of 709 existing AMR meters and replacement of 508 manually read meters with new AMR meters, including 28 large compound meters. For FY2018, the target includes upgrades the remaining 2,200 manually read meters to AMR and replacement of 450 existing AMR meters.