

Agenda Report

June 19, 2017

TO: Honorable Mayor and City Council

FROM: Department of Finance

SUBJECT: ADOPTION OF FISCAL YEAR 2018 OPERATING BUDGET

RECOMMENDATIONS:

It is recommended that the City Council:

1. Close the public hearing and adopt by resolution the City's Fiscal Year 2018 Operating Budget as presented in the May 8, 2017 City Manager's Recommended Budget or as subsequently amended during the budget hearing process; and
2. Adopt a resolution determining the amount to be transferred from the Light and Power Fund to the General Fund is 10 percent for FY 2018.

BACKGROUND:

On May 8, 2017, the City Manager submitted the Recommended Fiscal Year (FY) 2018 Operating Budget in compliance with the requirements set forth in Section 904 of the City Charter. This budget represents the City's financial plan for FY 2018 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 2018 Recommended Budget includes the 2018 appropriations for the FY 2018-2022 Capital Improvement Plan (adopted by the City Council on May 8, 2017) and the City's affiliated agencies (Rose Bowl Operating Company, Pasadena Center Operating Company, and Pasadena Community Access Corporation).

Since May 8, 2017, the Finance Committee and the City Council conducted five joint meetings to consider the recommended budget (May 8, May 15, May 22, June 5, and June 12, 2017). The operating budgets for City departments and affiliated agencies were reviewed and discussed. Many questions and requests for additional information were posed by the City Council during the budget hearings. Attachment 3 is a memorandum to transmit additional follow-up information.

The Recommended FY 2018 Operating Budget addresses the City Council's strategic goals to maintain a balanced General Fund budget and to address increasing personnel costs, aging infrastructure, unfunded liabilities, and reserves.

Attachment 1 summarizes city-wide Recommended FY 2018 Operating Budget Appropriations by department and affiliated agencies. Attachment 2 is the General Fund Five-Year Financial Forecast which continues to be the basis for determining the long-term impact of financial decisions and planning. It should be noted that the attached forecast reflects the increase in reserves as directed by the Council on June 12, 2017 and as a separate action item before the Council this evening.

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 (for a combined total of 16 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 2018, staff is recommending the City Council adopt a resolution transferring an amount equal to 10 percent of estimated gross revenues, or \$16,956,120.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through adoption of the FY 2018 Recommended Budget.

FISCAL IMPACT:

TOTAL BUDGETED APPROPRIATIONS
(INCLUDING AFFILIATED AGENCIES AND CIP)


in millions

	FY 2016 Actuals	FY 2017 Adopted	FY 2018 Recommended
General Fund	\$231.6	\$237.8	\$236.7
All Funds	\$948.5	\$757.5	\$786.0

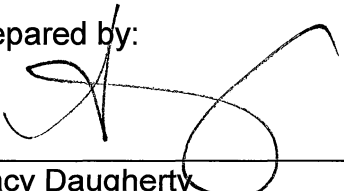
FULL TIME EQUIVALENT POSITIONS
(INCLUDING AFFILIATED AGENCIES)

	FY 2016 Actuals	FY 2017 Adopted	FY 2018 Recommended
General Fund	977.4	996.8	982.8
All Funds	2,145.1	2,224.4	2,170.3

Respectfully submitted,


MATTHEW E. HAWKESWORTH
Director of Finance
Department of Finance

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Approved by:


STEVE MERMELL
City Manager

Attachments (3)

Attachment 1: FY 2018 Summary of Operating Appropriations by Department

Attachment 2: General Fund Five-Year Forecast

Attachment 3: Summary of Follow-up Items