



Agenda Report

June 19, 2017

TO: Honorable Mayor and City Council
FROM: Department of Finance
THROUGH The Finance Committee
SUBJECT: **AMENDMENTS TO FISCAL YEAR 2017 ADOPTED OPERATING BUDGET**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment and;
2. Amend the Fiscal Year (FY) 2017 Adopted Operating Budget as detailed in the background section of this report.

BACKGROUND:

Throughout the fiscal year, budget amendments are necessary to account for unanticipated changes to the adopted budget. The proposed amendments to the FY 2017 Operating Budget are based on information that was not available when the budget was presented for adoption by the City Council on June 27, 2016. A discussion of each proposed budget amendment is included below Attachment A summarizes the proposed amendments.

Proposed Budget Amendments

Public Works Department

- A. Replacement of High Voltage Street Lighting Infrastructure Systems Capital Improvement Project (Project 74415). – General Fund

Transfer \$100,000 from the General Fund portion of Public Works Department's Street Maintenance and Integrated Waste Management Operating Budget to the Replacement of High Voltage Street Lighting Infrastructure Systems Capital Improvement Project (Project 74415). This initial funding for this Capital Improvement Project (CIP) will allow a comprehensive review of deteriorated components of the City's high voltage street light systems and infrastructure. City staff has inventoried street lights and identified high voltage circuits needing replacement. High voltage lights are not energy efficient, entail high maintenance costs, and require obsolete parts. If one light goes out on a high voltage series circuit, all lights on that circuit can go out, thereby creating an outage for an entire neighborhood. Moreover, these high voltage lights use bulbs that are no longer manufactured and the City has a limited replacement supply. Before undertaking a project of this scope, planning and design of the project is needed. Deliverables as a result of this funding include design of the circuits and the external aesthetics of the lights, a more refined cost estimate, and prioritization of replacement of the street lights.

Human Services and Recreation Department

- B. Department of Information Technology (DoIT) Equipment Lifecycle Replacement Fiscal Year 2015 Capital Improvement Project (Project 71157) – General Fund

Transfer \$43,000 from the General Fund portion of the Human Services and Recreation Department's Operating Budget to the DoIT Equipment Lifecycle Replacement capital project to replace 29 public computers, including monitors, peripherals, and upgrades to the infrastructure in the Villa Parke and Jackie Robinson community centers. On average, these public computers are six to eight years old and are difficult to maintain and update. Their replacement will improve user experience and performance, while the upgrade of the infrastructure will allow better remote service management, which is in line with how City staff computers are currently managed. The replacement of the public computers for the two community centers is scheduled to begin the second quarter of fiscal year 2018. Going forward, future replacement of these public computers will be included as part of the Desktop Replacement Program managed by DoIT.

Housing and Career Services Department

C. Outside Legal – Low and Moderate Income Housing Asset Fund

Appropriate \$40,000 from the unappropriated fund balance for Legal fees due to unanticipated services related to the transfer of assets from the Successor Agency to the Housing Successor.

D. Land Purchase – Inclusionary Housing Trust Fund

Appropriate \$275,000 from the unappropriated fund balance of the Inclusionary Housing Fund balance. Due to administrative oversight, this previously approved budget item from fiscal year 2016 was not carried forward to FY17. This appropriation was approved on June 6, 2016 (agenda item No. 9) for a loan to Heritage Housing Partners (HHP) to acquire Fair Oaks Court affordable units.

Rose Bowl Operating Company (RBOC)

E. Miscellaneous Budget Adjustments

Recognize revenue in the amount of \$3,951,718 and appropriate \$4,605,573 in additional expenses to the RBOC's Fiscal Year 2017 budget. The additional revenues are mainly the result of two, U2 concerts in May 2017 and approximately \$2 million worth of "Reimbursable Costs" for the inaugural "Arroyo Seco Weekend" (Music & Arts Festival).

The increased appropriations are mainly comprised of the event-related expenses such as increased security costs for displacement events and for non-event expenses such as higher utilities, enhanced sound monitoring leading up to and during the concerts, various outside legal matters, and Arroyo Seco Advisory Group and Consultants.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through monitoring the Fiscal Year 2017 Adopted Budget and by implementing necessary budget amendments.

FISCAL IMPACT:

Approval of the proposed budget amendments will increase FY 2017 total authorized operating appropriations across multiple funds by \$515,000 as detailed in Attachment A: *Summary of Proposed FY 2017 Budget Amendments*. Currently the General Fund unappropriated fund balance is \$18,960,322; with the proposed net increase of \$200,000 the estimated ending fund balance will be \$18,760,322.

The budget amendments included in this agenda report are not anticipated to impact existing FY 2017 budgeted indirect and support costs such as maintenance and IT support.

Respectfully submitted,


MATTHEW E. HAWKESWORTH
Director of Finance

Prepared by:


Stacy Daugherty
Fiscal Services Administrator
Department of Finance

Approved by:


STEVE MERMELL
City Manager