

Agenda Report

June 14, 2021

TO: Honorable Mayor and City Council
FROM: Department of Finance
**SUBJECT: QUARTERLY CLEAN-UP REPORT – FISCAL YEAR 2021
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;
2. Amend the Fiscal Year (FY) 2021 Adopted Operating Budget as detailed in the following report by a net amount of \$1,561,751.

BACKGROUND:

Throughout the fiscal year, budget amendments are necessary to account for unanticipated changes to the adopted budget. This agenda report includes proposed amendments to the FY 2021 Operating Budget based on information that was not available when the operating budget was approved by the City Council on June 15, 2020.

A brief explanation of each proposed amendment is included in the "Proposed Budget Amendments" section. As detailed in the attachment to this report, approval of the proposed budget amendments will increase FY 2021 total authorized operating appropriations across multiple funds by a net amount of \$1,561,751.

Proposed Budget Amendments

1. **Increased Purchased Water Costs** – The Water and Power Department recommends appropriating \$500,000 from the unappropriated fund balance in the Water Operating Fund (402) for increasing purchased water costs. Purchased water costs have increased due to water quality and mechanical issues that have impacted groundwater production. Sunset and Bangham Wells are off-line due to the Sunset Reservoir being removed from service.

- 2. Metro Allocation Adjustment** – The Transportation Department recommends reducing revenue and appropriations in Measure R Transportation Fund (236) by \$278,279 and Measure M Local Return Fund (242) by \$315,158 to reflect Metro's realignment funding adjustments to transit agencies as a result of the impacts of COVID-19 on sales tax allocations. Thereby, the funding that passes through to the Prop C Local Transit Fund (209) will decrease revenue by \$593,437. Existing transit services will not change as a result of this revenue adjustment.
- 3. Outside Legal Services** – The City Attorney/City Prosecutor Department recommends appropriating expenditures of \$300,000 in the General Fund from the General Fund unappropriated fund balance for outside legal services. The number and range of legal matters required to be processed will exceed the current budget of \$2 million.
- 4. Utilizing Public Benefit Fund Reserve to Fund Power Project** – The Water and Power Department recommends transferring \$250,000 from the unappropriated fund balance in the Public Benefit Fund (410) to the Power Fund (401). This transfer provides the opportunity to draw down and utilize existing reserves in the Public Benefit Fund. This action will swap the funding source for Distribution Battery Project (CIP 3252) from the Power Fund to the Public Benefit Fund to cover research, development and demonstration costs.
- 5. Structural Review of City-Owned Buildings** – The Public Works Department recommends appropriating \$170,000 from the unappropriated fund balance in the Charter Capital Fund (302) to hire consultants through emergency purchase orders to perform field studies, structural observations, and subsequent peer reviews of City-owned buildings. The objective is for consultants to identify all City-owned unreinforced masonry buildings and determine if they are in compliance with PMC Chapter 14.06 – Earthquake Hazard Reduction in Existing Unreinforced Buildings. This action will not go into a capital project and will be incorporated into the operating budget for work that will be completed in FY 2021.
- 6. Donation from the Oscar De La Hoya Foundation** – The Parks, Recreation and Community Services Department recommends recognizing revenue and appropriating expenses of \$90,000 from the Oscar De La Hoya Foundation in the General Fund (101). In 2019, the Oscar De La Hoya Foundation hosted a boxing event at City Hall and earmarked proceeds to benefit programs that help benefit the youth and community of Pasadena. This donation will specifically sponsor the City's Youth Boxing Program (\$70,000) and the Latino Heritage Parade (\$20,000). The additional funding is aimed at enhancing programs rather than offsetting existing expenses. Any unused portion will be carried over and appropriated in future years by the Director of Finance's "assigning" of fund balance for the unspent portion until funds have been depleted.
- 7. Bequest from the Susan A. Walker Trust Estate** – The Library and Information Services Department recommends recognizing revenue of \$47,686 from the Susan A. Walker Trust Estate to the Everett Trust Fund. The bequest is for

general library use without restrictions. Funds will be spent in FY 2022 for youth, teen and adult programs and events such as author talks, story times, afterschool programming and STEAM programs.

8. Purchase of Equipment and Installation for Two Strike Team Vehicles –

The Fire Department recommends transferring \$46,000 from the Billable Projects Fund (105) to the General Fund (101) to purchase and install emergency lighting, radio and electrical equipment on two vehicles, which will be deployed as additional mutual aid resources to send qualified personnel to statewide wildland incidents. Funding comes from surplus residual revenue received in the Billable Projects Fund from the California Governor's Office of Emergency Services for the Department's mutual aid responses that were provided throughout FY 2021.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced by monitoring the FY 2021 Adopted Operating Budget and by implementing necessary budget amendments.

FISCAL IMPACT:

As detailed in the attached "Summary of Proposed 4th Quarter FY 2021 Budget Amendments," approval of the proposed budget amendments will increase FY 2021 total authorized operating appropriations across multiple funds by a net amount of \$1,561,751.


The General Fund's unappropriated fund balance will decrease by \$300,000.

The budget amendments included in this agenda report are not anticipated to impact existing FY 2021 budgeted indirect and support costs such as maintenance and DoIT support.

Respectfully submitted,


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Attachments: (1)

- 1) Attachment A: Summary of Proposed 4th Quarter FY 2021 Budget Amendments by Fund