

Agenda Report

March 27, 2023

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Finance

SUBJECT: **DIRECTION TO PREPARE AN ORDINANCE AMENDING PASADENA MUNICIPAL CODE CHAPTER 4.100 TO REFLECT THE CHARTER AMENDMENT TO SECTIONS 1407 AND 1408 AS APPROVED BY VOTERS**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption); and
2. Direct the City Attorney to prepare and return with an ordinance within 60 days, amending Pasadena Municipal Code, Chapter 4.100 (Power Division General Fund Transfer) to conform to the amended Charter provisions for the General Fund Transfer, as further described in this Agenda Report.

BACKGROUND:

Under Section 1404 of the City Charter, all money received by the City's electric utility for providing electrical service must be deposited in the Light and Power Fund. However, Charter Sections 1407 and 1408 previously permitted a combined annual transfer to the General Fund of up to 16 percent of the electric utility's gross income received during the prior fiscal year, not to exceed its net income. This was to help ensure that the General Fund Transfer ("GFT") provides necessary annual funding for maintaining essential services without compromising the financial health of the City's electric utility. Of the 16 percent that could have been transferred, up to eight percent was to be used for any municipal purpose (former Charter Section 1407) and the remaining eight percent was restricted for municipal improvements and bond redemption (former Charter Section 1408). In recent years, the GFT provided approximately \$18 million annually to the General Fund.

In November 2020, Pasadena voters passed Measure P, with over 85 percent voting to approve the measure. Measure P amended the Charter by reconfirming the GFT, limiting the maximum GFT, and simplifying the restrictions on the transfer. The maximum GFT was reduced from 16 percent to 12 percent of the electric utility's gross income. The entire 12 percent maximum GFT may now be used for any municipal purpose, so the Charter no longer has improvement/bond restrictions on a portion of the transfer.

Pasadena Municipal Code, Chapter 4.100 (Power Division General Fund Transfer), further defines the GFT and the City's ability to transfer an amount less than the maximum GFT. Chapter 4.100 has not been amended following the 2020 passage of Measure P and currently refers to prior maximum GFT limits. Staff proposes that the City Council direct the Municipal Code be amended to state the maximum transfer as 12 percent and conform to the current Charter language.

COUNCIL POLICY CONSIDERATION:

The proposed amendment of Chapter 4.100 would help maintain fiscal responsibility, support and promote quality of life and the local economy, ensure public safety, and generate additional revenue for the City of Pasadena.

ENVIRONMENTAL ANALYSIS:

This proposed Ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines section 15061(b)(3), the common sense exemption (formerly the "general rule") that CEQA applies only to projects, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

FISCAL IMPACT:


There is no fiscal impact to this action.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance

Approved by:



MIGUEL MÁRQUEZ
City Manager