

# Agenda Report

October 2, 2023

**TO:** Honorable Mayor and City Council  
**FROM:** Department of Finance  
**SUBJECT:** **AMENDMENTS TO FISCAL YEAR 2024 ADOPTED OPERATING BUDGET**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the recommended actions in the agenda report are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines per Section 15061 (b)(3), the "Common-Sense" exemption that CEQA only applies to projects that may have an effect on the environment;
2. Approve amending the Fiscal Year 2024 (FY 2024) Adopted Operating Budget as detailed in the following report; and
3. Authorize the City Manager to enter into an agreement with the State of California Office of Traffic Safety for acceptance of the Selective Traffic Enforcement Program (STEP) and the Project Safe Neighborhoods Grant funds (in connection with Item #6).

## **EXECUTIVE SUMMARY:**

Throughout the fiscal year, budget amendments are necessary to account for unanticipated changes to the adopted budget. These revenue and appropriation amendments are presented to the City Council for consideration. This agenda report includes proposed amendments to the FY 2024 Operating Budget as adopted by the City Council on June 12, 2023. The proposed budget amendments fall into one of the following categories:

- Re-appropriations or "carry-forwards" of previously approved appropriations from the FY 2023 budget that were unexpended as of June 30, 2023 (purchase orders, contracts, and grants), where sufficient funding was available in the account and are now anticipated to be expended during FY 2024. As detailed in *Attachments A and B* of this report, approval of the proposed carry-forwards will increase FY 2024 total authorized operating appropriations across multiple funds by a net amount of \$22,011,226; or

- Amendments to the FY 2024 Operating Budget that are based on information that was not available when the Operating Budget was presented to the City Council for adoption on June 12, 2023. As detailed in *Attachment C* of this report, approval of the proposed budget amendments will increase FY 2024 total authorized operating appropriations across multiple funds by a net amount of \$4,023,000.

### **Proposed Carry-Forward Items**

1. **Carry-Forward of FY 2023 Purchase Orders and Contracts** – The Department of Finance recommends appropriations in the amount of \$22,011,226 be carried forward from FY 2023 to FY 2024 throughout various funds. As detailed in *Attachment A*, the recommended appropriations represent 25 contractual obligations where goods or services were ordered in FY 2023 but will not be received until FY 2024. Delays were primarily caused by supply chain issues affecting production and delivery of goods or services.
2. **Carry-Forward of FY 2023 Grants** – The Department of Finance recommends recognizing revenue and appropriations of \$1,431,538, to carry forward grants from FY 2023 to FY 2024 across three different funds. As detailed in *Attachment B*, the recommended revenue and appropriations represent nine grants. The multi-year grants will continue to fund a variety of programming, some of which includes early learning community hubs, pedestrian and bicyclist safety outreach, equipment purchases related to emergency response, de-escalation training, and mental health and wellness resources and training for Police Department personnel and their families.

### **Proposed Budget Amendments**

3. **General Fund Transfers** – The Finance Department recommends a transfer of \$3,675,000 from the General Fund (101) for the following: a) \$3,000,000 to the Other Housing Fund (238) to support acquisitions of affordable housing; b) \$350,000 to the Public Health Fund (203) for programming to promote health equity; and c) \$325,000 to Fund 203 for the second PORT team. These three items were originally budgeted for American Rescue Plan Act (ARPA) funding as part of the FY 2024 Adopted Budget. However, on May 8, 2023, City Council committed any remaining unexpended ARPA funding to the revenue loss category and approved transferring the unexpended amount to the General Fund in FY 2023.

In addition to the aforementioned items, the FY 2024 Adopted Budget also included ARPA transfers to the General Fund totaling \$1.4 million for one-time enhancements. With the action taken on May 8, 2023, these ARPA transfers are no longer necessary and will be removed from the budget.

4. **Encampment Resolution Grant Funding** – The Housing Department and the Pasadena Public Health Department (PPHD) recommend recognizing revenue and appropriating \$674,758 in the Other Housing Fund (238) and \$365,432 in the Public Health Fund (203) for the Encampment Resolution Fund Round 2 Rolling Disbursement Program (ERF-2-R) Grant. The State of California Business,

Consumer Services & Housing Agency awarded this grant funding to provide emergency shelter and housing navigation services to people living in encampments along the 210 and 134 freeways. The Housing Department will enter into a contract with Union Station Homeless Services (USHS), as approved by City Council on April 24, 2023, and also work with the PPHD to administer the program. The total award amount of \$2,080,379 is required to be expended by June 30, 2025, with fifty percent of the funding to be expended by June 30, 2024. The departments will budget the remaining grant funds during the FY 2025 budget cycle.

5. **Public Works Budget Adjustments** – The Public Works Department recommends two adjustments totaling \$973,000 as detailed below.
  - a. The Department recommends appropriating \$673,000 from the unappropriated fund balance of the Measure W Local Return Fund (243). With the passage of Measure W in 2018, Los Angeles County imposed a special parcel tax to fund safe, clean water resources programming/projects to increase urban and stormwater capture as well as to reduce urban and stormwater pollution. The Department will now utilize Measure W funding for expenses that were previously supported by the Sewer Fund. Some of these expenses include catch basin maintenance, the City's Safe Clean Water Program, Stormwater and National Pollutant Discharge Elimination System permits, and Enhanced Watershed Management Program monitoring.
  - b. The Department also recommends transferring \$300,000 from the General Fund (101) to the General Fund Projects Fund (105) for as-needed maintenance costs related to the SR-710 stub. By un-commingling from the General Fund and budgeting in Fund 105, it will enable better cost accounting of expenses in connection with the \$5 million payment from Caltrans as part of the relinquishment agreement.
6. **Pasadena Police Department Grants** – The Police Department recommends recognizing revenue and appropriating \$645,000 in the General Fund (101) for two grants and authorizing the City Manager to enter into an agreement with the State of California for acceptance of the Selective Traffic Enforcement Program (STEP) and Project Safe Neighborhoods (PSN) Grant funds as outlined below.
  - a. The Department recommends recognizing revenue and appropriating \$595,000 in the General Fund for the STEP Grant. This grant will be used for directed enforcement of driving under the influence checkpoints, bicycle safety, and other traffic enforcement programs. The grant period is from October 2023 to September 2024.
  - b. The Department recommends recognizing revenue and appropriating \$50,000 in the General Fund for the PSN Grant. This grant will be used for programming to reduce violent crime. Officers will be deployed in high crime areas for community engagement and crime prevention efforts. The grant period is from October 2023 to September 2024.

7. **Public Art Projects** – The Planning and Community Development Department recommends re-appropriating \$350,000 from the unappropriated fund balance of the Capital Public Art Fund (310) to support two public art projects. Specifically, \$200,000 for a public art piece at the Robinson Park Recreation Center and \$150,000 for the Rotating Public Art Exhibition Program Series IV project, which will install various artworks throughout the City. City Council previously approved the appropriation on October 3, 2022; however, funds were not encumbered due to project delays.
  
8. **Emergency Food and Shelter Program Grant** – The Pasadena Public Health Department recommends recognizing revenue and appropriating \$62,700 in the Public Health Fund (203) for the Emergency Food and Shelter Program (EFSP) Grant awarded by United Way to provide emergency motel shelter rooms and related supplies for people experiencing homelessness who are enrolled in the Department’s programs. The grant term ends December 31, 2023.

**COUNCIL POLICY CONSIDERATION:**

The City Council’s strategic planning goal of maintaining fiscal responsibility and stability will be advanced by monitoring the FY 2024 Adopted Operating Budget and by implementing necessary budget amendments.

**ENVIRONMENTAL ANALYSIS:**

This action proposed herein is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Section 15060 (c)(2), 15060 (c)(3), and 15378. The consideration of amending the FY 2024 Operating Budget is a government fiscal activity that does not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment. Therefore, the proposed action is not a “project” subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

As detailed in *Attachments A and B* of this report, approval of the proposed carry-forward items will increase FY 2024 total authorized operating appropriations across multiple funds by \$23,442,764, which will be offset through increased revenues of \$1,431,538.

As detailed in *Attachment C*, approval of the proposed budget amendments will increase FY 2024 total authorized operating appropriations across multiple funds by \$4,070,890, which will be offset through increased revenues of \$47,890 resulting in a net increase of \$4,023,000.

The General Fund's unappropriated fund balance will decrease by a net amount of \$18,456,063.

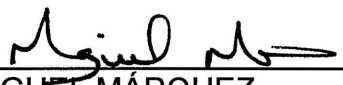
Respectfully submitted,

  
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Attachment: (3)

- A) Attachment A: Listing of Carry-Forward Purchase Orders and Contracts
- B) Attachment B: Listing of Carry-Forward Grants
- C) Attachment C: Summary of Proposed Q1 FY 2024 Budget Amendments