

Agenda Report

June 9, 2025

TO: Honorable Mayor and City Council
THROUGH: Finance Committee
FROM: Department of Finance
SUBJECT: **AMENDMENTS TO FISCAL YEAR 2025 OPERATING BUDGET**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action herein is not a "project" subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 21065 and within the meaning of Section 15378(b); and
2. Amend the Fiscal Year (FY) 2025 Operating Budget as detailed in the following report by a net revenue of \$4,025,675.

BACKGROUND:

Throughout the fiscal year, budgetary adjustments 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 2025 Operating Budget as adopted by the City Council on June 10, 2024.

Proposed Budget Amendments

1. **Water and Power Budget Adjustments** – The Pasadena Water and Power Department (PWP) recommends recognizing \$10,131,867 in the General Fund (101), appropriating \$15,957,493 in the Power Fund (401), and \$1,300,000 in the Water Fund (402), as detailed below.
 - a. **General Fund Transfer** – PWP recommends increasing the transfer from the Power Fund (401) to the General Fund by \$10,131,867. The existing transfer approved by City Council is \$18,000,000. Pursuant to Pasadena Charter Section 1408, the maximum aggregate amount available for the Light and Power Fund transfer is calculated by multiplying the annual

gross electric income from the sale of electric energy at rates and charges fixed by ordinance by 12 percent. Based on the power utility's financial performance in FY 2024, and using the full 12 percent per the Charter, the total transfer for FY 2025 will be \$28,131,867.

- b. **Gas and Fuel** – PWP recommends appropriating \$4,600,000 from the unappropriated fund balance in the Power Fund (401) for purchased gas and fuel burned for local retail generation. Since January, the Glenarm Power Plant has generated 104,967 MWh to support the January 2025 Wind Storm & Gould-Goodrich Outage. The increased generation (102,018 MWh above budget) required an increase in gas purchases to run the gas turbines, resulting in the \$4.6 million cost increase.
 - c. **Water** – PWP recommends appropriating \$900,000 from the unappropriated fund balance in the Water Fund (402) for purchased water. Due to the Eaton Fire, the demand for water was higher than budgeted, because of firefighting, flushing of water services and mains, and cleaning of reservoirs in the fire-impacted zones. PWP is seeking cost recovery in future years. In addition, this was the driest three-month period (November to January) since 1963; therefore, demands for water were already higher than in a typical winter period.
 - d. **Miscellaneous Pay** – PWP recommends appropriating a total of \$629,626 from the unappropriated fund balance in the Power Fund (401) for miscellaneous pay to cover field crew standby hours that allow quick response times to after-hours incidents. The January Wind Storm and Eaton Fire emergency, in addition to staff vacancies, required an increase in staff to be available to respond to incidents. PWP is seeking cost recovery in future years.
 - e. **Power Delivery Overtime** – PWP recommends appropriating a total of \$596,000 from the unappropriated fund balance in the Power Fund (401) for overtime pay. The January Wind Storm and Eaton Fire emergency required employees to work overtime to restore power and make conditions safe for residents. PWP is seeking cost recovery in future years. In addition, vacancies required additional overtime for Dispatch operations.
 - f. **Water Overtime** – PWP recommends appropriating \$400,000 from the unappropriated fund balance in the Water Fund (402) for overtime pay. Staff worked overtime in response to the Eaton Fire, assessing and repairing critical water structures, maintaining water quality, and working as part of the call center/dispatch. PWP is seeking cost recovery in future years.
2. **Concord Property Sale** – The Finance Department recommends recognizing \$12,104,515 in partial loan repayment from the sale of the Concord Senior Housing property at 275 E. Cordova in the General Fund (101), transferring \$11,071,199 to the Fire and Police Retirement Fund (667), and transferring \$833,316 to the Low and Moderate Income Housing Asset Fund (237), for net proceeds to the General Fund in the amount of \$200,000. This revenue and

subsequent transfers were not included in the FY 2025 Operating Budget, and this action corrects the budget accordingly.

3. **Outside Legal Services** – The City Attorney/City Prosecutor Department recommends appropriating \$2,200,000 from the unappropriated fund balance in the General Fund (101) for outside legal services. The Department currently has \$2.5 million budgeted for outside legal services; however, this will not be sufficient given the number and range of legal matters required to be handled. For example, the Civil Division has handled a high number of ongoing and time-consuming litigation matters, including a 20 percent increase of cases this fiscal year compared to FY 2024, with protracted discovery and law and motion in several litigation matters, as well as several complex advisory legal matters.
4. **Walnut Street Vacant Land Transfer** – The Finance department recommends recognizing \$2,120,000 in the General Fund (101) due to the transfer of property at 2825 E. Walnut Street to the Pasadena Water and Power Department. The City Council approved this transfer at its meeting on January 22, 2024, and while it was anticipated the monies would be deposited in the General Fund in FY 2024, this transaction was completed in December 2024.
5. **Fire Department Budget Adjustments** – The Pasadena Fire Department recommends recognizing \$1,246,334 and appropriating \$1,673,868 among the General Fund (101), General Fund Projects Fund (105), and Homeland Security Grant Fund (230), as detailed below.
 - a. **Emergency Medical Aid Response (EMS) Revenue** – The Fire Department recommends recognizing and appropriating \$700,000 from additional EMS revenue in the General Fund (101) to offset personnel costs (\$375,000) and apparatus maintenance costs (\$325,000). The Fire Department was partially funded for an eighteen-week Recruit Academy and eight-week 2025 Lateral Academy and has incurred additional position coverage expenses. Additional costs for fleet equipment maintenance are due to delays in delivery of replacement apparatus. As a result of manufacturing and supply chain issues, existing fire apparatus have been in service longer than their recommended useful lives and require further maintenance and replacement of parts at a higher-than-average rate. Replacement apparatus are expected to be placed into service in late FY 2025 and throughout FY 2026.
 - b. **Transfer of Funds** – The Fire Department recommends transferring \$427,534 from the General Fund Projects Fund (105) to the General Fund (101). Funding comes from surplus residual revenue that is received annually in the General Fund Projects Fund from the California Governor's Office of Emergency Services for the Department's mutual aid responses that were provided throughout FY 2025, which is then transferred to the General Fund at year-end. This amount will be appropriated to purchase and upfit a rapid extraction module support vehicle, which will be deployed as additional mutual aid resources to send qualified personnel to statewide wildland incidents; complete facility improvement projects at Fire

Station 33 and 38; and purchase video laryngoscopes for front-line apparatus.

- c. **2023 Urban Area Security Initiative (UASI) Grant Funds** – The Fire Department recommends recognizing and appropriating \$100,000 in the Homeland Security Grant Fund (230) for a 2023 UASI Grant Award from the City of Los Angeles as a subrecipient. The City of Pasadena is eligible to receive annual grant funding through UASI as part of a nation-wide program to improve and enhance emergency response capability for terrorist-related activity. The funds available to the City are the result of a grant modification from the Los Angeles County Sheriff's Office to the Los Angeles Area Fire Chief's Association, with Pasadena Fire Department as the grant host. This is a transfer of funds for the procurement of situational awareness application software.

Under 2023 UASI, the Fire Department will receive \$100,000 for the purchase of an information sharing software program that supports fire service, law enforcement, and other disciplines. The goal is to provide daily intelligence and information to public safety leaders, and place intelligence and other timely information in one convenient location, which is readily accessible by all secured users. All purchases related to this grant will be made in accordance with the City's applicable procurement policies and procedures.

- d. **2023 State Homeland Security Program (SHSP) Grant Funds** – The Fire Department recommends recognizing and appropriating \$18,800 in the Homeland Security Grant Fund (230) for a 2023 UASI Grant Award from the County of Los Angeles as a subrecipient. The City of Pasadena is eligible to receive annual grant funding through SHSP as part of a nation-wide program to improve and enhance emergency response capability for terrorist-related activity. The funds available to the City are the result of new grant allocations.

Under 2023 SHSP, the Fire Department will receive \$18,800 for Mobilization Exercises for Regional Task Force-4 and with Teams within Los Angeles County. These exercises will enhance first responders' coordination and practice readiness responding to threats, hazards, and emergencies. All purchases related to this grant will be made in accordance with the City's applicable procurement policies and procedures.

- 6. **Historic Resources Survey Phase II** – The Planning and Community Development Department recommends appropriating \$348,680 from the unappropriated fund balance in the General Fund (101) to re-budget funding for the City-Wide Historic Resource Survey. The funds are necessary to continue Phase II of the Historic Resource Survey, which includes initiation of the reconnaissance survey phase, scheduled to take place in June 2025. Subsequently, the intensive level survey of eligible resources identified therefrom and public engagement are scheduled to take place in FY 2026, with the final report to be completed and presented to the City Council by the end of FY 2026.

7. **State and Local Cybersecurity Grant Program** – The Department of Information Technology (DoIT) recommends recognizing and appropriating \$225,000 in the Computing and Communication Fund (501) for a grant awarded on December 24, 2024, through the State of California Governor's Office of Emergency Services for the State and Local Cybersecurity Grant Program. The City Council adopted a resolution on May 19, 2025, to accept the award to provide initial funding for enhancements to the City's cybersecurity initiatives.
8. **Facility Space Assessment** – The City Manager's Office recommends appropriating \$97,000 from the unappropriated fund balance in the General Fund (101) for space assessment services, which will be completed by June 2025.
9. **Lunch at the Library Grant Program** – The Libraries and Information Services Department recommends recognizing and appropriating \$33,176 in the Library Services Fund for the Lunch at the Library Grant Program. Lunch at the Library is a state-wide initiative that provides grants, training, and resources to help libraries establish successful summer meal sites or provide programming and resources at other community meal sites. Pasadena Public Library offers both. Earlier this calendar year, funding for this grant was uncertain due to federal/state budget cuts. However, after a period of review, the California State Library confirmed their ability to provide funding for the current grant period.

In 2025, Pasadena Public Library will continue to visit free meal sites throughout the community, providing high-quality and high-interest books for children ages 0-18 to add to their home libraries, while connecting families to the annual Summer Reading program. In addition, the library will continue to offer free meals at the Jefferson Branch Library and plans to add a second meal site at another branch library. Library meal sites will have a scheduled daily activity, primarily led by a local educator and community partners. These activities will incorporate farming, the Science Technology Engineering, Art, and Mathematics curriculum, sustainability, music, and other enriching, educational activities. Many of these programs will be continuous, encouraging long-term participation throughout the summer.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced by monitoring the FY 2025 Operating Budget and by implementing necessary budget amendments.

ENVIRONMENTAL ANALYSIS:

CEQA excludes, from environmental review, actions that are not “projects” as defined by CEQA Guidelines Section 21065 and within the meaning of Section 15378(b). Sections 21065 and 15378(b) define a project as an action which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378 excludes from the definition of “project” government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The actions proposed herein, amending the City’s FY 2025 Operating Budget, are governmental fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and therefore is not a “project” as defined by CEQA. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

As detailed in the attached "Summary of Proposed 4th Quarter FY 2025 Budget Amendments", approval of the proposed budget amendments will increase FY 2025 total authorized operating appropriations across multiple funds by \$33,739,732. These additional costs will be offset through increased revenue of \$37,765,407.

The General Fund's unappropriated fund balance will increase by \$9,806,187.

The budget amendments included in this agenda report are not anticipated to impact existing FY 2025 budgeted indirect and support costs, such as maintenance and Department of Information Technology support.

Respectfully submitted,




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Director of Finance

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Approved by:



MIGUEL MÁRQUEZ
City Manager

Attachment: (1)

A) Summary of Proposed 4th Quarter FY 2025 Budget Amendments