

Agenda Report

TO: CITY COUNCIL
THROUGH: FINANCE COMMITTEE

DATE: JUNE 1, 1998

FROM: ACTING CITY MANAGER

SUBJECT: RESOLUTION REGARDING A REDUCTION IN THE TRANSFER FROM THE LIGHT AND POWER FUND TO THE GENERAL FUND FOR FISCAL YEAR 1998

RECOMMENDATION

It is recommended that the City Council approve a Resolution of the City Council regarding a reduction in the transfer from the Light and Power Fund to the General Fund for fiscal year 1998, reducing the transfer from 8% to 6.33%.

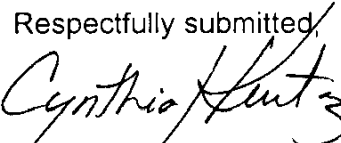
DISCUSSION

Included in the Financial Plan for the Light and Power Fund is a proposal to reduce the General Fund transfer from its fiscal year 1997 level of 8% to 6.33% in fiscal year 1998. This results in reduced revenues to the General Fund of approximately \$1.7 million for fiscal year 1998. This savings to the Light and Power Fund will be transferred into the Reserve for Stranded Investment, thus minimizing the necessary temporary rate surcharge.

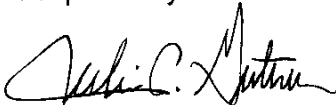
If the amount of the transfer is less than 8%, Section 1407 of the City Charter requires the City Council to declare by resolution that such a transfer would not be detrimental to the proper functioning and administration of the power utility during fiscal year 1998. In approving the 1998 budget, it was determined that a transfer of 6.33% (\$6,602,545) would be appropriate, thus it would not be detrimental to the utility during the 1998 fiscal year. Accordingly, this action is necessary pursuant to Section 1407 of the City Charter.

FISCAL IMPACT

The proposed reduction in the transfer rate from 8% to 6.33% will reduce the Light and Power Fund expenses by approximately \$1.7 million and will reduce the General Fund revenue by a like amount. The adopted fiscal year 1998 operating budget for both Funds have incorporated this recommended reduction.

Respectfully submitted,

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Prepared by:


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