



Agenda Report

June 21, 2021

TO: Honorable Mayor and City Council

FROM: Department of Finance

SUBJECT: ADOPTION OF FISCAL YEAR 2022 OPERATING BUDGET AND RESOLUTION DETERMINING THE AMOUNT OF ANNUAL TRANSFER FROM THE POWER FUND; AND ADOPTION OF RESOLUTION ESTABLISHING NEW CLASSIFICATION

RECOMMENDATION:

It is recommended that the City Council:

1. Close the public hearing and adopt by resolution the Fiscal Year (FY) 2022 Operating Budget as presented in the City Manager's Recommended Budget on May 24, 2021, or as subsequently amended during the budget hearing process;
2. Adopt a resolution determining the amount to be transferred from the Light and Power Fund to the General Fund is 10 percent of gross revenues from retail sales for Fiscal Year 2022; and
3. Adopt a resolution establishing a new classification of Deputy Fire Marshal and corresponding salary control rate.

EXECUTIVE SUMMARY:

The City of Pasadena has faced extraordinary challenges over the last year, but is on the gradual road to recovery. As the City continues to make preparations for reopening safely, there are economic and fiscal questions that still remain. The citywide approach for the FY 2022 Operating Budget was to maintain an essentially flat budget, with services kept level and contractual obligations honored. With the exception of a few proposed enhancements, departments have managed to keep their budgets relatively stable. Staff is recommending the adoption of the annual operating budget with the understanding that in all likelihood the budget will continue to evolve as funding from the American Rescue Plan Act is committed and the local economy returns closer to normal.

BACKGROUND:

On May 24, 2021, the City Manager submitted the Recommended FY 2022 Operating Budget in compliance with the requirements set forth in Section 904 of the City Charter. Since then, the City Council conducted four meetings (June 7, June 8, June 14, and June 21, 2021) to review and discuss the recommended operating budgets of City departments and affiliated agencies.

The Recommended Operating Budget represents the City's financial plan for FY 2022 and furthers the City's mission to deliver exemplary municipal services responsive to our entire community and consistent with the City's history, culture and unique character. In addition to the City's anticipated operating revenues and expenses, the Recommended Budget includes the appropriations for the FY 2022–2026 Capital Improvement Program (CIP) and the City's affiliated agencies (Rose Bowl Operating Company, Pasadena Center Operating Company, and Pasadena Community Access Corporation).

It is worth noting that in order to help balance the Recommended FY 2022 Operating Budget the City will continue to reprogram Measure I dollars intended for the CIP budget and draw down on General Fund reserves to help RBOC cover its annual debt service. As the new fiscal year begins, staff will monitor the financial realities and recommend additional budget adjustments as necessary. The table below presents the FY 2022 Recommended Budget alongside two preceding fiscal years.

Total Budgeted Appropriations
 (including Affiliated Agencies and CIP)

in millions

	FY 2020 Actuals	FY 2021 Adopted	FY 2022 Recommended
General Fund	\$304.3	\$269.6	\$286.7
All Funds	\$1,069.4	\$877.8	\$897.8

Full-Time Equivalent Positions
 (including Affiliated Agencies)

	FY 2020 Adopted	FY 2021 Adopted	FY 2022 Recommended
General Fund	1,002.80	1,007.59	1,011.30
All Funds	2,275.95	2,268.52	2,250.67

Proposed Adjustments

During the public hearing process, two departments identified adjustments to their original submissions of the Recommended FY 2022 Operating Budget.

- **Fire Department:** In connection with Recommendation No. 3, the Department seeks to reclassify an existing Fire Inspector position to the new classification of Deputy Fire Marshal. The additional costs associated with the proposed reclassification will be absorbed in the Department's operating budget.

Approval of Recommendation No. 3 will establish the new classification title Deputy Fire Marshal with a salary control rate of \$146,450. A Deputy Fire Marshal is a non-sworn, management position responsible for managing the day-to-day operations of the Fire Prevention Bureau and staff. The incumbent will manage and administer bureau programs and services, supervise staff, administer the budget, and ensure efficient and effective bureau operations. An employee in this class typically reports to the Fire Chief or the Deputy Fire Chief/Fire Marshal and manages the work of non-sworn bureau employees, including Fire Inspection, Hazardous Materials and Fire Plans Examining.

- **Public Health Department:** Increase recommended revenues and appropriations by \$494,962 in the Public Health Fund (203), as the Department was recently awarded an immunization grant from the California Department of Public Health to help prevent and control vaccine-preventable diseases, specifically COVID-19 (total grant award of \$1.1 million through FY 2024).

The grant will support four new, limited-term positions that will increase the total Full-Time Equivalents (FTE) in the Public Health Fund by 3.0 FTEs. This includes a Community Services Representative III (1.0 FTE), Licensed Vocational Nurse (1.0 FTE), Public Health Nurse (0.5 FTE), and a part-time Licensed Vocational Nurse (0.5 FTE).

With regards to Recommendation No. 2, 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 and comparing the amount so calculated to the accrual year's actual net income. The City Council shall by resolution transfer that amount; however, the City Council may transfer an amount other than that figure if the Council determines that it would not be detrimental to the functioning and administration of the power utility during the budget year under consideration.

For FY 2022, staff is recommending that the City Council adopt a resolution transferring an amount equal to 10 percent of estimated gross revenues, or \$18,000,000.

Attachment A summarizes the citywide Recommended FY 2022 Operating and CIP Budget Appropriations by departments and affiliated agencies. Attachment B is the City Manager's Transmittal Letter for the Operating Budget. Attachment C provides responses to a few questions raised during the Special Joint Finance Committee/City Council Meeting on

June 14, 2021. Attachment D outlines the various departmental programs and services that support the children and youth of Pasadena.

A copy of the Recommended FY 2022 Operating Budget can be found on the City's website at <https://www.cityofpasadena.net/finance/operating-budgets/>.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through the adoption of the FY 2022 Recommended Operating Budget.

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. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

The FY 2022 Recommended Budget proposes total operating appropriations of \$286,692,599 in the General Fund and \$897,777,852 in all Funds (includes affiliated agencies and CIP).

The full-time equivalent (FTE) positions funded by the General Fund are 1,011.30 FTEs and those funded by all Funds are 2,250.67 FTEs (includes affiliated agencies).

Respectfully submitted,


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Director of Finance

Prepared by:



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Approved by:



STEVE MERMELL
City Manager

Attachments:

1. Attachment A – Summary of Appropriations and FTEs by Department
2. Attachment B – City Manager’s Transmittal Letter for Operating Budget
3. Attachment C – Follow-up Memo from June 14th Special Joint Finance Committee/City Council Meeting
4. Attachment D – Children and Youth Programming