DEPARTMENT OF FINANCE

Notice of a Regular Meeting of the
FINANCE COMMITTEE
4 p.m. - Monday, November 14, 2011
Council Chambers, Room S249

NOTICE IS HEREBY GIVEN that a regular meeting of the Finance Committee will be held **Monday, November 14, 2011** at **4 p.m.** in the Council Chambers, Room S249, at the City of Pasadena City Hall, 100 N. Garfield Ave., Pasadena, California.

A. CALL TO ORDER

B. PUBLIC COMMENT

C. NEW BUSINESS

1. RECOGNIZE AND APPROPRIATE GRANT FUNDS IN THE AMOUNT OF $650,000 TO THE POLICE DEPARTMENT'S FISCAL YEAR 2012 OPERATING BUDGET GRANT FUND; AUTHORIZE THE PURCHASE OF ONE THERMAL IMAGING CAMERA IN AN AMOUNT NOT TO EXCEED $235,000; AND AUTHORIZE THE PURCHASE OF TWO DIGITAL DOWN-LINKING SYSTEMS IN AN AMOUNT NOT TO EXCEED $100,000

2. AUTHORIZE THE CITY MANAGER TO EXECUTE ALL AGREEMENTS WITH THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO) ASSOCIATED WITH THE RECEIPT OF GRANT FUNDING AND THE IMPLEMENTATION OF THE PASADENA AREA RAPID TRANSIT SYSTEM (ARTS) ENHANCED PASSENGER INFORMATION PROJECT

3. AUTHORIZE THE CITY MANAGER TO EXECUTE ALL AGREEMENTS WITH THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AND CALSTART ASSOCIATED WITH THE RECEIPT OF GRANT FUNDING AND THE IMPLEMENTATION AND MANAGEMENT OF THE FOLDING BICYCLE DEMONSTRATION PROGRAM

4. AMENDMENTS TO FISCAL YEAR 2012 ADOPTED BUDGET

5. ADOPTION OF A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA, CALIFORNIA, AUTHORIZING THE INVITATION OF BIDS FOR THE PURCHASE OF WATER REVENUE REFUNDING BONDS, 2011A SERIES, OF SAID CITY; APPROVING A NOTICE OF INTENTION TO SELL BONDS, A PRELIMINARY OFFICIAL STATEMENT, A NOTICE INVITING BIDS; AUTHORIZING THE PUBLICATION OF A NOTICE OF INTENTION TO SELL BONDS; APPROVING AND RATIFYING THE FORM AND EXECUTION AND DELIVERY OF A FOURTH SUPPLEMENTAL TO WATER REVENUE BOND INDENTURE, AN ESCROW AGREEMENT AND CONTINUING DISCLOSURE AGREEMENT IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

D. ADJOURN FINANCE COMMITTEE

CHRIS HOLDEN
Chair, Finance Committee

I HEREBY CERTIFY that this notice, in its entirety, was posted on the City of Pasadena City Hall bulletin boards in Council Chambers area and north entrance at 100 N. Garfield Ave., Pasadena and a copy was distributed to the Central Library for posting this 10th day of November 2011 by 5:30 p.m., and that copies were faxed or delivered to each local newspaper of general circulation requesting notice in writing all of which media recipients are identified on the distribution list below.

Lori Eubanks
Recording Secretary

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Agenda Report

November 14, 2011

TO: Honorable Mayor and City Council

THROUGH: FINANCE COMMITTEE

FROM: Pasadena Police Department

SUBJECT: **RECOGNIZE AND APPROPRIATE GRANT FUNDS IN THE AMOUNT OF $650,000 TO THE POLICE DEPARTMENT'S FISCAL YEAR 2012 OPERATING BUDGET GRANT FUND; AUTHORIZE THE PURCHASE OF ONE THERMAL IMAGING CAMERA IN AN AMOUNT NOT TO EXCEED $235,000 FROM FLIR SYSTEMS, INCORPORATED; AND AUTHORIZE THE PURCHASE OF TWO DIGITAL DOWN-LINKING SYSTEMS IN AN AMOUNT NOT TO EXCEED $100,000 FROM BROADCAST MICROWAVE SERVICES**

RECOMMENDATION:

It is recommended that the City Council: A) Recognize and appropriate $650,000 in Homeland Security Grant Funds to the Police Department's FY2012 Operating Budget; B) Authorize issuance of a purchase order contract to FLIR Systems Incorporated not to exceed $235,000 for the purchase of a thermal imaging camera; C) Authorize issuance of a purchase order contract to Broadcast Microwave Services in an amount not to exceed $100,000 for the purchase of two digital video down-linking systems for the police helicopter fleet. The proposed purchase order contracts are exempt from the competitive bidding process pursuant to City Charter Section 1002(H), contracts with other governmental entities or their contractors.

BACKGROUND:

The Department of Homeland Security has recently made available grant funds from the 2008 Homeland Security Grant. These funds represent awards to other jurisdictions that were subsequently unable to fulfill the grant requirements. Consequently, those funds are being reallocated to agencies that had submitted grant proposals.

On October 20, 2011, the Pasadena Police Department Air Operations Section was contacted by the Homeland Security Grant Program Task Force with notification that re-allocated grant funds were available to purchase specialized equipment for police helicopter operations. According to the program coordinator, the Air Operations Section

was awarded these funds based on regional efforts and experience with the grant program.

The $650,000 award represents the acquisition of a number of aviation related items that will aid public safety efforts and improve response capabilities and efficiency during major incidents and catastrophes. These items include an updated aviation based navigation system, night vision technology, thermal imaging and color camera system, video downlink technology, interoperable radio systems, quiet technology tail rotor blades, and main rotor blades for a regional helicopter.

Currently, all of the city's patrol helicopters are equipped with identical FLIR Systems thermal imaging cameras. FLIR Systems, Inc. is a civilian contractor with a current contract with the City of El Monte for a similar FLIR Ultra 8500 system. FLIR has agreed to extend the same pricing under the El Monte purchase order contract to Pasadena.

Regarding Broadcast Microwave Services and the video downlink technology, two Pasadena helicopters and three Glendale / Burbank helicopters are equipped with similar downlink equipment. These systems are interoperable with proprietary encryption capabilities for security and safety concerns. Broadcast Microwave Services is a civilian contractor with a current contract with the City of Pomona for similar downlink equipment. Broadcast Microwave Services has agreed to extend the same pricing under the Pomona purchase order contract to Pasadena.

The aforementioned interoperable radio system, night vision equipment, main and tail rotor blades, and navigation system will be acquired utilizing the competitive bidding process, rules and guidelines.

Pursuant to the grant requirements the City will be required to spend funds and submit reimbursement no later than January 31, 2012.

COUNCIL POLICY CONSIDERATION:

The recommended action furthers the City Council's strategic plan goal to ensure public safety.

ENVIRONMENTAL ANALYSIS:

The action is categorically exempt from CEQA pursuant to State CEQA Section 15061 (b) (3), the General Rule that CEQA only applied to projects that may have an effect on the environment.

FISCAL IMPACT:

The cost of this action will be $650,000. All of which will be funded from additional revenues from the FY08 Sub-Grantee Homeland Security Grant Program. Funding for this action will be addressed by an increase in appropriations and estimated revenues in accounts 8504-230-401000-91140 Equipment and 6365-230-401000-91140 Homeland Security Grant Program in the amount of $650,000.00.

It is anticipated that $650,000 of the cost will be spent during the current fiscal year. There are no anticipated indirect and support costs such as maintenance and IT support.

Respectfully submitted,

PHILLIP L. SANCHEZ
Chief of Police

Prepared by:

MICHAEL INGRAM, Lieutenant
Air Operations Section

Concurred by:

ANDREW GREEN
Director of Finance

Approved by:

MICHAEL J. BECK
City Manager

Agenda Report

November 14, 2011

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (November 14, 2011)

FROM: Department of Transportation

SUBJECT: **AUTHORIZE THE CITY MANAGER TO EXECUTE ALL AGREEMENTS WITH THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO) ASSOCIATED WITH THE RECEIPT OF GRANT FUNDING AND THE IMPLEMENATION OF THE PASADENA AREA RAPID TRANSIT SYSTEM (ARTS) ENHANCED PASSENGER INFORMATION PROJECT**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the implementation of the Pasadena ARTS Enhanced Passenger Information project is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301, Existing Facilities; and

2. Authorize the City Manager to execute all agreements with the Metro associated with the receipt of grant funding and the implementation and management of the Pasadena ARTS Enhanced Passenger Information project;

3. Recognize and approve a journal voucher appropriating the Metro grant of $683,150 to account number 301-773200-75701 for the Transit Vehicle Arrival Information System (TVAIS) project;

4. Approve a journal voucher amending the 2012 Capital Improvement Project by recognizing and appropriating $210,200 from the Gold Line Surplus Funds 301-773200-75521 to the TVAIS project 301-773200-75701.

BACKGROUND:

This proposed project will supplement and provide additional funding for the Pasadena ARTS TVAIS project. The TVAIS project is a federally funded project that will enable the ARTS buses to be tracked by a system to provide customers with "real-time" arrival information with implementation scheduled for late 2012. The Department of Transportation is currently in the process of selecting a vendor for the TVAIS project. The Metro grant funded Pasadena ARTS Enhanced Passenger Information project will significantly enhance the TVAIS project by providing additional real-time bus arrival information via an interactive voice response (IVR) component (i.e., information via phone), automated voice announcements on the buses and as buses approach bus stops and installation of real-time information signs at some of the bus stops.

The proposed project is needed to optimize the Pasadena local transit network through enhancing access to real-time vehicle arrival information, resulting in improved service quality and an increase in both local and regional transit ridership. This project will greatly improve and increase access to real-time vehicle arrival information by people who would not otherwise be able to gain access to it, including portions of the disabled community.

COUNCIL POLICY CONSIDERATION:

The proposed action is consistent with the following goals of the Strategic Plan: Improve, Maintain and Enhance Public Facilities and Infrastructure and Improve Mobility and Accessibility throughout the City. The Pasadena ARTS Enhanced Passenger Information project will improve and support transit use on the ARTS by facilitating and enhancing real-time passenger information to customers.

ENVIRONMENTAL ANALYSIS:

The proposed action to approve a MOU between the City of Pasadena and Metro for the Pasadena ARTS Enhanced Passenger Information project has been determined to be exempt from CEQA per Section 15301, Existing Facilities. The proposed action to authorize a MOU with Metro to receive grant funds for the Pasadena ARTS Enhanced Passenger Information project will not result in any significant change or increase in service.

FISCAL IMPACT:

The majority of the cost of the Pasadena ARTS Enhanced Passenger Information project will be funded through a $683,150 grant from Metro to account number 301-773200-75701. The City's required match of $210,200 will be funded by Gold Line Surplus Funds account number 301-773200-75521 to the TVAIS project account number 301-773200-75701.

Respectfully submitted:

F. C. Dock

FREDERICK C. DOCK
Director
Department of Transportation

Prepared by:

Valerie E. Gibson
Acting Transit Manager

Approved by:

MICHAEL J. BECK
City Manager

Agenda Report

November 14, 2011

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (November 14, 2011)

FROM: Department of Transportation

SUBJECT: **AUTHORIZE THE CITY MANAGER TO EXECUTE ALL AGREEMENTS WITH THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AND CALSTART ASSOCIATED WITH THE RECEIPT OF GRANT FUNDING AND THE IMPLEMENTATION AND MANAGEMENT OF THE FOLDING BICYCLE DEMONSTRATION PROGRAM**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the following proposed actions are exempt from review pursuant to the California Environmental Quality Act ("CEQA"), pursuant to State CEQA Guidelines Section 15061 (b) (3);
2. Authorize the City Manager to execute all agreements with the Los Angeles County Metropolitan Transit Authority (Metro) and CALSTART associated with the receipt of grant funding and the implementation and management of the program respectively;
3. Recognize and approve a journal voucher appropriating the Metro grant for $259,840 to budget account number 6546-209-774513;
4. Approve a journal voucher amending the Fiscal Year 2012 Operating Budget by recognizing and appropriating $64,960 from the Air Quality Improvement Fund 216 unencumbered fund balance to budget account number 8114-209-774513.

BACKGROUND:

Through this program the City of Pasadena will implement a folding bike demonstration program entitled "Fold-n-Go Pasadena." The program will provide price discounts to transit riders to purchase selected folding bikes to use in conjunction with bus and/or rail systems in Pasadena. Ideally, the incentives will convert automobile commuters to bike/transit users for their full commute trip during peak hours. The design of the folding bicycle allows users to more easily transport the bike using less space when the bike is folded to a compact size. When using the folding bike on a transit trip, it allows individuals the ability to board transit vehicles and seamlessly complete the first-and-last

mile connections even when the bike rack on the bus is full and/or if there is inadequate storage at the rider's destination.

The City will initiate a Memorandum of Understanding (MOU) with Metro to secure the grant for this program. The Department of Transportation will administer the implementation of Fold-n-Go Pasadena and will contract with CALSTART to manage the day-to-day operation of the program. CALSTART is a Pasadena based non-profit organization that works with the public and private sectors to develop advanced transportation technologies and is dedicated to supporting and accelerating the growth of these technologies.

The Fold-n-Go program will be funded through a $259,840 grant from the Metro and a local match consisting of $64,960 from the unencumbered Air Quality Improvement Fund. The program is designed to have at least 600 participants. Each participant will receive a subsidy of approximately $220 towards the purchase of a folding bicycle through local bike shops. Those who live and/or work in the City of Pasadena will be eligible to participate in the program. CALSTART will develop criteria to identify the best candidates to participate in the program, as well as which collapsible bike is most appropriate for each participant. Additionally, Fold-n-Go Pasadena includes the following elements:

- A validation mechanism to ensure the collapsible bicycle is being used for commuting
- Extensive marketing and outreach
- Comprehensive data collection and evaluation.

This project will leverage the success, knowledge, and experience that CALSTART acquired in working with the City of Pasadena on a similar program in 2007, entitled MyGo-Pasadena. Using Metro grant funds, MyGo-Pasadena subsidized electric bicycles as first-mile transit connectors in lieu of single occupancy vehicles and was funded under an earlier Metro Call for Projects grant.

COUNCIL POLICY CONSIDERATION:

The Folding Bicycle Demonstration Program supports the General Plan guiding principle, "Pasadena will be a city where people can circulate without a car." The Folding Bicycle Demonstration Program will directly assist the Department of Transportation in implementing the four major objectives of the Mobility Element:

- Promote a livable community
- Encourage non-auto travel
- Protect neighborhoods by discouraging traffic from intruding into neighborhoods
- Manage multimodal corridors to promote and improve citywide transportation services.

ENVIRONMENTAL ANALYSIS:

The implementation of the Fold-n-Go program is exempt from CEQA per section 15061 (b) (3), the General Rule. The General Rule can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment.

FISCAL IMPACT:

The majority of the cost of the Fold-n-Go program will be funded through a $259,840 grant from the Metro to budget account number 6546-209-774513. The City's required match of $64,960 will come from the unencumbered fund balance of the Air Quality Improvement Fund 216 to budget account number 8114-209-774513. The City will also provide "in-kind" support by providing grant administration, program marketing opportunities, participation in press events, signage and other staff support where appropriate.

Respectfully submitted,

FREDERICK C. DOCK
Director
Department of Transportation

Prepared by:

Mark Yamarone
Transportation Administrator

Approved by:

MICHAEL J. BECK
City Manager

Agenda Report

November 14, 2011

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Finance

SUBJECT: **AMENDMENTS TO FISCAL YEAR 2012 ADOPTED BUDGET**

RECOMMENDATIONS:

It is recommended that the City Council amend the Fiscal Year 2012 Adopted Budget as detailed in the Proposed Budget Amendments section of this report and as detailed in Attachment A – Detail of Budget Amendments Items.

BACKGROUND:

Routinely, each fiscal year, budget amendments necessary to account for anticipated revenue and expenditure changes from the authorized budget are presented for City Council approval. This agenda report details proposed changes to the Fiscal Year (FY) 2012 operating budget and one item to the Capital Improvement Project as adopted by the City Council on June 27, 2011. The proposed budget amendments are detailed in the following section and with additional transaction level detail in Attachment A.

Proposed Budget Amendments:

1. Various Departments FY 2011 Carry Forward Revenues and Appropriations

   Appropriate $8,103,818 and recognize $1,444,465 in revenues for the carry forward of expenditures and revenues budgeted, but not realized, in FY 2011. With the exception of four items, the carry forwards do not impact the General Fund. The General Fund carry forward will be partially funded through the California Gang Reduction Intervention and Prevention Program grant revenues. All the non-General Fund FY 2011 expenses will be funded through revenues, grant funds, or available fund balances.

2. Fire and Police Department – Homeland Security Program Grants (HSPG)

Recognize and appropriate $968,344 in 2009 and 2010 Federal Homeland Security grants as summarized in items A through D below and detailed in Attachment A. The Homeland Security Program includes funding from both the State Homeland Security Program (SHSP) grant and the Urban Area Security Initiative (UASI) grant. These grants are administered by Los Angeles County and Los Angeles City, respectively. The Pasadena Fire Department is the City's lead to administer the grants which fund activities for both the Fire and Police departments.

A – Recognize and appropriate $85,954 from the 2009 UASI grant to the Fire Department. These funds will be used for ongoing specialized training of operations staff in the areas of Terrorism Liaison Officer (TLO), Chemical, Biological, Radioactive, Nuclear and Explosive (CBRNE), and Urban Search and Rescue (USAR).

B – Recognize and appropriate $445,455 from the 2010 UASI grant to the Fire Department ($122,347) and Police Department ($323,108). These funds will be used for TLO and USAR ongoing training for Fire Department staff as well as CAD software, detection equipment, and security equipment.

C – Recognize $12,185 from the SHSP grant to the Fire Department that was not fully appropriated in the FY2012 budget. The City Council approved the 2009 SHSP grant in the amount of $470,000 on January 10, 2011, but the actual grant award was $482,185. These funds will also be used for TLO and CBRNE training.

D – Recognize and appropriate $424,750 from the 2010 SHSP grant to the Fire Department ($54,750) and Police Department ($370,000). These funds will be used to upgrade interoperable communications equipment for the Fire Department and CBRNE aviation equipment for the Police Department.

3. Police Department – Real Estate Fraud Prosecution Grant

Recognize $35,000 and appropriate $3,500 from a state-funded Real Estate Fraud Prosecution Grant (REFPG) that was recently awarded to the Police Department. Los Angeles County awarded $35,000 to the Police Department on June 2, 2011 to provide partial funding for two police corporals tasked with investigating financial crimes including real estate fraud. The grant includes funding for approximately 20 percent of a police corporal salary, a computer, monitor, Adobe software, conferences and training, and printing costs for financial crimes handouts at community awareness meetings and conference

seminars. The appropriation request of $3,500 is for the non-labor costs. The police corporal salary is already included in the Police Department's FY 2012 General Fund budget.

4. Department of Information Technology – FTE Transfers from Transportation and Water and Power Departments

   Transfer 1.0 FTE, Information Technology Analyst III (PCN5777) from the Transportation Department to the Department of Information Technology (DoIT). This position does not require additional budget authority as it will direct charge to existing appropriations for various capital improvement and program projects. This position will work primarily on transportation capital projects that have a technology component requiring expertise in transportation systems, as well as experience managing complex technology projects.

   Transfer 1.0 IT Analyst II FTE (PCN825) and $116,800 in salary and benefit costs from the Water and Power Department to DoIT.

   This item is included as part of the ongoing consolidation of citywide IT resources and to perform work outlined in the IT Strategic Plan. In order to increase DOIT's capacity to develop online capabilities and to add new customer service channels for Pasadena residents and businesses. The position will work on developing online payment capabilities and self-service online applications for Water and Power and other City departments.

5. City Manager Department - Transfer Funds to South Lake Avenue Business Improvement District

   Authorize the transfer of $105,000 held by the City on behalf of the South Lake Avenue Business Improvement District. This is a balance sheet transaction that will not impact the FY 2012 operating budget. The City is currently holding approximately $105,000 in Fund 672 (South Lake Business Improvement District Fund). These funds represent fees and penalties associated with the South Lake Avenue Business Improvement District (BID) which were collected or due from businesses for distribution to the BID by the City prior to the establishment of the current property-based BID. Under the new property-based BID, the annual fees are collected by the county tax assessor, transferred to the City, and remitted to the South Lake BID. The subject funds are both residual from the time of conversion to the property-based BID and subsequent collections. Staff recommends transferring the full amount of the funds to the South Lake BID and closing Fund 672 since billing is now administered through County of Los Angeles Tax Assessor's Office.

6. Water and Power Department - Additional Appropriation for Specialized Technical Training and Consultant Services

   Appropriate $165,000 from the available Power Fund balance to the Water and Power Department for Electrical Testers and Engineering staff training in

electrical vaults inspection, substation testing, safety and reliability, and outside services to assist with the department's compliance with the North American Electric Reliability Corporation (NERC) regulations.

7. Water and Power Department – FTE transfer from Water Fund to Power Fund

   Transfer 1.5 FTES (0.75 FTE Utility Services Planning Supervisor [PCN 5820] and 0.75 FTE Senior Utility Services Planner [PCN 5821]) from the Water Fund to Power Fund and reduce Water Fund appropriations by $179,147 and increase Power Fund appropriations by a like amount. The increase in Power Fund appropriations will be funded through available fund balance. This change continues department efforts to simplify business processes and improve customer services. Currently residents who want to order new or amend their existing water and power services have to go to two separate locations. The consolidation will place both Water and Power service planning under the same location.

8. City Council Department – Additional Appropriation for Miscellaneous Expenses

   Appropriate $1,560 from the unreserved General Fund balance to the City Council Department for councilmember expenses incurred in Fiscal Year 2011 but not reimbursed until Fiscal Year 2012.

9. Public Health Department – Budget Adjustment

   Decrease Health Department revenues and appropriations by $150,263 in association with the FY 2007 Sub Grantee Homeland Security Grant Program (SHSGP) from accounts 6365-230-561000-91132 (HSGP) and 8114-230-561000-91132 (Other Contract Services), respectively, and authorize staff to make necessary adjustments to the budget. This grant expired in Fiscal Year 2011; however, revenues and expenses were inadvertently budgeted in Fiscal Year 2012.

10. Public Health Department – Providing Effective Resources for Favorable Outcomes through Robust Multi-jurisdictional Systems (PERFORMS) Grant

    Recognize and appropriate $49,189 from a county funded PERFORMS grant that was recently awarded to the Public Health Department. Los Angeles County awarded $49,189 to the Public Health Department on June 11, 2011 to provide funding to strengthen Public Health infrastructure for improved health outcomes projects of which a portion of these funds has been designated to conduct a pilot project focused on the following: assessing health, developing and implementing a strategic plan, evaluating outcomes and developing health policies. The grant includes funding for approximately 50 percent of a graduate management intern's salary, basic office supplies, travel reimbursement, and a stipend.

11. Public Works Department – Additional Appropriation For Building Maintenance Internal Services

Recognize $233,377 to the Public Works Department Building Maintenance Fund (Fund 502) and appropriate the same amount to various departments and funds as outlined in Attachment A for the increased allocation of Building Maintenance internal services costs. The internal service rates used to allocate costs to City departments from the Building Maintenance Fund have not changed for the last several years despite inflation driven cost increases and providing services to three new buildings (Urgent Care, La Pintoresca Teen Center, and Water and Power building at the yards). This has resulted in annual shortfalls in the Building Maintenance Fund that have been covered through the use of available fund balances. A recent analysis by Public Works staff indicates the fund can no longer absorb these additional costs. This action will benefit the General Fund as appropriations will be reduced by $34,605 while other funds (primarily Power and Water Funds) will be increased by a net of $267,982.

12. Planning Department (Cultural Affairs Division) – Additional Appropriation for Cultural Trust Fund

Appropriate $61,409 from available Cultural Trust Fund balance to the Planning Department for contract services. This appropriation was previously budgeted in the General Fund. For FY 2012 the Planning Department had intended to transfer the budget authority to the Cultural Affairs Fund as part of the effort to reduce General Fund costs. The budget appropriation was removed from the General Fund budget; however, the related increase to the Cultural Affairs budget was inadvertently omitted. This action will correct this error and provide the Cultural Affairs Division with the appropriate budget authority.

13. Public Works Department – Amend Capital Improvement Program Budget Project 71806, Renovation and/or Replacement of Fire Station #32

Appropriate $400,000 from Designated General Fund Balance to Capital Improvement Program (CIP) Project 71806, Renovation and/or Replacement of Fire Station #32. As part of the adopted Fiscal Year 2012 CIP, $500,000 was appropriated to this project for the temporary shear wall retrofit to address seismic issues related to this facility. Originally it was contemplated that the fire personnel could continue to live/work at the fire station during construction, however after further assessment, it was determined that this was not feasible. The additional funds will allow for a temporary site located at the former Shakey's Restaurant, which the City owns. It is anticipated that plan check work will be completed by January 2012 and the fire staff will be relocated to the temporary site in February 2012. Construction is estimated to be completed on Fire Station #32 in July 2012 and in August 2012 the fire staff can move back into the fire station.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through monitoring of the FY 2012 Operating Budget and implementing any necessary amendments.

FISCAL IMPACT:

Approval of the proposed budget amendments will increase FY 2012 total authorized appropriations by $9,952,735 including $9,552,735 in the Operating Budget and $400,000 in the Capital Improvement Program Budget. This amount includes General Fund increases of $853,264 and $9,099,470 in various other funds that will be fully offset by revenues of $2,696,912 (General Fund $404,309) and available fund balances of $7,255,823.

Attachment A – Detail of Budget Amendment Items, includes detail of all proposed budget amendments at the line item level.

FTE Changes:	All Funds	General Funds
Computer & Comm (Item 4)	1.00	0.00
Power Fund 401 (Items 4 & 7)	0.75	0.00
Water Fund 402 (Items 4 & 7)	(1.75)	0.00
Information Tech Capital (Item 4)	1.00	0.00
Transportation Capital (Item 4)	(1.00)	0.00

Respectfully submitted,

ANDREW GREEN
Director of Finance
Department of Finance

Prepared by:

Richard Davis
Budget Administrator

Approved by:

MICHAEL J. BECK
City Manager

Attachment: (1)
Attachment A – Detail of Budget Amendment Items

Agenda Report

November 14, 2011

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Finance Department

SUBJECT: **ADOPTION OF A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA, CALIFORNIA, AUTHORIZING THE INVITATION OF BIDS FOR THE PURCHASE OF WATER REVENUE REFUNDING BONDS, 2011A SERIES, OF SAID CITY; APPROVING A NOTICE OF INTENTION TO SELL BONDS, A PRELIMINARY OFFICIAL STATEMENT, A NOTICE INVITING BIDS; AUTHORIZING THE PUBLICATION OF A NOTICE OF INTENTION TO SELL BONDS; APPROVING AND RATIFYING THE FORM AND EXECUTION AND DELIVERY OF A FOURTH SUPPLEMENTAL TO WATER REVENUE BOND INDENTURE, AN ESCROW AGREEMENT AND CONTINUING DISCLOSURE AGREEMENT IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

RECOMMENDATION:

It is recommended that the City Council adopt:

1. A Resolution of the City of Pasadena authorizing the invitation of bids for the purchase of water revenue refunding bonds, 2011A series, approving a notice of intention to sell bonds, a preliminary official statement, a notice inviting bids; authorizing the publication of a notice of intention to sell bonds; approving and ratifying the form and execution and delivery of a fourth supplemental to water revenue bond indenture, an escrow agreement and continuing disclosure agreement in connection therewith; and authorizing certain other actions in connection therewith

BACKGROUND:

In August 2003, the City issued $47,425,000 aggregate principal amount of its Water Revenue and Refunding Bonds, 2003 Series for the purpose of providing moneys to finance the costs of acquisition and construction of certain improvements to the Water System, to refund outstanding debt of the Water System, to fund a parity reserve fund, and to pay the costs of issuance of the 2003 Bonds.

The current outstanding amount of 2003 Bonds is $34,970,000 with interest rates ranging from 4.0% to 5.00% for maturities beginning in 2012 and ending in 2033. In today's interest rate environment, it is economical to refund the 2014 through 2033 maturities which are advance refundable (as limited by federal tax regulations) equal to $27.67million of the outstanding $34.97 million. Current market yields for Water System bonds for the same maturities range from approximately 0.35% to 4.30%. Since the 2003 Bonds can be optionally redeemed at 100% beginning on June 1, 2013, the City can establish an escrow of US Treasury securities in advance to defease and repay some of the 2003 bonds while simultaneously issuing new refunding bonds at lower yields presenting an opportunity to generate savings by way of advance refunding a portion of the 2003 bonds. Consequently, staff is requesting issue authorization of up to $35 million to provide the maximum flexibility to take advantage of market conditions. Staff, along with the financial advisor, will reevaluate the economics of the refunding and determine the most economical amount of the outstanding bonds to refund depending on market conditions at the time of the bond sale.

The issuance of the proposed Water Revenue Refunding Bonds, 2011A Series will produce significant debt service savings which can be obtained over the term of the new bonds. The 2011A bonds will be issued with fixed interest rates and sold on a competitive basis with the same maturities as the existing 2003 bonds to be refunded. The bidders will compete to purchase the 2011A bonds from the City based on the lowest true interest cost on the 2011A bonds. Based on market conditions as of October 31, 2011, and the proposed bond structure, the anticipated savings are estimated at an average of $120,000 per year or $1.78 million on a net present value basis representing a net present value savings of 6.45% of the refunded principal. The attached Resolution and Ordinance No. 7199, which was adopted by the City Council on November 8, 2010, authorize the issuance of, and approve the various documents in connection with, the issuance of the 2011A bonds, with a principal amount not to exceed $35 million and at a true interest cost not to exceed 4.75%. The resolution also appoints Fulbright & Jaworski, LLP as bond and disclosure counsel, and Public Resources Advisory Group as financial advisor.

COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

FISCAL IMPACT:

In today's interest rate environment, it is anticipated that the Water Fund could realize up to $1.78 million in net present value savings from the refunding of 2003 bonds with the 2011A bonds representing an estimated annual savings of $120,000 through June 30, 2031. This is a pure refunding for savings purposes. There will be no amendments to the terms of the bonds. The actual savings will depend on the market conditions at the time the actual bidding is completed on the scheduled December 13, 2011 date. Under current market conditions, the true interest cost of the 2011A Refunding Bonds is estimated at 3.19%. Debt service payments will be addressed by the utilization of existing budgeted appropriations in account #8677-402-833000 made from the Water Fund and funds are available from current rates. The attached Exhibit A represents the estimated sources and uses of funds based on market interest rates as of October 31, 2011.

Respectfully submitted,

ANDREW GREEN
Director of Finance

Prepared by:

Vic Erganian
City Treasurer/Deputy Director of Finance

Concurred by:

PHYLLIS CURRIE
General Manager
Water and Power

Approved by:

MICHAEL J. BECK
City Manager

Attachments: (2)

Attachment A: Estimated Sources and Uses of Funds

Attachment B: Preliminary Official Statement, Notice of Intention to Sell Bonds, Notice Inviting Bids, Fourth Supplemental to Indenture, Escrow Agreement, and Continuing Disclosure Agreement.

NOTE: Additional attachments are included in the City Council packets.

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA, CALIFORNIA, AUTHORIZING THE INVITATION OF BIDS FOR THE PURCHASE OF WATER REVENUE REFUNDING BONDS, 2011A SERIES, OF SAID CITY; APPROVING A NOTICE OF INTENTION TO SELL BONDS, A PRELIMINARY OFFICIAL STATEMENT, A NOTICE INVITING BIDS; AUTHORIZING THE PUBLICATION OF A NOTICE OF INTENTION TO SELL BONDS; APPROVING AND RATIFYING THE FORM AND EXECUTION AND DELIVERY OF A FOURTH SUPPLEMENT TO WATER REVENUE BOND INDENTURE, AN ESCROW AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to Article XIV of the Charter (the "Charter") of the City of Pasadena (the "City"), the City Council of the City (the "City Council") is authorized to provide for the issuance of revenue bonds for the purpose of providing moneys for the acquisition and construction of additions to, and extensions and improvements of, the water system of the City, and for refunding bonds for the purposes of refunding any revenue bonds issued pursuant to such Article, by ordinance authorizing the issuance of such revenue bonds and/or refunding bonds; and

WHEREAS, pursuant to Ordinance No. 7199 of the City, adopted on November 8, 2010, the City Council has heretofore authorized, among other things, the issuance of not to exceed $35,000,000 aggregate principal amount of water revenue refunding bonds of the City (originally to be designated "Water Revenue Refunding Bonds, 2010B Series" and now to be designated "Water Revenue Refunding Bonds, 2011A Series" (hereinafter referred to as the "2011A Bonds")) for the purpose of (i) refunding a portion of the City's outstanding Water Revenue and Refunding Bonds, 2003 Series (the "2003 Bonds") issued pursuant to Article XIV of the Charter, and a Water Revenue Bond Indenture, dated as of August 1, 2003, by and between the City and The Bank of New York Mellon Trust Company, N.A. (formerly known as BNY Western Trust Company), as trustee (the "Trustee") (the "Master Indenture"), as supplemented by a First Supplement to Water Revenue Bond Indenture, dated as of August 1, 2003, by and between the City and the Trustee, and (ii) paying costs of issuance of the 2011A Bonds; and

WHEREAS, the City Council deems it necessary and proper to reauthorize the invitation of bids for the purchase of the 2011A Bonds, such 2011A Bonds be sold in the manner and at the time or times and place hereinafter set forth; and

WHEREAS, there has been presented to this meeting the forms of certain financing documents previously approved by the City Council pursuant to Ordinance No. 7199 to be executed and delivered by the City in connection with the issuance of the 2011A Bonds for the approval and ratification thereof by this City Council;

NOW, THEREFORE, the City Council does hereby resolve, determine and order as follows:

Section 1. The foregoing recitals are true and correct and the City hereby so finds and determines.

Section 2. Electronic proposals for the purchase of the 2011A Bonds shall be received by the Director of Finance of the City at the time or times and place determined as provided in the Notice of Intention to Sell Bonds and the Notice Inviting Bids as hereinafter approved.

Section 3. The Director of Finance is hereby authorized and directed to publish a Notice of Intention to Sell Bonds, substantially in the form annexed hereto as "Exhibit A" and hereby approved by this City Council, by one insertion in the Pasadena Star-News, a newspaper of general circulation published in the City, at least five days prior to the date of receiving proposals for the purchase of the 2011A Bonds.

Section 4. The Director of Finance is further authorized and directed to publish a Notice of Intention to Sell Bonds by one insertion in The Bond Buyer, a financial publication generally circulated throughout California and reasonably expected to be disseminated among prospective bidders for the 2011A Bonds, at least five days prior to the date of receiving proposals for the purchase of the 2011A Bonds.

Section 5. The City Council hereby approves the Preliminary Official Statement relating to the 2011A Bonds substantially in the form on file with the City Clerk, a copy of which has been made available to this City Council, with such changes therein as the Director of Finance of the City may determine necessary, to be furnished to prospective bidders for the 2011A Bonds as provided in Section 7 hereof. The City authorizes the Director of Finance to deem the Preliminary Official Statement to be final within the meaning of Securities and Exchange Commission Rule 15c2-12 subject to completion of those items permitted by said Rule. The City Council directs the City Clerk to file the Preliminary Official Statement in his office and to identify it as being the Preliminary Official Statement so approved hereby, by an endorsement thereon to that effect over his signature. The Director of Finance or his designee is authorized and directed to execute and deliver a final Official Statement in substantially the form of the Preliminary Official Statement hereby approved, with such additions thereto and changes therein as are consistent with this Resolution and recommended or approved by Disclosure Counsel to the City and approved by such officers and employees, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The forms of the Fourth Supplement to Water Revenue Bond Indenture (the "Fourth Supplement"), the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") and the Escrow Agreement (the "Escrow Agreement"), proposed to be executed and entered into by and between the City and the Trustee in connection with the issuance of the 2011A Bonds and attached hereto as "Exhibits C, D and E," respectively, are hereby ratified and approved, and the Director of Finance (or, in the absence of the Director of Finance, his designee) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Fourth Supplement, the Continuing Disclosure Agreement and the Escrow Agreement in substantially said forms, with such changes as may be approved by the Director of Finance (or, in the absence of the Director of Finance, his designee), acting on behalf of the City, subject to advice of counsel, such execution thereof to constitute conclusive evidence of the approval of the City of all changes from the forms of the Fourth

Supplement, the Continuing Disclosure Agreement and the Escrow Agreement presented to this meeting.

Section 7. The Director of Finance is authorized and directed to cause to be furnished to prospective bidders, upon their request, a reasonable number of copies of Ordinance No. 7199, the Master Indenture, the Fourth Supplement, the Continuing Disclosure Agreement, the Escrow Agreement and the Preliminary Official Statement. The Director of Finance is authorized and directed to cause to be furnished to prospective bidders, upon their request, a reasonable number of copies of the Notice Inviting Bids substantially in the form annexed hereto as "Exhibit B" and hereby approved by the City Council. The Director of Finance is further authorized and directed, after any proposal for the purchase of the 2011A Bonds has been accepted by the Director of Finance, and after the final Official Statement has been prepared, to cause to be furnished to the successful bidder(s), for use in connection with the resale of the 2011A Bonds, such number of copies of the final Official Statement as may be reasonably required.

Section 8. The Director of Finance may withdraw or modify the Notice Inviting Bids and the Notice of Intention to Sell Bonds, or either, at any time by notice published via Thomson Municipal News or other means determined by the Director of Finance to reasonably reach potential bidders for the 2011A Bonds. If the Director of Finance should withdraw the Notice Inviting Bids or the Notice of Intention to Sell Bonds at any time before the 2011A Bonds are awarded, and should at a later date determine that it is desirable to receive bids for the 2011A Bonds, the Director of Finance is hereby authorized to redistribute the respective Notice Inviting Bids and republish the Notice of Intention to Sell Bonds with such modifications or revisions as are approved by the Director of Finance.

Section 9. The City Council shall confirm the award of the 2011A Bonds at the time and date specified in the respective Notice Inviting Bids by subsequent City Council action; provided, that if the City Council does not hold a meeting or does not achieve a quorum on the date on which bids for the 2011A Bonds are received, the Director of Finance or his designee is hereby authorized and directed on behalf of the City to accept the best bid for the 2011A Bonds received (or reject all bids) pursuant to and subject to the terms and conditions set forth in the Notice Inviting Bids and to take such other actions as the Director of Finance deems appropriate, consistent with the provisions hereof, and upon the execution by any member of this City Council and by the Director of Finance of a Written Order to award the 2011A Bonds to the best bidder, the 2011A Bonds shall be so awarded, and the interest rate or rates on the 2011A Bonds as have been bid by the best bidder so awarded the 2011A Bonds shall be fixed.

Section 10. The law firm of Fulbright & Jaworski L.L.P., Los Angeles, California, is hereby retained as Bond Counsel and Disclosure Counsel in connection with the issuance of the 2011A Bonds, upon such terms and conditions as shall be approved by the Director of Finance.

Section 11. The firm of Public Resources Advisory Group, Los Angeles, California, is hereby retained as financial advisor in connection with the issuance of the 2011A Bonds, upon such terms and conditions as shall be approved by the Director of Finance.

ADOPTED at a regular meeting of the City Council this 14th day of November, 2011, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED AS TO FORM:

11-3-11

For Michele Beal Bagneris
City Attorney

ATTEST:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:

Danny Kim
Fulbright & Jaworski L.L.P.
Bond Counsel