Notice of a Special Meeting of the

FINANCE/AUDIT COMMITTEES

4 p.m. - Monday, April 2, 2012
Council Chambers, Room S249

NOTICE IS HEREBY GIVEN that a special meeting of the Finance Committee/Audit Committees will be held **Monday, April 2, 2012** 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. Amendments to Fiscal Year 2012 Adopted Budget and General Fee Schedule
2. Authorization to Reduce Appropriation of Capital Improvement Program Funds From Miscellaneous Water System Improvement (1006) Project and Recycled Water (1013) Project and Increase Appropriation of Funds to Convert Chlorination Stations to Chloramines (1031) Project
3. Fiscal Year June 30, 2011 Single Audit and Pasadena Community Access Corporation Financial Statements

D. INFORMATION ONLY

1. Quarterly Investment Report
2. Budget Update for Fiscal Years 2012 and 2013

E. 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 for posting this 29th day of March 2012 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

Agenda Report

April 2, 2012

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (April 2, 2012)

FROM: Department of Finance

SUBJECT: **AMENDMENTS TO FISCAL YEAR 2012 ADOPTED BUDGET AND GENERAL FEE SCHEDULE**

RECOMMENDATIONS:

It is recommended that the City Council:

1) 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.

2) Amend Purchase Order No. 49292, with GP Petroleum to increase the contract by $715,537 for a total not to exceed $2,855,241.

3) Amend the General Fee Schedule for the Enterprise Zone Employment Vouchers (Fee# 444) from $104 to $102.

4) Authorize the Fire Chief to sign agreement with California Environmental Protection Agency for Electronic Reporting Grant.

BACKGROUND:

Routinely, each fiscal year, budget and fee 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 the FY 2012 General Fee Schedule as adopted by the City Council on June 27, 2011. The proposed amendments are detailed in the following section. Additional transaction level detail is included in Attachment A.

Proposed Budget Amendments

1. Public Works Department - Fleet Maintenance Fuel Budget Amendment

   Recognize and appropriate $715,537 to the Public Works Fleet Maintenance and Repair program fuel line-item (Revenue: 7148-503-766200; Expenditures: 8137-503-766200). The FY 2012 Adopted Budget amount of $2,139,704 was based on an average diesel fuel price of $2.37 per gallon and $2.76 per gallon for unleaded fuel. The requested additional amount of $715,537 is based on fuel prices averaging $4.25 per gallon for the remainder of FY 2012. As fuel is a billable expense paid by each department, the revenue collected offsets this expense. This increase in program expenses does not increase the fleet maintenance billing rate charged to departments and ensures that the budget is in line with the higher than anticipated fuel costs.

   Additionally, as a result of the higher than anticipated fuel prices, staff requests authorization for the City Manager to amend Purchase Order No. 49292, with GP Petroleum, to increase the contract by $715,537 for a total not to exceed $2,855,241. Due to the increase in fuel prices as outlined above, this increase will insure sufficient contract authority is available for the purchase of fuel through the end of the fiscal year.

2. Police Department – Transfer 1 Full Time Employee to DoIT

   Transfer 1.0 FTE, Police Specialist II (Position Control Number 468) from the Police Department to the Department of Information Technology. This item is included as part of the ongoing consolidation of citywide IT resources. This position will be reclassified to an Information Technology Analyst III and will perform the capacity of a Public Safety Systems Specialist to coordinate and lead the design, analysis, development, and implementation of the City's public safety information technology systems. There is minimum fiscal impact to the FY 2012 budget since the position is currently vacant, and DoIT has sufficient budget authority to absorb costs if the position is filled during the remainder of FY 2012.

3. City Manager Department - Additional Appropriation for Economic Development Division

   Recognize $47,000 in additional film permit fee revenues (7006-101-148110) and appropriate $41,200 to City Manager's Office, Economic Division (8114-101-148110) to supplement the cost of providing film monitors. Due to the increase in filming permits issued for FY 2012, the Economic Development Division needs to employ additional film monitors to oversee film locations throughout the City of Pasadena. Economic Development charges a filming permit fee that supplements the cost of providing film monitors and generates revenue for the General Fund. For the last two Fiscal Years, the Film Permit Fee has generated an average of $721,573. Revenue for FY 2012 is estimated at $750,000. To date Economic Development has generated $515,136 in revenue through the film permit fees. Through the approval of this action, it is estimated that film permit fee revenue will increase by approximately $47,000.

4. Transportation Department – Appropriation for South Lake Avenue Business Improvement District

   Appropriate $50,000 from the unreserved South Lake Parking Fund balance to the Transportation Department (8114-217-774212). On July 28, 2011, South Lake Parking Place Commission voted on an increased appropriation for streetscape maintenance and Ambassador guides in the South Lake Parking District. City Council must appropriate these funds to make them available to the South Lake Parking Place Commission.

5. Transportation Department – Appropriation for Plaza Las Fuentes

   Appropriate $109,771 from the unreserved Plaza Las Fuentes Fund balance to the Transportation Department (8114-405-774213). This additional appropriation is needed to support increased operational costs incurred by the Plaza Las Fuentes parking garage operator Maguire Partners. The increased operational costs experienced by Maguire Partners are the result of garage improvements such as replacing fan motors, upgrading radio communications, fire repairs, and drains for the entire garage. The pass-through of these increased operating costs and is consistent with the City's contract with Maguire Partners.

6. Pasadena Community Development Commission – Revise General Fund Transfer

   With the State's elimination of redevelopment agencies on February 1, 2012, the following actions are requested to reflect the transfer and appropriations of funds from the Pasadena Community Development Commission (PCDC) to the General Fund:

   a. Unappropriate the remaining balance of the budgeted transfer from the General Fund ($333,335) in account 6807-801-452110. Transfer the appropriation of expenditures previously budgeted in PCDC in the amount of $333,335 to the General Fund's Economic Development Division of the City Manager's Office (8114-101-148140). The FY 2012 Adopted Budget includes an $800,000 transfer from the General Fund to the PCDC to support administration and program costs not funded through Tax Increment revenues. Consistent with the elimination of the City's redevelopment agency the balance of the budgeted transfer ($333,335) should remain in the General Fund. This action will allow for the continuation of the necessary administrative and programmatic support previously budgeted in PCDC.

   b. Recognize and appropriate revenues (6977-101-148140) and expenditures (8114-101-148140) in the amount of $679,690. These revenues are received through the collection of rental income from completed development projects. Similar to the action noted above, these are City revenues previously allocated to PCDC. With the elimination of the City's redevelopment agency these revenues will now be budgeted in the City's General Fund to support continuing administrative and programmatic activities.

7. Pasadena Community Access Corporation (PCAC) – Appropriation of PEG Funding

   Pasadena Community Access Corporation's (PCAC) is an operating company of the City whose purpose is to perform the community access function of the Pasadena telecommunications system. PCAC is organized exclusively for charitable, scientific, literary and educational purposes. As part of these responsibilities PCAC serves as the receiving, holding and disbursing entity for moneys intended to promote noncommercial uses of the cable telecommunications system.

   PCAC is requesting an increased budget appropriation of $50,000 of unappropriated fund balance to fund a grant request by Pasadena City College (PCC) -TV for new telecommunications equipment. This equipment will be used to create content to inform and educate Pasadena City College students and the community as a whole. Programming will include features about PCC programs and services, educator and student success, distance education, and spotlight student content. Curriculum is being developed to give students college credit as they use the requested equipment to gain valuable experience in the field of telecommunication.

8. Fire Department – Appropriation of California Environmental Agency (Cal/EPA) Grant

   Recognize and appropriate $20,000 to the Fire Department's Hazardous Materials Program (Revenue – 6512-101-362100-91156; Expenses – 8011 [$1,500], 8101 [$3,000], and 8117 [$15,500]-101-362100-91156). In 2008 the State of California enacted a requirement that all hazardous materials-related disclosure and reporting to local agencies be completed electronically beginning on January 1, 2013. Any businesses using hazardous materials, such as automotive businesses, dry cleaners, manufactures, and research facilities, will be required to file reports through the State's new electronic system. The grant funds being awarded to the City will be used to implement business outreach and training for affected business, as well as the purchase of updated computer hardware to support electronic filing.

9. Planning Department – Appropriation for Lincoln Avenue Specific Plan

   Appropriate $142,526 from the unreserved fund balance of the General Fund Projects Fund (Fund 105) to the Planning Department (8115-101-444100). On June 20, 2011 the Pasadena Community Development Commission awarded a contract to the Planning Center in an amount not to exceed $142,526 for preparation of an Environmental Impact Report (EIR) for the Lincoln Avenue Specific Plan. The funds for this contract were to come from the Lincoln Avenue Redevelopment Project Area Fund.

Subsequent to this action, the State of California enacted AB26 which effectively eliminated redevelopment agencies throughout California. As part of that action, redevelopment agencies were barred from entering into new contracts after June 28, 2011 (effective date of AB26). Under AB26, former redevelopment agencies will receive funds, and be allowed to pay contracts, that were executed before June 28, 2011. Recently, the State Department of Finance indicated the contract for Lincoln Avenue Specific Plan EIR would not be eligible for redevelopment funding as the contract was executed after June 28, 2011. Completing the EIR and adopting this Specific Plan are considered essential to the continued development of Northwest Pasadena and specifically the Lincoln Avenue corridor.

Proposed General Fee Schedule Amendment

Amendment to Enterprise Zone Fee #444

The State Enterprise Zone is a 15-year state designated program that provides state tax incentives to businesses located within state approved geographic areas. To administer the Program, the City of Pasadena charges a flat fee of $102 to process each voucher application under the Hiring Credit Program. In FY 2012, the adopted fee schedule included a Consumer Price Index increase of $2 to the processing fee. It is recommended that the Enterprise Zone Fee (Fee# 444) be lowered back to $102 per voucher which is consistent with previous years. This adjustment will not have any fiscal impact since actual revenues were anticipated at the $102 per voucher level.

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 $1,808,724. As summarized in the table below, this amount includes General Fund increases of $1,216,751 and $591,973 in various other funds that will be fully offset by revenues that are anticipated to be received in FY 2012 or unreserved fund balances.

	Use of Available Fund Balance	Revenues	Expenses	Net Impact
General Fund	475,861	746,690	1,216,751	5,800
Fleet Maintenance Fund	-	715,537	715,537	-
South Lake Parking Fund	50,000	-	50,000	-
Plaza Las Fuentes Parking Fund	109,771	-	109,771	-
Downtown Projects Fund	-	(333,335)	(333,335)	-
Pasadena Community Access Corporation	50,000	-	50,000	-
	685,632	1,128,892	1,808,724	5,800

FTE Change By Funds

- General Fund: (1.00)
- Computer & Communications Fund: 1.00

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

April 2, 2012

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (April 2, 2012)

FROM: Water and Power Department

SUBJECT: **AUTHORIZATION TO REDUCE APPROPRIATION OF CAPITAL IMPROVEMENT PROGRAM FUNDS FROM MISCELLANEOUS WATER SYSTEM IMPROVEMENT (1006) PROJECT AND RECYCLED WATER (1013) PROJECT AND INCREASE APPROPRIATION OF FUNDS TO CONVERT CHLORINATION STATIONS TO CHLORAMINES (1031) PROJECT**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the reappropriation of funds from Miscellaneous Water System Improvement (1006) project and Recycled Water (1013) project to Convert Chlorination Stations to Chloramines (1031) project is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (General Rule);
2. Reduce appropriation by $100,000 from the Miscellaneous Water System Improvement (1006) project and $250,000 from the Recycled Water (1013) project; and
3. Increase appropriation by $350,000 to the Convert Chlorination Stations to Chloramines(1031) project; and,

BACKGROUND:

Pasadena Water and Power (PWP) is required to disinfect the water from the new Monk Hill Treatment Plant (treatment plant) which removes perchlorates and Volatile Organic Compounds (VOCs) from the groundwater before it is put into the water system at the Windsor Reservoir site and distributed to customers. PWP is in the process of replacing the chlorination facility at the Windsor Reservoir site with a permanent chloramination facility to disinfect the treated water coming from the treatment plant. The cloramination facility is funded as part of the Water capital improvement program (CIP) and is separate from the treatment plant, which was funded by NASA/JPL. The cloramination project is scheduled for completion by June 2012.

To ensure that the treatment plant came online in a timely manner, PWP has been disinfecting the treated water from the new plant using a chlorination facility under a temporary certificate of occupancy issued by the Pasadena Fire Department. The timeline for completing the chloramination facility project did not align with the treatment plant for a variety of reasons. First, the chloramination facility is part of an overall strategy to convert all existing chlorination stations within the system to chloramination stations and it involved highly sensitive health and safety processes. Second, the new 2010 Fire Code and its amendments, which the City adopted after the chloramination facility was designed, required specific modifications to the chloramination facility design and significant changes to the special chemical handling systems for health and safety reasons.

The request for additional appropriations to this project is to cover the costs of redesign of the chloramination facility to comply with the newly adopted Fire Code, changes to the interior of the building, installation of new equipment and upgrades to support the ammonia and chlorine systems, upgrades to the SCADA system, modifications to the safety programs, inspections, testing, preparation of Operation and Maintenance manuals, as-built drawings, construction management, and staff training.

The requested appropriation amendments will not have a negative impact to the other two projects. The Miscellaneous Water System Improvement project (1006) includes appropriations for the purchase of equipment and construction of minor facilities and sufficient funds will remain to cover planned activities. The work plan for the Recycled Water project (1013) continues to move forward and includes completion of the design and required environmental documents. Construction on this project is not expected to begin in fiscal year 2012. The appropriation remaining after the recommended amendments will be sufficient for the work to be performed.

COUNCIL POLICY CONSIDERATION:

The project and actions address the City Council's goal to "Maintain fiscal responsibility and stability" and "Improve, maintain, and enhance public facilities and infrastructure". Also, the project has been found to be consistent with the General Plan.

ENVIRONMENTAL ANALYSIS:

The reappropriation of funds from Miscellaneous Water System Improvement (1006) project and Recycled Water (1013) project to Convert Chlorination Stations to Chloramines (1031) project has been determined to be exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3); the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

FISCAL IMPACT:

The cost of this action will be $350,000. Funding for this action will be addressed by reducing the appropriation from the Miscellaneous Water System Improvement project (1006) by $100,000 and reducing the appropriation from the Recycled Water project (1013) by $250,000.

Work on the Miscellaneous Water System Improvement project (1006) includes the construction of miscellaneous projects and equipment purchases. Work on the Recycled Water project (1013) is focused on completing the design and coordinating the environmental documentation for Phase 1. Sufficient funds remain in both projects for the completion of FY 2012 scheduled work. It is anticipated that the entire $350,000 will be spent on this project in the current fiscal year. This action does not result in any anticipated impact on other operational programs or capital projects.

Respectfully submitted,

Phyllis E. Currie
General Manager

Prepared by:

Holly Imler
Management Analyst

Approved by:

Michael J. Beck
City Manager

Agenda Report

April 2, 2012

TO: Honorable Mayor and City Council

THROUGH: Audit Committee

FROM: Director of Finance

SUBJECT: **FISCAL YEAR JUNE 30, 2011 SINGLE AUDIT AND PASADENA COMMUNITY ACCESS CORPORATION FINANCIAL STATEMENTS**

RECOMMENDATION:

It is recommended that the following audit reports for the year ending June 30, 2011 be received by the City Council:

1.) City of Pasadena Single Audit Report on Federal Awards

2.) Pasadena Community Access Corporation Annual Financial Statements

BACKGROUND:

This action is to receive and file the City's Single Audit Reports on federal awards and the audited financial statements of the Pasadena Community Access Corporation for the fiscal year ended June 30, 2011. These reports were not available in time for presentation with the City's reports on January 9, 2012. A brief presentation will be made by the City's external auditors, Brown Armstrong, Certified Public Accountants.

Single Audit Reports:

The Single Audit Act of 1984 and Single Audit Act Amendments of 1996 establish uniform audit requirements for local governments expending federal awards greater than $500,000 a year. The audit is on an "entity-wide" basis and imposes additional requirements in relation to testing of, and reporting on, internal control and compliance with laws and regulations. The Single Audit Report for Fiscal Year ended June 30, 2011 found that there were no material weaknesses in internal control over financial reporting and that the City continues to be a low risk auditee. The report presents

information that was previously reported in the City's Management Letter presented on January 9, 2012 regarding six significant weaknesses. The report also identifies five additional findings related to federal awards. In all cases, a management response and corrective action plan is provided and staff has or will fully address each finding.

Pasadena Community Access Corporation Financial Statements

The Pasadena Community Access Corporation (PCAC) is a component unit of the City, similar to the Pasadena Center Operating Company and the Rose Bowl Operating Company. Component units are legally separate entities in substance but are part of the government's operations. For fiscal year ended June 30, 2011 the operations of the PCAC were brought under the umbrella of the City's audit. The auditor's opinion was qualified due to the lack of a management's discussion and analysis and budgetary comparison information, which are required by the Government Accounting Standards Board. Except for these omissions, the auditors found that the financial statements were presented fairly in all material respects.

Also included with the financial statements is the auditor's report on internal controls which identified two material weaknesses and four significant weaknesses. For all findings, a management response and corrective action plan is included.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through the receipt and review of these reports.

FISCAL IMPACT:

There is no fiscal impact as a result of this action nor will it have any indirect or support cost requirements. There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,

ANDREW GREEN
Director of Finance

Prepared by:

Robert S. Ridley
Controller

Approved by:

MICHAEL J. BECK
City Manager

Attachments: (2)
A. Single Audit Report on Federal Awards
B. Pasadena Community Access Corporation Annual Financial Report

* Attachments are included in Council packets.

Agenda Report

April 2, 2012

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Finance

SUBJECT: Quarterly Investment Report
Quarter Ending December 31, 2011

RECOMMENDATION:

This report is for information purposes only.

BACKGROUND:

Government Code Section 53646 (2)(b)(1) states that in the case of a local agency, the Treasurer or Chief Fiscal Officer may render a quarterly report to the legislative body of the local agency containing detailed information on: 1) all securities, investments, and moneys of the local agency; 2) a statement of compliance of the portfolio with the statement of investment policy; and 3) a statement of the local agency's ability to meet its pool's expenditure requirements for the next six months. By making these reports optional, this bill does not impose a state-mandated local program but encourages local agencies to continue to report. The bill also states that the Treasurer or Chief Fiscal Officer may report whatever additional information or data may be required by the legislative body of the local agency.

The quarterly report shall include the following:

1) The type of investment, name of the issuer, date of maturity, par and dollar amount invested in each security, investment, and money within the treasury.

2) The weighted average maturity of the investments within the treasury.

3) Any funds, investments, or programs, including loans, that are under the management of contracted parties.

4) The market value as of the date of the report, and the source of this valuation for any security within the treasury.

5) A description of the compliance with the statement of investment policy.

ECONOMIC SUMMARY:

Despite the slow economic growth, the continued economic crisis in Europe and the fear of double-dip recession, the U.S. economy grew from an anemic 0.4% Gross Domestic Product (GDP) growth rate during the first quarter of 2011 to a 1.3% GDP growth rate in the second quarter followed by a 1.8% growth rate in the third quarter and ended the fourth quarter of 2011 with a 3% growth rate. At year end, unemployment remained high from a historic perspective despite dropping from 9.4% to 8.5%. Housing remained weak while both headline inflation as measured by the Consumer Price Index (CPI) and core CPI increased.

The Fed maintained its accommodative policy by keeping short-term interest rates at a historically low range between 0% and 0.25%. Interest rates remained relatively the same at the end of December 2011 as compared to the previous quarter end. The overall U.S. stock market rallied. The S&P 500 index returned 11.82% during the fourth quarter and the DOW Jones Industrial Average returned 12.74%. Recent comments by Fed Chairman Bernarke at his Congressional testimony revealed his determination to maintain low rates because of the frustrating weak economy with persistently high unemployment. He also reiterated his concerns about the still very weak U.S. housing market. All of this suggests that the Fed will continue its accommodative policy for the remainder of 2012.

TOTAL FUNDS UNDER MANAGEMENT:

The following table represents total City funds under management based on their market values as of December 31, 2011.

	12/31/2011	09/30/2011	$ Change
Pooled Investment Portfolio	315,412,480	314,552,589	859,891
Capital Endowment	3,596,052	3,591,372	4,680
Stranded Investment Reserve Portfolio	64,437,459	64,011,511	425,948
Special Funds	40,284,669	38,646,047	1,638,622
Investments Held with Fiscal Agents	161,920,301	166,124,297	-4,203,996
Total Funds Under Management	**585,650,961**	**586,925,816**	**-1,274,855**

The Pooled Investment Portfolio increased by a net $859,891 due mainly to the receipt of $18.17 million property tax revenues, $4.67 million sales tax revenues and additional utility payment deposits. These revenues were offset by $23.64 million debt service payments made during the quarter.

The $425,948 increase in the Stranded Investment Reserve Portfolio represents investment earnings in the portfolio during the quarter.

The Special Funds increased by a net $1.6 million. This reflects the receipt of $2 million from the 2011 Equipment Lease Financing for the Arts Buses and a drawdown of $455,000 from the 2010A Water Revenue Bond proceeds.

The investments held with Fiscal Agents dropped by $4.2 million as a result of drawdowns made from the 2010 Rose Bowl Bonds Construction Fund proceeds.

The City pools all internal funds to get the economies of scale and simplify the investment function. There are over 100 funds in the Pooled Investment Portfolio. As of December 31, 2011, the General Fund had $20.4 million invested in the Pooled Investment Portfolio, which represents 6.48% percent of the Pooled Portfolio value. The General Fund's cash balance fluctuates daily based on the timing of receipt of revenues and payment of expenditures. For example, as of January 31, 2012, the General Fund's cash balance was at $35.114 million due to the larger portion of the property tax revenues allocated to the City received in January. Investments in the Capital Endowment Fund, the Stranded Investment Reserve Fund, the Special Funds, and funds held with fiscal agents are restricted funds or bond proceeds reserved in accordance to the City Charter, ordinances, and the bond indentures.

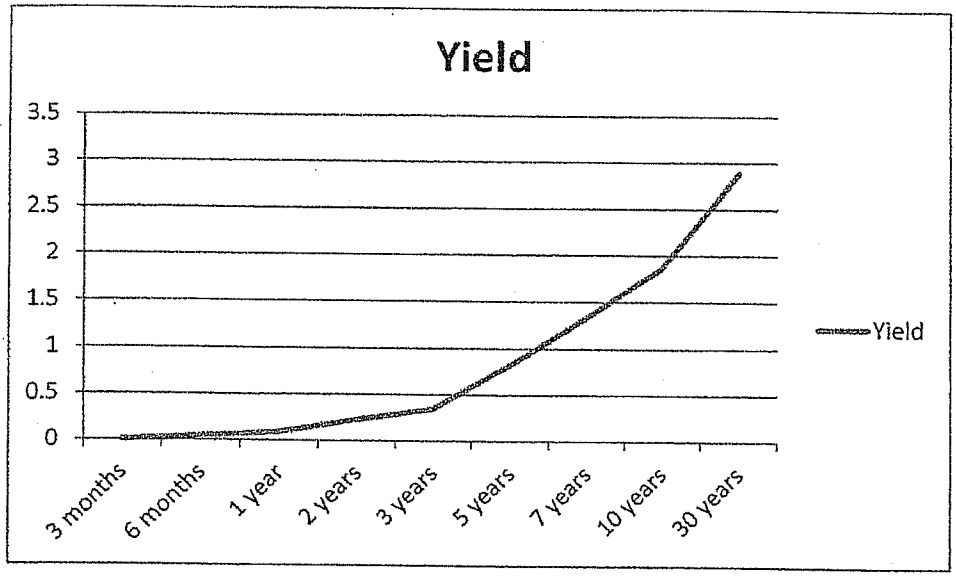
Per the Government Code requirements, attached are the reports by each fund, indicating the type of investments, date of maturity, par and dollar amount invested in each security, as well as investment and moneys within the treasury with market values as of December 31, 2011. The City Treasurer prices the pooled portfolio and all other funds and investments under management on a monthly basis. The market values are obtained from Interactive Data Corporation (IDC) and Bloomberg Financial System. IDC is an independent third party whose sole service is to provide market prices for all types of securities.

The types of securities held in the portfolio and their percentage allocation to the total are in compliance with the City's Fiscal Year 2012 Investment Policy, which was adopted by the City Council on September 26, 2011 and Section 53600 of the State Government Code. The City Treasurer currently maintains at least $45 million short-term liquid investments (1 to 90 day maturities) which represent $1/12^{th}$ of the City's aggregate annual operating budget. This balance, along with anticipated cash flows into the City's account, represents a strong liquidity position to meet budgeted expenditures for the next six months.

The book yield on the City's Pooled Portfolio continued to gradually decline in the last two years as short-term rates remained between 0.00 percent and 0.25 percent. All maturing investments were reinvested at lower yielding securities as compared to their original rate. The effective yield on the Pooled Portfolio accounts for realized trading gains and losses. The year-to-date effective yield as of 12/31/2011 was 1.31%, compared to the State Treasurer's Local Agency Investment Fund (LAIF) return of 0.38

percent and the average yield on the two-year U.S. Treasury of 0.26% percent for the same period. Compared to other cities, Pasadena's fiscal year to date blended effective yield (Pooled Portfolio and the Power Reserve portfolio) was 1.395% compared to the reported yield of 1.12% in Glendale and 1.18% in San Diego.

The following graph represents the Treasury yield curve as of December 31, 2011:



COUNCIL POLICY CONSIDERATION:

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

FISCAL IMPACT:

This report is for information only. There is no fiscal impact as a result of this action nor will there be any indirect or support cost requirements. There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,

ANDREW GREEN
Director of Finance

Prepared by:

Vic Erganian
Deputy Director of Finance/City Treasurer

Approved by:

MICHAEL J. BECK
City Manager

Attachments: (1)

Attachment A – Quarterly Investment Report (Quarter Ending 12/31/2011)

Agenda Report

April 2, 2012

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

SUBJECT: BUDGET UPDATE FOR FISCAL YEAR 2012 AND 2013

RECOMMENDATION:

This report is for information only.

EXECUTIVE SUMMARY:

The City of Pasadena, like many other local governments across the country, has taken a number of actions to address the economic impacts of the past several years. Fortunately, as we plan for Fiscal Year 2013, the City's financial position has stabilized with the guidance provided by the City Council and the willingness of City employees to forgo salary and benefit increases.

This report highlights those actions taken to date to address the dramatic reduction in City revenues, correct the otherwise growing structural deficit in the General Fund, and set the City on the path to a balanced budget for Fiscal Year 2013. Looking beyond next fiscal year, this report also identifies one-time financial resources which are available to secure the City's long-term financial health through reinvestment.

BACKGROUND:

Historically, the City of Pasadena has experienced strong economic growth. As City revenues grew, new services to the community were implemented and existing services enhanced. Wages and benefits for the City's workforce also increased, keeping pace with other cities with whom Pasadena competes for talent. Over time, however, the cost of providing city services began to outpace revenues, creating a structural deficit in the City's General Fund.

Under normal circumstances, this situation would have been addressed through a modest combination of cost reductions and revenue enhancements, consistent with Pasadena's history of sound fiscal management. However, the profound impact of the national recession, which began in 2008, created very significant fiscal challenges.

As a result of the recession, the City experienced substantial reductions in its tax base, particularly in sales, transient occupancy and construction taxes. Compounding the problem was the continued increase in City employee wage and benefit costs related to previously negotiated labor agreements, and increases in contribution rates required by the California Public Employees Retirement System.

Beginning in Fiscal Year 2009 the City launched a five-year plan to bring expenses in line with revenues and eliminate the structural deficit in the General Fund by the end of Fiscal Year 2014 (June 30, 2014). The plan seeks to mitigate the impact of service reductions and workforce reductions by utilizing more than $25 million of reserves, which the City prudently built up in prior years. This $25 million represents the majority of the General Fund's undesignated fund balance over and above its 10% emergency reserve.

Nevertheless, significant impacts across the entire municipal organization have been required to ensure Pasadena's financial stability. To date, a total of 286 full-time equivalent positions, representing roughly 12% of the City's total staffing complement, have been eliminated, including 37 filled positions. This number does not include filled positions that were limited term and their contracts were not renewed. Of the 37 filled positions, 9 of the incumbents found employment elsewhere in the municipal organization and were therefore spared from layoff. In addition, a total of 94 employees took advantage of voluntary separation incentives.

City Council Workshop

Throughout this process, City management has sought to keep the City Council, the public and City employees informed and aware of progress on the plan to balance the budget. Most recently, On November 28, 2011 the City Council held a special meeting, in a workshop format, devoted solely to the budget. The meeting centered around the need to make additional budget reductions, in light of continued weak revenues, of roughly $3.5 million in order to remain on track with the five-year financial plan. The Council reviewed nearly three dozen potential cost reductions and revenue enhancements, some of which could be placed in effect immediately and others that could be incorporated into the Fiscal Year 2013 recommended operating budget.

As a result of the process and after considerable discussion, the Council approved a number of items including a two-percent increase in the annual transfer from the Power Fund to the General Fund for Fiscal Year 2012, the defunding of five vacant non-sworn positions in the Police Department and the retooling of recreation program fees for service resulting in increased cost-recovery. In addition, there were a number of items that the City Council felt deserved additional study, required negotiations with labor unions and therefore could not be acted upon unilaterally or should be reviewed in the context of developing the Fiscal Year 2013 operating budget.

Importantly, the City Council also signaled a desire to move the City forward by taking the necessary steps to balance the budget in Fiscal Year 2013. Balancing the budget one year earlier than previously projected would help better position the City to be

effective in providing services to residents and business, relieve strain on employees and send a strong message to the financial community that Pasadena is worthy of its AAA credit rating.

Projections made during the first quarter of this calendar year indicate that in order to close the General Fund's operating deficit in Fiscal Year 2013, approximately $6 million in annualized reductions and/or revenue enhancements would to need be identified. This figure is increased from projections used for the November Council workshop, largely as a result of continued weakness in major tax revenue sources, including Utility Users Tax and Construction Tax.

Closing the Gap in Fiscal Year 2013

A major component of eliminating the projected deficit in the Fiscal Year 2013 Recommended Operating Budget and, moreover, the General Fund five-year financial plan, will be to assume a 9% level of transfer from the Power Fund to the General Fund through Fiscal Year 2015. Pursuant to City Charter sections 1407 and 1408, the Light and Power Fund makes an annual contribution to the City's General Fund. Although the two charter provisions in combination, allow for a transfer of up to 16% of gross revenue not to exceed net income, historically the annual transfer amount has trended around 8% in total. Increasing the transfer amount by 1% for Fiscal Year 2013 through 2015, along with increased costs for renewable energy and operations will contribute to the need for electric rate increases. In addition, the higher transfer will reduce the utility's working capital available for operations and capital investment. Beyond that, an additional combination of expense reductions, including the elimination of filled positions, and revenue enhancements will be necessary.

Given the considerations associated with eliminating filled positions, such as severance pay and cashing out unused vacation time, it has been necessary to lay off 14 additional staff members during the first quarter of this calendar year, in order to achieve full budgetary savings for Fiscal Year 2013. Of the 14, 9 were in the General Fund, 3 funded by redevelopment which has been discontinued; and 2 in the Building Services Fund. Attachment A summarizes the expense reductions and revenue enhancements which are anticipated to balance the Fiscal Year 2013 General Fund operating budget.

On May 21st the City Manager will present the Recommended Operating Budget for Fiscal Year 2013. Based on current projections, that budget will reflect an extremely modest operating surplus of approximately $200,000 or less than 1/10th of one-percent of total appropriations. Significantly, however, it will be the first budget adopted in over10 years where estimated annual revenues exceed estimated expenses.

As projected, revenues will total $215.8 million and expenses will total $215.6 million. Total revenues are projected to grow $5.9 million or 2.8 percent over the revised FY 2012 forecast. Included in the revenue increase for FY2013 is a one-time transfer of $1.0 million from the Workers Compensation Fund to help offset the revised General Fund $6 million deficit figure discussed above. Sufficient funds are available in the Worker's Compensation Fund to sustain this on a one-time basis.

Also included in the revenue projections are the initial result s of a cost allocation review and various fee studies that have recently been completed, as well as those revenue enhancements approved by the Council in November.

Total expenses are projected to grow $1.6 million or 0.7 percent over the revised Fiscal Year 2012 estimate. Included In the expense forecast is an increase in the on-going subsidy to the Housing Fund of approximately $500,000 due to the loss of redevelopment funding and continued reductions in Federal funding. Increases in internal services charges to the Computing and Communications Fund and the Building Maintenance and Fleet Maintenance Funds to reflect more accurate billing methodologies will also increase General Fund expenses $780,000.

Attachment B presents the updated 5 year General Fund financial plan, which incorporates the previously discussed actions and assumptions.

A look at Revenues and Expenses as of January

General Fund revenues collected as of January 31, 2012 total approximately $114.5million. This total excludes $9.5 million previously transferred to the City from the Pasadena Community Development Commission (PCDC), as it is unclear as to the ultimate fate of those funds will be with the dissolution of redevelopment pursuant to recent California State Supreme Court action.

General Fund Revenue Comparison
FY2011 YTD to FY2012 YTD

Revenue Category	FY11 January YTD	FY12 January YTD	Difference	%age Diff
Sales Tax	13,238,537	13,365,426	126,889	1.0%
Transient Occupancy Tax (TOT)	4,360,635	4,638,955	278,320	6.4%
Utility Users Tax (UUT)	15,746,751	16,085,408	338,657	2.2%
Construction Tax	878,089	1,139,495	261,405	29.8%
Property Tax	20,143,154	20,713,419	570,265	2.8%
Other Tax	7,864,501	7,661,846	(202,655)	-2.6%
Intergovernmental	7,040,285	7,000,885	(39,400)	-0.6%
Charges for Services	16,964,721	12,814,803	(4,149,918)	-24.5%
Transfers In**	14,857,738	14,948,313	90,575	0.6%
Other General Fund Revenues**	13,907,471	16,148,006	2,240,535	16.1%
Total (exc FPRS)	115,001,882	114,516,556	(485,326)	-0.4%

** adjusted for timing of PCDC revenues into Gen Fund

As indicated by the chart, adjusted General Fund revenues of $114.5 million are approximately $485,000 behind the adjusted prior year totals. Indications are that this decrease is due, primarily, to timing differences that will correct themselves by the end of the fiscal year.. Specifically, the decline reflected in the Charges for Services revenue category is the result of revenue recording timing difference between FY2011 and FY2012 of emergency medical billing revenues. The increase in Other General

Fund Revenues result from timing differences in various other revenues, primarily SB481 revenues received before the dissolution of PCDC.

Expenses in the General Fund through January 2012 total $120.6 million. This level of expenditure is approximately $660,000 ahead of the prior year's total after adjusting for one-time payments to the Fire and Police Retirement System that weren't necessary this year as a result of the issuance of pension obligation bonds. It is anticipated that this overage will be reduced as the fiscal year continues and that total General Fund expenses will be on target to meet the revised estimate.

As reflected in the chart below, based on January 2012 activity, the General Fund is anticipated to end FY2012 with an operating deficit of approximately $4.1 million, as reported to Council at the November 28, 2010 special meeting.

General Fund 5-Year Financial Comparison

Revenue Category	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Revised
Sales Tax	$35,444,025	$31,941,372	$28,059,194	$29,249,499	$31,300,000
Transient Occupancy Tax (TOT)	8,847,757	7,382,353	6,941,948	7,667,816	7,800,000
Utility Users Tax (UUT)	29,639,753	31,162,427	29,519,607	29,355,562	32,621,000
Construction Tax	3,984,216	2,366,386	1,397,077	1,480,416	1,800,000
Property Tax	35,284,428	38,414,298	38,266,093	37,952,059	39,100,000
Other Tax	14,491,438	15,313,182	14,162,316	14,506,845	15,826,351
Intergovernmental	13,367,600	13,593,024	13,633,140	14,232,863	13,901,083
Charges for Services	21,598,485	22,407,112	21,604,333	21,776,692	21,621,721
Transfers In	15,125,787	17,065,750	24,914,501	18,341,619	16,562,734
Other General Fund Revenues	34,935,705	35,741,639	33,996,195	37,931,032	31,961,514
Total General Fund Revenues (Excludes FPRS)	$212,719,194	$215,387,542	$212,494,404	$208,426,171	$209,883,867

Expense Category	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Revised
Personnel	$126,747,417	$134,255,260	$127,107,276	$126,515,653	$126,289,902
Services & Supplies	27,931,788	26,217,357	28,471,536	25,734,926	27,149,922
Internal Services	15,584,437	15,606,815	14,771,992	14,996,858	15,351,807
Contributions to Other Funds	13,187,451	18,397,519	13,037,782	13,184,777	13,393,253
Debt Service	30,284,629	29,664,996	35,072,953	34,128,414	31,811,180
Total General Fund Expenses (Excludes FPRS)	$213,735,722	$224,141,947	$218,461,539	$214,560,628	$213,996,064
Surplus/(Deficit)	($1,016,528)	($8,754,405)	($5,967,135)	($6,134,457)	($4,112,197)

A Look at Other Funds

As shown on the following chart, through January 2012, expenses exceed revenues in most fund categories. These year-to-date variances are the result of timing differences, such as grant reimbursements, or the planned use of fund balances. While these fiscal results appear to be problematic an analysis of year-to-date financial activity for funds other than the General Fund indicates most funds are forecast to be on target with

original budget estimates. The timing-related variances are anticipated to be resolved by the end of the fiscal year. Also impacting year-to-date revenues and expenses is the dissolution of PCDC. The impact of this action has resulted in some fiscal reporting issues as City staff determine how best to address the disposition of approximately $30 million per year in tax increment revenues, on-going program area expenses, and payments on outstanding PCDC debt. It is anticipated that these issues will be resolved before the end of the fiscal year.

Fund Type	Expenses	Revenues	Variance
Enterprise Funds	$175,720,396	$170,316,067	($5,404,329)
Special Revenue Funds	$45,737,188	$44,279,504	($1,457,684)
Internal Service Funds	$45,975,919	$44,575,740	($1,400,179)
Capital Projects Funds	$12,741,776	$10,741,941	($1,999,834)
Debt Service Funds	$53,067,036	$30,633,938	($22,433,098)
Fiduciary Funds	$17,211,303	$4,098,883	($13,112,420)
PCDC/Housing Capital Projects Funds	$7,490,155	$5,194,765	($2,295,390)
Grand Total	**$357,943,773**	**$309,840,839**	**($48,102,935)**

In addition to the timing and PCDC-related issues noted above, selected individual funds are reporting fiscal results that should be noted. Of specific interest are the following funds:

- Building Services Fund – This Fund has been deficit spending as a result of reduced development activity over the last several years. Year-to-date, revenues are in excess of expenses by nearly $1 million. This increased revenue is the result unanticipated fees paid from two large development projects. While revenues are not forecast to continue at the current rate, it is expected that this fund will experience a favorable year-end variance that will reduce the outstanding negative fund balance. Significant cost reductions have been made in this fund over the past several years.

- The Computing and Communications Fund – This Fund has also experienced deficit spending over the last several years. A plan is in place to resolve this imbalance over the next three years as the City transitions to full cost recovery. However, until this plan is fully implemented, this fund will continue to draw down unrestricted fund balance to offset this revenue deficit.

- Water Fund – This Fund had been experiencing cash flow issues as revenues had not been sufficient to support annual operating and capital costs. Based on year-to-date revenues it appears that the incremental rate increases adopted by City Council have corrected the deficit spending issues. As of January 2012, revenues exceed expenditures by nearly $2.4 million. This year-to-date surplus was anticipated and is in line with the FY2012 Adopted Budget.

The Fiscal Year 2013 Budget Process

Given the early identification of a plan for Fiscal Year 2013, staff recommends that an abbreviated budget hearing process be used for the review of the operating budget and capital improvement program budget. Staff is suggesting the following schedule:

- **May 14, 2012:** Present General Fee Schedule and the Schedules of Taxes, Fees, and Charges to City Council and hold public hearing. Per the State law, a public hearing and adoption of these schedules will follow on May 21, 2012.

- **April 30, 2012:** Present FY2013 – FY2017 Capital Improvement Program (CIP) to Joint City Council/Finance Committee meeting. Meeting will include public hearing on CIP project recommendations and updates. Where applicable, departments will make presentations on high new projects and any significant changes to existing projects.

- **May 21, 2012:** Present Recommended FY2013 Operating Budget to Joint City Council/Finance Committee meeting. Meeting will include public hearing to present an update on current economic conditions and issues which could impact City finances in the coming years and any other material items that would impact the financial assumptions presented in this report. There will be the potential for a follow-up meeting in June, for additional discussion and/or budget adoption, if necessary. All items necessary to adopt the FY2013 budget would be presented at the May meeting (i.e. resolutions for Operating and CIP budget adoption, General Fund transfer from Light and Power Fund, etc.). The presentation format will consist of a summary overview of the General Fund departments. General Fund departments would not make formal presentations but would be available for questions. Key non-General Fund departments will make formal presentations.

One-time Funding Available for Reinvestment

Pasadena is an aging city which needs reinvestment in its infrastructure. Also, as the needs of the community change over time, there's a need for new investment in a variety of facilities and endeavors.

A number of one-time funding sources have been identified which are available to meet some of these needs. These funds do not impact the operating budget or the five-year financial plan and include interest earnings on prior City bond issues, the Charter Capital Fund and the proceeds from the recent sale of a portion of the Plaza Las Fuentes air rights. The following chart presents the amounts available from each source and the recommended projects for the use of the funds. These sources have various restrictions that required staff analysis to ensure the appropriate match of sources and projects.

Special Projects Funding

	Excess Bond Interest Earnings - Designated GF Capital	Charter Capital	Property Sale Proceeds (Air Rights)	Council Approved
Balance as of 01/01/2012	$7,552,113	$3,750,057	$6,900,000	
New Projects				
Washington Gym	$1,250,000			✓
McKinley Gym	$1,250,000			✓
Fire Station 32 Temp Facility	$500,000			✓
Fire Station 39 Design	$500,000	$1,900,000		✓
Emergency Operations Center	$500,000			✓
Centennial Square Improvements	$300,000	$300,000		✓
Foothill Blvd Ice Rink (overrun)	$50,000	$200,000		✓
Robinson Park Master Plan		$1,000,000		
Centennial Square Parking Study	$100,000			✓
City Yard		$350,000		✓
Financial System Upgrade	$1,500,000			
DoIT CIP	$800,000			✓
DoIT CIP (2nd round)	$690,000			
YWCA Purchase			$1,870,000	✓
Way Finding			$2,000,000	
NFL EIR			$150,000	✓
Economic Development Task Force Priorities			$2,800,000	
Remaining Balance	$112,113	$57	$80,000	

COUNCIL POLICY CONSIDERATION:

The proposed actions are consistent with the City Council's strategic planning goal of maintaining fiscal responsibility and stability. Nevertheless, it should be recognized that a number of the proposed and potential reductions are likely to have a deleterious impact on several other strategic plan goals.

FISCAL IMPACT:

This report is for information only and therefore has no fiscal impact at this time. Recommendations for action items will be presented April 30th and May 21st when the proposed CIP and operating budgets are presented.

Respectfully submitted,

ANDREW GREEN
Director of Finance
Department of Finance

Approved by:

MICHAEL J. BECK
City Manager

Attachments: (2)

Attachment A – FY13 Proposed Budget Reductions/Revenue Enhancements
Attachment B – 5-Year General Fund Financial Plan

Attachment 1

FY 2013 Proposed Budget Reductions/Additional Revenue

Description of Proposed Reduction	Service Impacts	All Funds Expenses	All Funds Revenues	General Fund Expenses	General Fund Revenues	FTE Impact*	Vacant or Filled
City Manager							
	Eliminate MA III	($94,994)		($94,994)		(0.80)	Vacant
	Eliminate Prin Ops Specialist	($41,865)		($41,865)		(0.50)	Filled
	City Manager Total	**($136,859)**	**$0**	**($136,859)**	**$0**	**(1.30)**	
City Attorney							
	Personnel Reclassifications	($100,000)		($100,000)			
	Maintain Vacancies	($170,400)		($170,400)			
	Reduce Outside Legal Services	($100,000)		($100,000)			
	City Attorney Total	**($370,400)**	**$0**	**($370,400)**	**$0**	**0.00**	
Finance							
Decentralize budget responsibilities	Eliminate MA IV	($146,795)		($146,795)		(1.00)	Filled
Transfer MA II from Budget to Purchasing	Eliminate MA IV	($131,655)		($131,655)		(1.00)	Filled
Transfer Tech Spec from Purchasing to Municipal Services staffing and eliminate vacant SAII	Eliminate SA II	($75,293)		($75,293)		(1.00)	Vacant
	Finance Total	**($353,743)**	**$0**	**($353,743)**	**$0**	**(3.00)**	
Human Services & Recreation							
Transfer from Pasadena PD to fund PAL Program			$50,000		$50,000		
Eliminate Neighborhood Connections Lease		($27,540)		($27,540)			
Increase Participant Fees for After School Program			$380,000		$380,000		
Increase Recreation Program Cost Recovery			$100,000		$100,000		
Staff Restructuring	Eliminate Prog Coordinator I	($96,204)		($96,204)		(1.00)	Filled
	Eliminate Prin Ops Specialist	($41,865)		($41,865)		(0.50)	Filled
	Eliminate Prin Comm Rel Rep	($91,361)		($91,361)		(1.00)	Vacant
	Eliminate Rec Leader III	($40,102)		($40,102)		(0.66)	Seasonal
	Transfer in Prin Ops Specialist	$83,369		$83,369		1.00	Vacant
	Subtotal	($186,163)	$0	($186,163)	$0	(2.16)	
	Human Services & Recreation Total	**($213,703)**	**$530,000**	**($213,703)**	**$530,000**	**(2.16)**	

* All FTEs except those marked with an * are in the General Fund.

Attachment A

FY 2013 Proposed Budget Reductions/Additional Revenue

Description of Proposed Reduction	Service Impacts	All Funds Expenses	All Funds Revenues	General Fund Expenses	General Fund Revenues	FTE Impact*		Vacant or Filled
Planning								
Planning Reorganization	Eliminate Planner	($126,154)		($126,154)		(1.00)		Filled
	Senior Planner	($136,753)		($136,753)		(1.00)		Filled
	Senior Planner	($136,752)		($136,752)		(1.00)		Filled
	Planner	($122,496)		($122,496)		(1.00)		Filled
	Eliminate Planner	($124,571)				(1.00)	*	Vacant
	Eliminate Staff Asst III	($69,408)				(1.00)	*	Filled
	Principal Plans Examiner	($161,943)				(1.00)	*	Filled
	Planning Total	**($878,077)**	**$0**	**($522,155)**	**$0**	**(7.00)**		
Public Works								
Replace High Wattage Bulbs		($65,692)		($65,692)				
		($60,308)						
Reduce Fleet Maintenance sublet repairs		($112,812)		($112,812)				
		($48,749)						
Replace High Mast Street Light Luminaries with Induction Lighting		($314,000)		($314,000)				
Defund Executive Secretary	Executive Secretary	($44,934)		($44,934)		(0.50)		Vacant
		($44,935)				(0.50)	*	
Eliminate MA III	MA III	($63,404)		($63,404)		(0.50)		Filled
		($63,404)				(0.50)	*	
Eliminate Security Ranger	Security Ranger	($78,946)		($78,946)		(1.00)		Vacant
SMIWM/Parks Reorganization		($300,000)		($300,000)				
BSFMD Reduction		($58,830)		($58,830)				
City Hall Space Plan								
Charge PCC for use of Jackie Robinson Stadium	Revenue		$31,762		$31,762			
Charge for use of Area H and ball diamonds 2 and 3	Rose Bowl Parking Revenues							
	Public Works Total	**($1,256,014)**	**$31,762**	**($1,038,618)**	**$31,762**	**(3.00)**		
Transportation								
Departmental Reorganization	Resturcture Staff Costs from GF to Transit and Parking Funds	($292,102)		($292,102)				Filled
	Transportation Total	**($292,102)**	**$0**	**($292,102)**	**$0**	**0.00**		

* All FTEs except those marked with an * are in the General Fund.

FY 2013 Proposed Budget Reductions/Additional Revenue

Description of Proposed Reduction	Service Impacts	All Funds Expenses	All Funds Revenues	General Fund Expenses	General Fund Revenues	FTE Impact*		Vacant or Filled
City Manager/PCDC								
Loss of TI Funding	Eliminate Project Manager	($151,834)				(1.00)	*	Filled
	Eliminate Managemetn Analyst IV	($122,778)				(1.00)	*	Filled
	City Manager/PCDC Total	**($274,612)**	$0	$0	$0	**(2.00)**		
Housing								
Loss of TI Funding	Eliminate Program Coordinator	($129,511)				(1.00)	*	Filled
	Housing Total	**($129,511)**	$0	$0	$0	**(1.00)**		
	Total	($3,905,021)	$561,762	# ($2,927,580)	$561,762	(19.46)		

Summary of All Proposed Reductions

Proposed Reductions:

General Fund	($2,927,580)
Other Funds	($977,441)
Total	($3,905,021)

FTEs:

Reductions (includes defunded)

General Fund	(13.46)
Other Funds	(5.00)
FTE Reductions	(18.46)

Increases

General Fund	1.00
Other Funds	0.00
FTE Increases	1.00

Net Change: **(17.46)**

Layoffs Total	(15.00)	(2.46)
General Fund	(8.50)	
Other Funds	(6.50)	

Recap

($5,406,943)	Estimated General Fund FY13 reductions needed: (structural $1.6 million ; one-time $2.7 million)
($2,562,246)	Identified layoffs/revenues per detail (structural)
($365,334)	One-time Savings (not structural)
($2,927,580)	**Expense Reductions Subtotal**
($561,762)	New Revenue
($3,489,342)	**Net Identified GF Savings**
($1,586,052)	Additional 1% Power Fund GFT (structural)
($331,549)	Balance of required reductions

Potential methods to address remaining reduction balance

One-time reduction of W/C charges
One-time reduction of Fleet charges
One-time use of unallocated fund balance

* All FTEs except those marked with an * are in the General Fund.

General Fund 5-Year Financial Plan

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Forecast	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
ginning Amount Available for Appropriations	30,465,905	29,129,097	20,074,879	14,107,746	7,973,288	3,861,091	4,048,634	4,424,110	4,535,024
EVENUES									
Property Taxes	35,284,428	38,414,298	38,266,093	37,952,059	38,798,747	39,962,709	41,154,381	42,769,947	44,449,365
Sales Tax	35,444,025	31,941,372	28,059,194	29,249,499	30,300,000	31,209,000	32,145,270	33,752,534	35,440,160
Utility User Tax	29,639,754	31,162,427	29,519,607	29,355,561	30,202,800	30,341,870	31,105,612	32,215,136	33,333,339
Transient Occupancy Tax	8,847,757	7,382,353	6,941,949	7,667,817	8,160,000	8,415,000	8,667,450	8,970,811	9,265,520
Franchise Taxes	2,107,758	2,401,934	1,933,376	2,215,702	2,414,593	2,484,718	2,556,947	2,631,342	2,707,970
Other Taxes	16,367,896	15,277,634	13,626,018	13,771,495	13,950,000	14,425,000	15,027,250	16,082,340	16,158,714
Total Taxes	127,691,618	126,580,018	118,346,237	120,212,133	123,826,140	126,838,297	130,656,909	136,422,110	141,355,068
Licenses & Permits	2,616,995	2,297,129	2,560,129	2,407,099	2,664,160	2,754,314	2,871,521	2,973,320	3,076,451
Intergovernmental Revenues	13,367,600	13,593,024	13,633,140	14,232,863	13,901,083	14,099,940	14,364,350	14,796,870	15,077,704
Charges for Services	21,598,485	22,407,112	21,604,333	21,776,692	21,621,721	23,086,035	23,558,284	24,630,405	25,155,166
Fines & Forfeitures	8,024,617	8,844,378	5,135,244	6,447,122	6,789,500	6,981,540	7,184,911	7,394,384	7,610,140
Investment/Interest Earnings	21,564,124	22,074,198	24,401,371	23,231,648	19,540,000	19,959,902	10,817,132	1,108,537	1,118,276
Rental Income	1,137,099	1,040,577	611,581	613,649	658,153	660,984	665,200	669,542	674,015
Miscellaneous	1,592,870	1,485,357	1,287,870	1,163,346	1,120,376	1,153,626	1,177,574	1,202,239	1,227,645
TAL REVENUES	197,593,408	198,321,792	187,579,905	190,084,552	190,121,133	195,534,638	191,295,881	189,197,407	195,294,466
PENDITURES									
F nnel	129,953,531	135,224,048	132,088,980	126,515,653	126,365,013	127,214,215	128,341,756	131,007,704	134,185,137
S es & Supplies	27,441,731	26,033,719	23,091,571	25,709,769	27,138,941	27,117,136	27,144,235	27,428,193	27,713,846
E ment	490,057	183,638	5,379,965	25,157	27,312	27,441	27,466	27,755	28,044
Internal Services	15,584,437	15,606,815	14,771,992	14,996,858	15,260,365	16,169,274	17,019,398	18,037,560	18,315,696
TAL EXPENDITURES	173,469,756	177,048,220	175,332,508	167,247,438	168,791,631	170,528,066	172,532,856	176,501,212	180,242,723
cess Revenues over (Expenses)	**24,123,652**	**21,273,572**	**12,247,397**	**22,837,114**	**21,329,502**	**25,006,572**	**18,763,025**	**12,696,195**	**15,051,743**
ERATING TRANSFER (IN / (OUT))									
Debt Service	(30,284,629)	(29,664,996)	(35,072,953)	(34,128,414)	(31,811,180)	(32,683,458)	(23,174,674)	(17,556,931)	(18,075,736)
Contributions to Other Funds/Misc	(13,187,451)	(18,397,519)	(13,037,782)	(13,184,777)	(13,393,253)	(12,886,908)	(14,682,555)	(15,031,923)	(15,391,494)
Abatements for Svcs to Other Funds	4,046,657	2,242,779	11,157,176	2,296,783	333,522	1,236,478	1,039,522	1,042,658	1,045,887
Enterprise Contributions	14,285,244	15,791,759	18,739,029	16,044,836	19,429,212	19,514,859	18,430,158	18,960,915	17,907,595
T OPERATING TRANSFER (IN / (OUT))	(25,140,179)	(30,027,978)	(18,214,530)	(28,971,572)	(25,441,699)	(24,819,029)	(18,387,549)	(12,585,281)	(14,513,747)
erating Income/(Loss)	(1,016,527)	(8,754,406)	(5,967,133)	(6,134,458)	(4,112,197)	187,543	375,476	110,914	537,996
ding Amounts Available for Appropriations	29,449,377	20,374,691	14,107,746	7,973,288	3,861,091	4,048,634	4,424,110	4,535,024	5,073,020

OFFICE OF DIRECTOR OF FINANCE

March 30, 2012

TO: Honorable Mayor and City Council

FROM: Andy Green
Director of Finance

RE: Revision to "Budget Update for Fiscal Year 2012 and 2013" Agenda Report

The attached document reflects updated numbers for the FY 12 Revised column of the General Fund 5-Year Financial Comparison chart found on page five of the Budget Update agenda report (Item 13 - City Council Agenda; Item D.2. - Finance Committee Agenda).

Attachment

100 North Garfield Avenue • Pasadena, CA 91101-1726
(626) 744-4350 • Fax (626) 744-7093

General Fund 5-Year Financial Comparison
(Revised)

Revenue Category	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Revised
Sales Tax	$35,444,025	$31,941,372	$28,059,194	$29,249,499	$30,300,000
Transient Occupancy Tax (TOT)	8,847,757	7,382,353	6,941,948	7,667,816	8,160,000
Utility Users Tax (UUT)	29,639,753	31,162,427	29,519,607	29,355,562	30,202,800
Construction Tax	3,984,216	2,366,386	1,397,077	1,480,416	1,500,000
Property Tax	35,284,428	38,414,298	38,266,093	37,952,059	38,798,747
Other Tax	14,491,438	15,313,182	14,162,316	14,506,845	14,864,593
Intergovernmental	13,367,600	13,593,024	13,633,140	14,232,863	13,901,083
Charges for Services	21,598,485	22,407,112	21,604,333	21,776,692	21,621,721
Transfers In	15,125,787	17,065,750	24,914,501	18,341,619	19,762,734
Other General Fund Revenues	34,935,705	35,741,639	33,996,195	37,931,032	30,772,189
Total General Fund Revenues (Excludes FPRS)	$212,719,194	$215,387,542	$212,494,404	$208,426,171	$209,883,867

Expense Category	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Revised
Personnel	$126,747,417	$134,255,260	$127,107,276	$126,515,653	$126,365,013
Services & Supplies	27,931,788	26,217,357	28,471,536	25,734,926	27,166,253
Internal Services	15,584,437	15,606,815	14,771,992	14,996,858	15,260,365
Contributions to Other Funds	13,187,451	18,397,519	13,037,782	13,184,777	13,393,253
Debt Service	30,284,629	29,664,996	35,072,953	34,128,414	31,811,180
Total General Fund Expenses (Excludes FPRS)	$213,735,722	$224,141,947	$218,461,539	$214,560,628	$213,996,064
Surplus/(Deficit)	($1,016,528)	($8,754,405)	($5,967,135)	($6,134,457)	($4,112,197)