Notice of a Special Meeting of the
FINANCE COMMITTEE
4:00 p.m. – Monday, August 31, 2015
PASADENA CITY HALL - COUNCIL CHAMBERS ROOM S249

NOTICE IS HEREBY GIVEN that a special meeting of the Finance Committee will be held **Monday, August 31, 2015** at **4:00 p.m.** in the **COUNCIL CHAMBERS ROOM S249**, at City of Pasadena City Hall, 100 N. Garfield Ave., Pasadena, California.

A. **CALL TO ORDER**

B. **PUBLIC COMMENT - LIMITED TO ITEMS ON THIS SPECIAL MEETING AGENDA**

C. **APPROVAL OF MINUTES**

- July 27, 2015
- May 18, 2015
- May 11, 2015
- April 27, 2015
- April 13, 2015

D. **NEW BUSINESS**

1. Extension of the Utility Users Tax on Wireless Mobile Telephone Service to Include Prepaid Sales
2. Approval of Housing Acquisition Loan Agreement with Heritage Housing Partners to Provide Purchase Money Financing in an Amount Not to Exceed $517,000 to Implement Purchase Options on City Deed-Restricted Affordable Homeownership Units
3. An Amendment to the Fiscal Year 2016 Operating Budget of the Public Health Department, Increasing Expense and Revenues to Allow for the Operation of HIV/AIDS Programs up to November 30, 2015

E. **INFORMATION ONLY**

1. *Quarterly Investment Report – Quarter Ending June 30, 2015

*Attachments included in City Council packets and will be available at Finance Committee meeting.

F. **ADJOURN SPECIAL MEETING OF THE FINANCE COMMITTEE**

TERRY TORNEK, Mayor
Chair, Finance Committee

Lori Eubanks, Recording Secretary
Finance Committee

This notice, in its entirety, was posted at City Hall and distributed as indicated below by 5:30 p.m. on Thursday, August 27, 2015.

Distribution:
City Council
Star-News
City Clerk
Pasadena Journal
Los Angeles Times
City Attorney
La Opinion
Council Chambers Bulletin Board
City Manager
Pasadena Weekly
Main Library
City Hall Front Kiosk

Meeting Minutes
SPECIAL MEETING OF THE AUDIT/FINANCE COMMITTEE
July 27, 2015 • 4:10 p.m.
Council Chambers Room S249, Pasadena City Hall

A. CALL TO ORDER: 4:00 p.m.
Attendees (Absent as indicated):

Council Members	Staff/*Guests	
Mayor Tornek	Michael Beck	*Rich Kikuchi, CPA
Victor Gordo (Arrived at 4:41 p.m.)	Vince Bertoni	Phillip Leclair
John Kennedy	Vic Erganian	Asim Mohamad
Margaret McAustin	Gloria Flores	Bob Ridley
	Julie Gutierrez	Michael Woolson
	Jon Hamblen	Mark Yamarone

Recording Secretary: Lori Eubanks

B. PUBLIC COMMENT

There was no public comment.

C. NEW BUSINESS

1. **Authorization to Enter a Contract with Tyler Technologies, Inc. to Furnish and Deliver an Enterprise Land Management System**

[This report was held for presentation to City Council due to time constraints.]

2. **Resolution Authorizing the Execution and Delivery of a Lease Purchase Agreement for Parking Meter Equipment, a Lease Schedule, a Lease Schedule Addendum Regarding Self Insurance, Schedule A-1, a Prepayment Schedule Addendum, a Certificate of Incumbency, a Proceeds Disbursement Authorization, and Related Instruments and Other Documents in Connection Therewith**

This report was presented by Gloria Flores, Management Analyst, Department of Transportation. Staff recommended a lease purchase agreement with JP Morgan/Chase for parking meter equipment in an amount not to exceed $112,924.

The Finance Committee approved forwarding this report to the City Council.

3. **Joint Action: 2015-2016 Investment Policy**

Vic Erganian, Deputy Director of Finance/City Treasurer, presented this report.

The Finance Committee approved the 2015-2016 Investment Policy as presented.

4. **Authorization to Enter into a Contract with Inter-Con Security for Citywide Parking Enforcement Services in an Amount Not to Exceed $2,902,366 for the Initial Three-year Term**

Michael Woolsen, Management Analyst, Department of Transportation, presented this report. Staff recommended entering into a contract with Inter-Con Security, Inc. for citywide parking enforcement services in an amount not to exceed $2,902,366 for the initial three-year term of the agreement, with option to extend the contract up to two additional years without City Council approval, provided any increases do not exceed the increase in the change in the Los Angeles-Riverside-Orange County consumers price index for the preceding 12-month period.

Councilmembers McAustin and Gordo requested consideration of a method to provide opportunity for those who are ticketed to report on their experience (positive or negative).

The Finance Committee approved forwarding this report to the City Council.

D. INFORMATION ONLY

1. **ERP Demonstration**

[This demonstration was not presented due to time constraints and will be re-agendized at a later date.]

2. **ERP Quarterly Project Status Report**

[This report was not presented due to time constraints and will be re-agendized at a later date.]

3. **The Auditor's Communication with Those Charged with Governance Pursuant to Statements on Auditing Standards No. 114 (SAD 114)**

Bob Ridley, Controller, introduced Rick Kikuchi, of Lance, Soll & Lunghard, Certified Public Accounts who discussed auditor responsibilities under auditing standards and the scope and timing of the City's two-phase audit ; the interim audit from June 15-22, 2015 and the year-end audit the weeks of September 28, 2015 and October 5, 2015.

E. ADJOURN SPECIAL MEETING OF THE AUDIT/FINANCE COMMITTEE

With no further business to come before the Finance Committee, the special meeting of the Audit/Finance committee adjourned at 5:37 p.m.

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Terry Tornek, Chair Date
Finance Committee

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Lori Eubanks Date
Recording Secretary
Finance Committee

Meeting Minutes
OF THE SPECIAL FINANCE COMMITTEE/AUDIT COMMITTEE
May 18, 2015 ▪ 3:00 p.m.
Council Chambers Room S249, Pasadena City Hall

A. CALL TO ORDER: 1:35 p.m.
Attendees (Absent as indicated):

Council Members	Staff/*Guests	
Terry Tornek	Michael Beck	Keri Stokstad
Victor Gordo	Julie Gutierrez	Bob Ridley
Margaret McAustin	Michele Logan	Javan Rad
Steve Madison (absent)	Michael Ross	Larry Schroeder
John Kennedy (3:30)	Darryl Dunn	Joe Awad
Gene Masuda		
Recording Secretary: Veronica Jones		

B. NEW BUSINESS

1. **Authorization to Enter into a Contract with Lance, Soll & Lunghard LLP, Certified Public Accountants, For Audit Services for Fiscal Years 2015-2017, With Two One-Year Options**

Bob Ridley, City Controller, presented this recommendation to the Committee. Staff recommended the hiring of Lance, Soll & Lunghard LLP, Certified Public Accountants to provide annual audit services for FY 2015-2017.

Lance, Soll & Lunghard LLP, Certified Public Accountants was chosen after an RFP process that yielded eight proposals from audit firms. GFOA recommended process was used for the RFP. The top four companies were interviewed. The audit firms were asked to audit samples sizes to be increased beyond the required standards and to include cost effective fraud analysis in their response. Lance, Soll & Lunghard LLP, Certified Public Accountants received the highest score.

Debra Harper of Lance, partner with Soll & Lunghard LLP, CPA, expanded on the firm's experience with government audits and knowledge with Tyler-Munis system. The firm has been in auditing business 80 years with 60 years of government audit experience. They currently have 60 government agencies as clients. Debra Harper is part of the National Government Auditing Quality Center. The National Government Auditing Quality Center helps to establish auditing criterial for firms that perform government audits.

The Finance Committee approved forwarding this item to the City Council.

Councilmember Kennedy requested a plan that addresses how to maximize revenue by way of the Pasadena Media. He also requested a work plan that included the process PCAC executed the direction given by Council.

Councilmember Gordo requested the City Attorney investigate the effect of commercial media adventures on the mission of PCAC.

c) RBOC – Darryl Dun, General Manager of the Rose Bowl, presented this item to the Committee. The FY Recommended Budget is $41,902 million including operating and capital.

*Attachments in City Council Packets to be delivered separately

D. ADJOURN SPECIAL MEETING

With no further business to come before the Audit/Finance Committee the meeting adjourned at 5:28 p.m.

Terry Tornek, Chair
Finance Committee

Date

Veronica Jones
Recording Secretary
Finance Committee

Date

Meeting Minutes
OF THE REGULAR FINANCE COMMITTEE
May 11, 2015 ▪ 4:00 p.m.
Council Chambers Room S249, Pasadena City Hall

A. CALL TO ORDER: 4:05 p.m.
Attendees (Absent as indicated):

Council Members	**Staff/*Guests**	
Mayor Tornek	Michael Beck	Phillip Leclair
Victor Gordo	Julie Gutierrez	Phyllis Currie
Margaret McAustin	Brenda Harvey-Williams	Javan Rad
Steve Madison (absent)	Michele Logan	Larry Schroeder
John Kennedy	Darryl Dunn	Joe Awad
	Steve Wright	

B. PUBLIC COMMENT

There was no public comment.

C. NEW BUSINESS

1. Fiscal Year 2016 Recommended General Fee Schedule Public Hearing

Finance Chairman Tornek opened the public hearing on the Fiscal Year (FY) 2016 Recommended General Fee Schedule was opened.

Michele Logan, budget analyst, reviewed the General Fee schedule to the Committee. The General Fee Schedule is reviewed annually to allow increases or decrease to fees charged by the City. Increases or decreases to the fee schedule are adjusted according to the CIP index. The changes to the schedule are effective as of July 1, 2016. The CPI is 0.0987 for FY 2016. The General Fee Schedule includes a total of 1,828 fees. Seventy-five percent of the fees required no changes (1,420). Increases are recommended for 13 fees.

Councilmember Gordo requested staff to return to Council with a process for evaluating homes being used as vacation rentals in Pasadena and the number of Bed and Breakfast doing business in the city for a later discussion.

Chairman Tornek requested information from parking regarding the fee charged for parking fines and what the City nets on those fines. This should include gross and net revenue.

The Recommended General Fee Schedule was accepted as presented and continued to the subsequent regular meeting of the City Council and scheduled to be adopted at the June 22nd City Council Meeting.

2. **Fiscal Year 2016 Recommended Schedule of Taxes, Fees, and Charges Public Hearing**

   Michele Logan, budget analyst presented an overview of the recommended Schedule of Taxes, Fees, and Charges. An increase of 0.0987% to the flat amount tax rates is being recommended. This would bring the rate in line with the most recent CPI data. All fees become effective become effective July 1, 2015 except Grandstand Permit Application Tax, Rose Bowl Admission Tax and Grandstand Seat Surcharge rate.

   This item was continued to the June 22, 2015 City Council meeting at which time the City Council will be asked to close the public hearing and formally adopt the Fiscal Year 2016 Recommended Schedule of Taxes, Fees and Charges.

3. **Adoption of Resolution to Accept a HUD Section 108 Guaranteed Loan, Pledge Community Development Block Grant Funds for Loan Repayment, and to Provide Additional Loan Security from City General Fund Reserves for the Rehabilitation of the Robinson Park Recreation Center Facility**

   William Huang, Director of Housing and Career services presented this recommended resolution to the Finance Committee. Randy Mabson provided a PowerPoint presentation to the Finance Committee.

   This report is recommending that the City Council accept a federally guaranteed loan under Section 108 of the Housing and Community Development Act of 1974. The funds would be used to rehabilitate the Robinson Park Recreation Center.

   HUD has agreed to guarantee the loan subject to the City adopting a resolution accepting the Section 108 Loan, pledging funds from annual CDBG allocations to make the required annual amortized payments on the loan; and providing General Fund Reserves as further security for the repayment of the loan in the event that CDBG funds are insufficient for the City to meets its debt service obligations in any fiscal year.

   The Finance Committee approved forwarding this item to the City Council.

4. **Recognize and Appropriate Funds in the Amount of $594,473 to the Public Health Department Fiscal Year 2015 Operating Budget for the Substance Abuse and Mental Health Services Administration (SAMHSA) Program**

   Assistant City Manager, Steve Mermell presented this report to the Finance Committee. A grant was awarded to the Public Health Department September 2014 from the Substance Abuse and Mental Health Services Administration (SAMHSA). The grant is to be used to treat mild to moderate mental health issues in children and young adults, improve early awareness of metal health issues, and create more accessibility to mental health services for early intervention and reduce the social stigma associated mental health issues.

   This program will be a joint effort between Health Department and Human Services and Recreation Department. This clinic will be located in the Jackie Robinson Center. The clinic will offer short-term counseling and referral service to existing community partners for up to

50 youth at a time. This joint effort is expected to help in reducing community violence. This grant has a term for up to three years of full-funding and a fourth year there with a reduction in funding. Sustainability of the clinic will be made prior to the fourth year. The City is not under obligation to continue to provide the services after the fourth year.

The Finance Committee approved forwarding this item to the City Council.

5. Amendments to Fiscal Year Ending June 30, 2015 (FY2015) Adopted Operating Budget (RBOC)

Darryl Dunn, General Manager of the Rose Bowl presented this item to the Finance Committee. This recommendation is to amend the Fiscal Year 2015 Adopted Budget for the RBOC in the amount approximately $1 million in adjustments. This amount will be offset by additional revenue anticipated to be earned and received in 2015.

The Finance Committee approved forwarding this item to the City Council.

D. Adjourn Regular Meeting of the Finance Committee

The May 11, 2015 meeting of the Finance Committee was adjourned at 5:08 p.m.

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Terry Tornek, Chair Date
Finance Committee

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Veronica Jones Date
Recording Secretary
Finance Committee

Meeting Minutes
OF THE SPECIAL FINANCE COMMITTEE and/or CITY COUNCIL
April 27, 2015 ▪ 1:30 p.m.
Council Chambers Room S249, Pasadena City Hall
Teleconference Location:
Gansevoort Park Hotel
420 Park Avenue South, Room 917
New York, New York 10016

A. CALL TO ORDER: 1:35 p.m.
Attendees (Absent as indicated):

Council Members	**Staff/*Guests**	
Terry Tornek	Michael Beck	Phillip Leclair
Victor Gordo (3:00)	Julie Gutierrez	Phyllis Currie
Bill Bogaard	Brenda Harvey-Williams	Javan Rad
Margaret McAustin	Michael Ross	Larry Schroeder
Gene Masuda	Darryl Dunn	Joe Awad
Steve Madison (absent)	Steve Wright	
John Kennedy (3:30)		

Recording Secretary: Veronica Jones

B. PUBLIC COMMENT

There was no public comment.

C. APPROVAL OF MINUTES

- March 23, 2015
- February 23, 2015
- February 9, 2015
- February 2, 1015
- January 12, 2015
- December 8, 2014

The minutes were approved as submitted.

D. CONTINUED PUBLIC HEARING: FY 2016-2020 RECOMMENDED CAPITAL IMPROVEMENT PROGRAM BUDGET

Recommendation: It is recommended that the City Council:
Following the presentations listed below; continue the public hearing on the City Manager's Recommended FY2016-2020 Capital Improvement Program (CIP) Budget and Approval of Journal Voucher Amending Fiscal Year 2015 - 2019 Capital Improvement Program to April 27, 2015 at 7:00 p.m. and until the City Council determines that the public hearing may Close and the CIP Budget can be considered for adoption.

Discussion as part of the public hearing regarding Recommended Fiscal Year 2016 – 2020 Capital Improvement Program Budget:

Department Presentations:

Technology - Phillip Leclair, Director of Technology highlighted the Technology section of the CIP. There are 16 active projects with a total cost of $28.8 million. There are three new technology projects, Enterprise – Electronic Timekeeping /Scheduling System, Enterprise – Building Security Management and Wiring Infrastructure Replacement. Four projects are requesting appropriations. The Enterprise Resource Planning Process requesting appropriations of $1.9 million, Land Management System (LMS) Replacement requesting appropriations of $900,000, the DoIT Equipment Life Cycle Replacement FY2015-2019 with appropriations request of $1.3 million and the City Fiber Network Expansion with request for appropriations of $1.9 million. The requests for appropriations total $3.5 million.

Pasadena Center Improvements – Mike Ross, General Manager of the Pasadena Center presented this section of the CIP. There is total of six active projects totaling approximately $10 million. The CIP request total $600,000 to cover the restoration, upgrades and repairs of the Civic Auditorium, Convention Center and Ice Rink including electrical service panel 2 upgrades to Civic Auditorium.

Rose Bowl Improvements – The CIP Improvements for this section was presented by Darryl Dunn, General Manager of the Rose Bowl Operating Company. This section of the CIP consists of seven projects for a total of $206 million and appropriations of $175,466,000. The Committee decided to exclude Item 7 of the Rose Bowl Improvement Projects. The Committee decided to defer the five year Plan for Rose Bowl Improvements for FY2017 -2021 projects. The 5 year plan will return to Finance after the projects are discussed and approved by the RBOC.

Street Lighting and Electrical System Undergrounding was presented by Steve Wright, City Engineer. This section of the CIP is a partnership between the Department of Public Works and the Department of Water and Power. There are nine projects in this section of the CIP for a total estimated cost of $50 million with recommended appropriations of $1.1 million.

Water System – This project was presented by Phyllis Currie, General Manager of Water and Power. There are 26 active projects for a total of $123 million and recommended appropriations are $7.7 million.

Electric System – Phyllis Currie presented this CIP program to the Finance Committee. The Electric System CIP has a total of 60 projects for a $428 million with appropriations in the amount of 51.2 million. This includes two new FTEs.

Brenda Harvey Williams, Finance Administrator of Public Works, presented the agenda report for the Adoption of FY 2016-2020 Capital Improvement Program Budget and Approval Journal Voucher Amending FY2015-2019 Capital Improvement Program. This agenda report will be presented to the City Council at the meeting this evening.

Ms. Harvey- Williams highlighted the projects in the CIP for 2016-2020. There are 238 active projects with an estimated cost of $1.11 billion. The recommended for appropriation is $85.5 million. The adjustments to the FY2016 CIP were highlighted. There are seven adjustments to the FY2016 CIP.

The Finance Committee/City Council approved forwarding this report to the City Council.

With no further business to come before the Finance Committee, the meeting adjourned at 3:22 p.m.

Terry Tornek, Chair Date
Finance Committee

Veronica Jones Date
Recording Secretary
Finance Committee

Meeting Minutes
OF THE FINANCE COMMITTEE and/or CITY COUNCIL
April 13, 2015 ▪ 1:30 p.m.
Council Chambers Room S249, Pasadena City Hall

A. CALL TO ORDER: 1:35 p.m.
Attendees (Absent as indicated):

Council Members	Staff/*Guests	
Terry Tornek	Michael Beck	Phillip Leclair
Victor Gordo (3:00)	Julie Gutierrez	Phyllis Currie
Bill Bogaard	Brenda Harvey-Williams	Javan Rad
Steve Madison (absent)	Michael Ross	Larry Schroeder
Margaret McAustin	Darryl Dunn	Joe Awad
John Kennedy (3:30)	Steve Wright	
Recording Secretary: Veronica Jones		

B. PUBLIC COMMENT

Gina Tleel from the South Lake Business Association commented on street lighting on South Lake and read two communications. The first messages from Mathew Rodman, Vice President of the South Lake Business Association expressed the need for pedestrian lighting on South Lake. Ms. Tleel also read a message from Robert De Pietro, property owner and board member regarding concern for pedestrian lighting. The South Lake Business Association would like the CIP to include funding to increase pedestrian lighting on South Lake.

C. APPROVAL OF MINUTES

- March 23, 2015
- February 23, 2015
- February 9, 2015

February 2, 1015
January 12, 2015
December 8, 2014

Vote to approve minutes will be taken at the next meeting.

D. PUBLIC HEARING: FY 2016-2020 RECOMMENDED CAPITAL IMPROVEMENT PROGRAM BUDGET

Chairman Tornek opened the public hearing of the FY2016-2020 Capital Improvement Program Budget with a quorum of the City Council.

City Clerk, Mark Jomsky reported the notice for the public hearing was noticed on March 26, 2015 in the Pasadena Journal. One letter was received regarding sidewalk repair. The letter is part of the record of the public hearing.

Brenda Harvey-Williams present an overview and background report on the Capital Improvement Budget. The recommended FY2016 CIP budget includes 90 projects with 17 new projects and recommended appropriations of $85,176,270. The following presentations were presented:

Street and Streetscapes - Presented by Steve Wright, City Engineer. There are a total of 19 projects in this program, with an estimated total cost of $51 million. There are two new projects. There is a suggested appropriation of $3.1 million. These projects include asphalt overlay, slurry sealing of asphalt streets throughout the City and preventive maintenance.

Street Lighting - Presented by City Engineer Steve Wright. There 19 total projects with an estimated total cost of $.5 million. Steve Wright reported an application had been submitted to the MTA Call for Projects, if approved the project would include pedestrian lighting for the South Lake District.

Sewers and Strom Drains - Presented by City Engineer Steve Wright. There are 10 projects included in the Sewer and Strom Drains program totaling $17.6 million. This project consists of maintenance to the sewer pipes and storm drains. There are no new projects added.

Transportation – Fred Dock, Director of Transportation presented this program. This program consists of 36 projects at a cost of $70 million and three new projects. There is a recommended appropriation of $6.1 million for 2016.

Parking – Fred Dock, Director of Transportation presented this City program. This program consists of five projects at a cost of $29.7 million. The appropriation request is for $1.1 million for 2016.

Parks and Landscaping - Presented by Steve Wright, City Engineer. This program consists of 19 projects at a cost of $42 million. Five of projects are new. There is request for an appropriation of $2.6 million in 2016.

Arroyo Projects – Charles Peretz, Park Administrator presented this CIP program. This program includes the Arroyo Projects, Hahamongna, Central Arroyo, and Lower Arroyo. There are 19 active projects for a total of $15.6 million. There is a recommendation for an appropriation of $200,000 for FY2017 for the Area H Perimeter Project.

Municipal Buildings and Facilities - Randy Rich, Public Works Administrator presented this portion of the CIP program. There are a total of three active projects. There is a recommended appropriation of $950,000 for FY 2016. This project includes a program that addresses maintenance of City buildings.

E. NEW BUSINESS

1. **RESOLUTION OF THE CITY COUNCIL APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT AND/OR A LINE OF CREDIT OR SIMILAR BORROWING AND APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT, AN OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF ONE OR MORE SERIES OR SUBSERIES OF CITY OF PASADENA PENSION OBLIGATION BONDS IN AN AMOUNT NOT TO EXCEED $130 MILLION**

   Recommendation: It is recommended that the City Council:

   (A) Find that the proposed action is not a project subject to California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and

   (B) Adopt a resolution approving the form of and authorizing the execution of a bond purchase agreement and/or a line of credit or similar borrowing and approving the form of and authorizing the distribution of a preliminary official statement, an official statement and a continuing disclosure agreement in connection with the issuance of one

Vic Erganian, Deputy Director of Finance/City Treasurer presented this item. Mr. Erganian recommended the adoption of the resolution which authorizes the refinancing of the City's Pension Obligation Bonds (POBs) Series 1999, 2004, and 2012 with a refunding 2015 Series POB in an amount not to exceed $130 million.

The Finance Committee/City Council approved forwarding this item to the City Council.

F. ADJOURN SPECIAL MEETING

With no further business to come before the Finance Committee and/or City Council, the meeting adjourned at 5:07 p.m.

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Terry Tornek, Chair Date
Finance Committee

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Veronica Jones Date
Recording Secretary
Finance Committee

Agenda Report

August 31, 2015

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Finance

SUBJECT: **EXTENSION OF THE UTILITY USERS TAX ON WIRELESS MOBILE TELEPHONE SERVICE TO INCLUDE PREPAID SALES**

RECOMMENDATION:

It is recommended that the City Council:

A) Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project;

B) Authorize the City Manager to execute a certification that communicates to the State Board of Equalization the tiered rate for utility user tax, as provided by the Prepaid Mobile Services Telephony Surcharge Collection Act;

C) Adopt a resolution authorizing the City Manager to execute an agreement with the State Board of Equalization ("BOE") for the implementation of the Prepaid Mobile Services Telephony Surcharge Collection Act;

   a. The proposed agreement with the BOE is exempt from competitive bidding pursuant to City Charter, Section 1002(H) (contracts with government entities or their contractors) as well as competitive selection pursuant to Pasadena Municipal Code Section 4.08.049(A)(3), contracts with other government entities;

D) Adopt a resolution authorizing MuniServices, LLC, to examine prepaid mobile telephony services surcharge and local charge records; and

MEETING OF _____ AGENDA ITEM NO. _____

E) Authorize the City Manager to execute an amendment to the City's existing contract with MuniServices, LLC, contract no. 20,109, to conform the authorizations and restrictions imposed by contract to the requirements of the Prepaid Mobile Services Telephony Surcharge Collection Act;

a. To the extent this transaction could be a separate transaction subject to competitive selection, grant the amendment an exemption from competitive selection process pursuant to Pasadena Municipal Code Section 4.08.049(B), contracts where the City's interests are best served. The proposed amendment is exempt from competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services.

BACKGROUND:

The utility users tax (UUT) is a tax imposed on the users of a utility such as telephone, cellular or wireless communication services, electric energy services, water services, gas services and cable television services. City of Pasadena Ordinance No. 7133 imposes a tax rate on each of these utility services and requires the utility providers to collect and remit the UUT tax directly to the City. Currently, there is no mechanism to collect the UUT tax on prepaid mobile telephone services. Prepaid mobile telephony services are an important and growing segment of the communications industry. To ensure equitable contributions from end-use consumers of postpaid as well as prepaid mobile telephony services in this state, there should be standardization with respect to the method used to collect communications taxes, fees, and surcharges from end-use consumers of prepaid mobile telephony services. AB 1717 allows for prepaid mobile telephony services, which are frequently sold by a third-party retailer that is not the provider of mobile telephony services, to collect UUT at the time of the retail transaction. This change is necessary to provide a more efficient and competitively neutral means of collection from both postpaid and prepaid services. An equitable distribution mechanism is necessary to ensure that utility user taxes and other telecommunication charges are collected on behalf of cities and counties and are properly distributed to those jurisdictions. AB1717 would on and after January 2016, impose a utility user tax on the consumption of prepaid communications services to be collected and administered by the State as prescribed in the Prepaid Mobile Telephony Services Surcharge Collection Act.

Beginning January 1, 2016, AB 1717, the Prepaid Mobile Services Telephony Surcharge Collection Act, will take effect and solve the collection problem by requiring California retailers and online sellers to collect the local utility users tax (UUT) at the same time it collects sales tax on its other retail products, based on the point of sale (for retail stores in the City). Under this new law, all local jurisdictions have to contract with the State Board of Equalization (BOE) in order to receive UUT imposed on consumers of prepaid wireless phone service. It should be noted that AB 1717 has a sunset provision of 2020, but it is expected that the Legislature will permanently renew AB

1717 if the actual cost of collection proves to be reasonable and the level of collections are as anticipated.

In order to receive the UUT collected by the BOE commencing on January 1, 2016, the City Manager must execute an agreement with BOE and a certification as required by the State BOE on or before September 1, 2015. This agreement between the City and the BOE allows for the collection of local charges by the State. If the City elects not to contract with the BOE, it will not receive this revenue. The documents also authorize certain City employees and the City's UUT revenue consultant to examine the local charge records and surcharges on prepaid mobile telephone services.

On March 10, 2008, the City of Pasadena adopted Ordinance No. 7133 amending Chapter 4.56 of the Pasadena Municipal Code to modernize the application of the Utility Users Tax (UUT). The current ordinance authorizes the City to collect UUT tax on prepaid wireless services. In Pasadena, the UUT tax rate on wireless services is 8.28%. The BOE has established a new tax rate table for the prepaid wireless telephone services. For jurisdictions that levy a tax rate between 7.5% and 9%, the tiered tax rate on prepaid telephone services provided by the not direct sellers is established at 7.5%.

The recommended Agreement by resolution For State Collection and Administration of Local Charges defines the responsibilities and functions of the Board of Equalization (The Board) related to the collection of the local charges from sellers that are not direct sellers such as liquor stores and retail stores (for example Target & Best Buy) as opposed to direct sellers such as Verizon, AT&T and T-Mobile. The agreement also defines the local jurisdiction's responsibilities which include the defending of any claim regarding the validity of the ordinance, responding to specified consumer claims, refunding taxes if any, and enforcing and auditing the collection of the taxes.

The recommended resolution authorizing MuniServices, the City of Pasadena's revenue consultant, to examine prepaid mobile telephony services surcharge and local charge records necessitates an amendment to the City's existing contract with MuniServices in order to satisfy the requirements of AB1717. The proposed amendment to the City's contract with MuniServices would, among other things, prohibit MuniServices from consulting for a "seller" of prepaid wireless services and would prohibit the City from having a contingent fee arrangement with MuniServices.

FISCAL IMPACT:

Beginning January 1, 2016, AB 1717 will take effect and allow the City to commence collecting Utility User's Tax (UUT) on prepaid mobile telephone services (also referred to as prepaid wireless). While the actual impact of this new revenue source is unknown, the City's UUT revenue consultant (Muni Services) estimates it will range from 15% to 20% of current UUT telecommunication revenues. This estimate is a statewide average, and individual cities will vary depending on their demographics and the number of large retail stores (located in a city) selling prepaid wireless services. For Pasadena, this 15-20% increase equates to an estimated annual UUT of $695,000 to $925,000. The City will be required to reimburse the State Board of Equalization (BOE) for its implementation costs, with the City's share estimated to be approximately 5% to 6% of the total amounts collected on behalf of the City, or approximately $41,700 to $55,500 annually. The BOE costs, and the City's proportionate share, are expected to decline after the first year. The estimated net impact to the Fiscal Year 2015/16 General Fund Operating Budget is an increase of revenues of approximately $305,800 to $407,000.

Respectfully submitted,

JULIE A. GUTIERREZ
Interim Director of Finance

Prepared by:

Vic Ertanian
Deputy Director of Finance/
City Treasurer

Approved by:

MICHAEL J. BECK
City Manager

RESOLUTION NO._____

A RESOLUTION AUTHORIZING THE EXAMINATION OF PREPAID MOBILE TELEPHONY SERVICES SURCHARGE AND LOCAL CHARGE RECORDS

WHEREAS, pursuant to Utility Users Tax Ordinance No. 7133 of the City of Pasadena and the Local Prepaid Mobile Telephony Services Collection Act, the City of Pasadena, hereinafter called Local Jurisdiction, entered into a contract with the State Board of Equalization, hereafter referred to as the Board, to perform all functions incident to the administration and collection of the prepaid mobile telephony services surcharge and local charges (Rev. & Tax. Code Section 42101.5); and

WHEREAS, the Local Jurisdiction deems it desirable and necessary for authorized representatives of the Local Jurisdiction to examine confidential prepaid mobile telephony services surcharge and local charge records pertaining to the prepaid mobile telephony services surcharge and local charges collected by the Board for the Local Jurisdiction pursuant to that contract;

WHEREAS, the Board will make available to the Local Jurisdiction any information that is reasonably available to the Board regarding the proper collection and remittance of a local charge of the Local Jurisdiction by a seller, including a direct seller, subject to the confidentiality requirements of Sections 7284.6, 7284.7 and 19542 of the Revenue and Taxation Code; and

WHEREAS, Sections 42110 and 42103 of the Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of Board of Equalization records and establishes criminal penalties for the unlawful disclosure of

information contained in or derived from the prepaid mobile telephony services surcharge and local charge records of the Board;

NOW, THEREFORE IT IS RESOLVED AND ORDERED AS FOLLOWS:

Section 1. That the Director of Finance or other officer or employee of the Local Jurisdiction designated in writing by the City Manager to the Board is hereby appointed to represent the Local Jurisdiction with authority to examine prepaid mobile telephony services surcharge and local charge records of the Board pertaining to prepaid mobile telephony services surcharge and local charges collected for the Local Jurisdiction by the Board pursuant to the contract between the Local Jurisdiction and the Board. The information obtained by examination of Board records shall be used only for purposes related to the collection of the Local Jurisdiction' s prepaid mobile telephony services surcharge and local charges by the Board pursuant to the contract.

Section 2. That the Director of Finance or other officer or employee of the Local Jurisdiction designated in writing by the City Manager to the Board is hereby appointed to represent the Local Jurisdiction with authority to examine those prepaid mobile telephony services surcharge and local charge records of the Board for purposes related to the following governmental functions of the Local Jurisdiction:

a) Compliance and enforcement of the utility users tax (local charge);

b) Administrative functions set out in the City's utility user tax ordinance; and

c) Legal interpretation and enforcement of utility users tax ordinance, including, but not limited to, refunds and defense of claims against Ordinance No. 7133.

The information obtained by examination of Board records shall be used only for those governmental functions of the Local Jurisdiction listed above.

Section 3. That MuniServices, LLC, pursuant to Services Contract no. 20,109, is hereby designated to examine the prepaid mobile telephony services surcharge and local charges records of the Board of Equalization pertaining to prepaid mobile telephony services surcharge and local charges collected for the Local Jurisdiction by the Board. The person or entity designated by this section meets all of the following conditions (Rev. & Tax. Code Section 42110(b)(2)):

a) has an existing contract with the Local Jurisdiction that authorizes the person to examine the prepaid mobile telephony services surcharge and local charge records;

b) is required by that contract with the Local Jurisdiction to disclose information contained in or derived from, those records only to an officer or employee of the Local Jurisdiction authorized by the resolution to examine the information;

c) is prohibited by that contract from performing consulting services for a seller during the term of that contract;

d) is prohibited by that contract from retaining information contained in, or derived from, those prepaid mobile telephony services surcharge and local charge records, after that contract has expired.

The contract between the Local Jurisdiction and MuniServices, LLC designated by the Local Jurisdiction to request information from the Board shall be subject to the following limitations (Rev. & Tax. Code Section 42103(g)):

a) MuniServices, LLC shall, to the same extent as the Board, be subject to Section 55381, relating to unlawful disclosures; and

b) The contract between the Local Jurisdiction and MuniServices, LLC shall not provide, whole or in part, in any manner a contingent fee arrangement as payment for services rendered.

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the information obtained by examination of the Board records shall only be used for purposes related to the collection of the Local Jurisdiction's prepaid mobile telephony services surcharge and local charges by the Board pursuant to the contract between the Local Jurisdiction and Board, or for purposes related to other governmental functions of the Local Jurisdiction, as identified above in section 2.

Adopted at the regular meeting of the City Council on the 31st day of August, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mark Jomsky, CMC
City Clerk

APPROVED AS TO FORM:

Javan N. Rad
Chief Assistant City Attorney

RESOLUTION NO._____

A RESOLUTION OF THE CITY OF PASADENA AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH THE STATE BOARD OF EQUALIZATION FOR IMPLEMENTATION OF THE LOCAL PREPAID MOBILE TELEPHONY SERVICES COLLECTION ACT

WHEREAS, on August 31, 2015, the City Manager certified that Ordinance No. 7133 applies its local charge(s) (access to 911 or communication services and/or utility user tax) to prepaid mobile telephony services; and

WHEREAS, the Local Prepaid Mobile Telephony Services Collection Act, mandates the Board of Equalization ("Board") to administer and collect the local charges for all applicable local jurisdictions (Rev. & Tax Code Section 42103); and

WHEREAS, the Board will perform all functions incident to administration and collection of the local charges for the City of Pasadena; and

WHEREAS, the Board requires that the City enter into an "Agreement for State Local Jurisdiction Collection and Administration of Local Charges" prior to implementation of the Local Prepaid Mobile Telephony Services Collection Act; and

WHEREAS, the Board requires that the City authorize the agreement.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Pasadena that the attached "Agreement for State Collection and Administration of Local Charges" is hereby approved and the City Manager is hereby authorized to execute the agreement.

Adopted at the regular meeting of the City Council on the 31st day of August, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mark Jomsky, CMC
City Clerk

APPROVED AS TO FORM:

Javan N. Rad
Chief Assistant City Attorney

AGREEMENT FOR STATE COLLECTION AND ADMINISTRATION OF LOCAL CHARGES

This Agreement is for the purpose of implementing the Local Prepaid Mobile Telephony Services Collection Act (Part 21.1, commencing with Section 42100) of Division 2 of the Revenue and Taxation Code), hereinafter referred to as the Local Charge Act. The City of Pasadena (insert name of local jurisdiction) and the State Board of Equalization, hereinafter called the Board, do agree as follows:

ARTICLE I
DEFINITIONS

Unless the context requires otherwise, wherever the following terms appear in this Agreement they shall be interpreted to mean the following:

A. "Administrative Expenses" means all expenses incurred by the Board in the administration and collection of the local charges, including preparation and wind down costs which are reimbursable to the Board from the revenues collected by the Board on behalf of the local jurisdiction.

B. "Contingent Fee" includes, but is not limited to, a fee that is based on a percentage of the tax liability reported on a return, a fee that is based on a percentage of the taxes owed, or a fee that depends on the specific tax result attained.

C. "Direct Seller" means a prepaid Mobile Telephony Service (MTS) provider or service supplier, as defined in section 41007, that makes a sale of prepaid mobile telephony services directly to a prepaid consumer for any purpose other than resale in the regular course of business. A direct seller includes, but is not limited to, a telephone corporation, a person that provides an interconnected Voice over Internet Protocol (VoIP) service, and a retailer as described in section 42004(b)(1).

D. "Local Charges" means a utility user tax imposed on the consumption of prepaid mobile telephony services, as described in section 42102, and charges for access to communication services or to local "911" emergency telephone systems imposed by a local jurisdiction, as described in section 42102.5.

E. "Local Jurisdiction" or "local agency" means a city, county, or city and county, which includes a charter city, county, or city and county of this State, which has adopted an ordinance imposing a local charge of the kind described in Part 21.1 of Division 2 of the Revenue and Taxation Code and has entered into a contract with the Board to perform all functions incident to the collection of the local charges.

F. "Ordinance" means an ordinance of a local jurisdiction imposing a local charge, including any local enactment relating to the filing of a refund or a claim arising under the ordinance, attached hereto, as amended from time to time.

G. "Quarterly local charges" means the total amount of local charges transmitted by the Board to a local jurisdiction for a calendar quarter, as set forth in section 42106(a)(1).

H. "Refund" means the amount of local charges deducted by the Board from a local jurisdiction's quarterly local charges in order to pay that jurisdiction's share of a local charge refund due to one taxpayer.

I. "Section" – all section references are to the Revenue and Taxation Code.

J. "Seller" means a person that sells prepaid mobile telephony service to a person in a retail transaction.

ARTICLE II
BOARD ADMINISTRATION AND COLLECTION OF LOCAL CHARGES

A. Administration. The Board and the local jurisdiction agree that the Board shall perform functions incident to the collection of the local charges from sellers that are not direct sellers.

B. Collection. The Board shall collect the local charges in the same manner as it collects the prepaid MTS Surcharge in the Prepaid Mobile Telephony Services Surcharge Collection Act, subject to specified limitations in the Local Charge Act for which the local jurisdiction is responsible, as set forth in Article III of this Agreement.

C. Audits. The Board's audit duties shall be limited to verification that the seller that is not a direct seller complied with the Local Charge Act.

D. Other applicable laws. The Board and the local jurisdiction agree that all provisions of law applicable to the administration and operation of the Local Charge Act, Prepaid Mobile Telephony Services Surcharge Collection Act, and the Fee Collection Procedures Law (FCPL) shall be applicable to the collection of local charges. References in the FCPL to feepayer include a person required to pay the local charge, including the seller. All future amendments to applicable laws are automatically incorporated into this Agreement.

E. Deposit of Local Charges. All local charges collected by the Board shall be deposited in the Local Charges for Prepaid Mobile Telephony Services Fund in the State Treasury to be held in trust for the local taxing jurisdiction. Local charges shall consist of all taxes, charges, interest, penalties, and other amounts collected and paid to the Board, less payments for refunds and reimbursement to the Board for expenses incurred in the administration and collection of the local charges, including preparation and wind-down costs.

F. Allocation of Expenses. The Board shall allocate the total combined annual expenses incurred for administration and collection pursuant to the Prepaid Mobile Telephony Services Surcharge Collection Act and the Local Charge Act on a pro rata basis according to revenues collected for: (1) the emergency telephone users surcharge portion of the prepaid MTS surcharge, (2) the Public Utilities Commission surcharges

portion of the prepaid MTS surcharge, and (3) local charges. The Board shall charge a local jurisdiction its pro rata share of the Board's cost of collection and administration.

G. Transmittal of money. All local charges collected by the Board shall be transmitted to the local jurisdiction once in each calendar quarter. Transmittals may be made by mail or by deposit to the account of the local jurisdiction in a bank designated by that jurisdiction. The Board shall furnish a statement quarterly indicating the amounts paid and withheld for expenses of the Board.

H. Rules. The Board shall prescribe and adopt such rules and regulations as in its judgment are necessary or desirable for the administration and collection of local charges and the distribution of the local charges collected.

I. Security. The Board agrees that any security which it hereafter requires to be furnished under the FCPL section 55022 will be upon such terms that it also will be available for the payment of the claims of the local jurisdiction for local taxes owing to it as its interest appears. The Board shall not be required to change the terms of any security now held by it, and the local jurisdiction shall not participate in any security now held by the Board.

J. Records of the Board.

1. Information obtained by the local jurisdiction from the examination of the Board's records shall be used by the local jurisdiction only for purposes related to the collection of the prepaid mobile telephony services surcharge and local charges by the Board pursuant to this Agreement.

2. When requested by resolution of the legislative body of a local jurisdiction, the Board shall permit any duly authorized officer or employee or other person designated by that resolution to examine any information for its own jurisdiction that is reasonably available to the Board regarding the proper collection and remittance of a local charge of the local jurisdiction by a seller, including a direct seller, subject to the confidentiality requirements of sections 7284.6, 7284.7 and 19542. (sections 42110(b), 42103(e).).

3. The resolution of the local jurisdiction shall certify that any person designated by the resolution, other than an officer and an employee, meets all of the following conditions:

a. Has an existing contract with the local jurisdiction that authorizes the person to examine the prepaid MTS surcharge and local charge records.

b. Is required by that contract with the local jurisdiction to disclose information contained in or derived from, those records only to an officer or employee of the local jurisdiction authorized by the resolution to examine the information.

c. Is prohibited by that contract from performing consulting services for a seller during the term of that contract.

d. Is prohibited by that contract from retaining information contained in, or derived from, those prepaid MTS surcharge and local charge records, after that contract has expired.

4. Any third party contract between the local jurisdiction and an entity or person authorized by the local jurisdiction to request information from the Board shall be subject to the following limitations:

a. Any third party shall, to the same extent as the Board, be subject to Section 55381, relating to unlawful disclosures.

b. A third party contract shall not provide, in whole or in part, in any manner a contingent fee arrangement as payment for services rendered.

5. Information obtained by examination of Board records shall be used only for purposes related to the collection of the prepaid MTS surcharge and local charges by the board pursuant to the contract, or for purposes related to other governmental functions of the local jurisdiction set forth in the resolution.

6. If the Board believes that any information obtained from the Board's records related to the collection of the prepaid MTS surcharge and local charges has been disclosed to any person not authorized or designated by the resolution of the local jurisdiction, or has been used for purposes not permitted by section 42110(b), the board may impose conditions on access to its local charge records that the board considers reasonable, in order to protect the confidentiality of those records. (section 42110 (c).)

7. The costs incurred by the Board in complying with a request for information shall be deducted by the Board from those revenues collected by the Board on behalf of the local jurisdiction making the request, as authorized by section 42110(b)(1).

ARTICLE III
LOCAL JURISDICTION
ADMINISTRATION AND RESPONSIBILITIES

A. The local jurisdictions shall be solely responsible for all of the following:

1. Defending any claim regarding the validity of the ordinance in its application to prepaid mobile telephony service. The claim shall be processed in accordance with the provisions of the local ordinance that allows the claim to be filed.

2. Interpreting any provision of the ordinance, except to the extent specifically superseded by section 42105 of the Local Charge Act. The claim shall be processed in accordance with the provisions of the local enactment that allows the claim to be filed.

3. Responding to specified consumer claims for refund involving: (1) rebutting the presumed location of the retail transaction; (2) a consumer claim of exemption from the local charge under the ordinance; or (3) any action or claim challenging the validity of a local tax ordinance, in whole or part. The claim shall be processed in accordance with the provisions of the local enactment that allows the claim to be filed.

4. Refunding the taxes in the event a local jurisdiction or local government is ordered to refund the tax under the local ordinance.

5. Reallocating local charges as a result of correcting errors relating to the location of the point of sale of a seller or the known address of a consumer, for up to two past quarters from the date of knowledge.

6. Collecting local charges on prepaid mobile telephony service and access to communication services or access to local 911 emergency telephone systems imposed on direct sellers.

7. Enforcement, including audits, of the collection and remittance of local charges by direct sellers pursuant to the ordinance.

8. The local jurisdiction shall be the sole necessary party defendant on whose behalf the local charge is collected in any action seeking to enjoin collection of a local charge by a seller, in any action seeking declaratory relief concerning a local charge, in any action seeking a refund of a local charge, or in any action seeking to otherwise invalidate a local charge. There shall be no recovery from the State for the imposition of any unconstitutional or otherwise invalid local charge that is collected under the Local Act.

9. Entering into an agreement with the Board to perform the functions incident to the collection of the local charges imposed on sellers that are not direct sellers.

10. Submitting an executed Certification to the Board, certifying that:

(a) the local jurisdiction's ordinance applies the local charge to prepaid mobile telephony services;

(b) the amount of the rate charged for access to local 911 emergency telephone systems or access to communications services complies with the requirements of section 42102.5; and/or applies the tiered rate for the utility user tax, as identified in section 42102.

(c) The local jurisdiction shall further certify that it agrees to indemnify and to hold harmless the Board, its officers, agents, and employees for any and all liability for damages that may result from the Board's collection pursuant to this Agreement.

11. Submitting signed documents to the Board to include agreement(s), certification, copy of ordinance(s), and resolution(s).

12. Providing payment to the Board of the local jurisdiction's pro rata share of the Board's cost of collection and administration as established pursuant to subdivision (e) of section 42020.

ARTICLE IV
LOCAL CHARGES

A. Local Charges – Timeliness – This part shall remain in effect until proposed California Code of Regulations, title 18, section 2460 is adopted by the Board and approved by the Office of Administrative Law.

1. Ordinances in effect as of September 1, 2015.
On or after January 1, 2016, a local charge imposed by a local jurisdiction on prepaid mobile telephony services shall be collected from the prepaid consumer by a seller at the same time and in the same manner as the prepaid MTS surcharge is collected under Part 21 (commencing with section 42001) provided that, on or before September 1, 2015, the local jurisdiction enters into a contract with the Board pursuant to section 42101.5. Thereafter, all subsequently enacted local charges, increases to local charges, or other changes thereto, shall become operative pursuant to paragraphs (2), (3), and (4).

2. New charges. When a local jurisdiction adopts a new local charge after September 1, 2015, the local jurisdiction shall enter into a contract with the Board, pursuant to section 42101.5, on or before December 1st, with collection of the local charge to commence April 1st of the next calendar year.

3. Increases in local charges. When a local jurisdiction increases an existing local charge after September 1, 2015, the local jurisdiction shall provide the Board written notice of the increase, on or before December 1st, with collection of the local charge to commence April 1st of the next calendar year.

4. Inaccurate rate posted on the Board's website. When a local jurisdiction notifies the Board in writing that the rate posted on the Board's Internet Web site (posted rate) for a local charge imposed by that local jurisdiction is inaccurate, including scenarios where the local charge was reduced or eliminated, the recalculated rate applicable to the local jurisdiction shall become operative on the first day of the calendar quarter commencing more than 60 days from the date the Board receives the local jurisdiction's written notification that the posted rate is inaccurate.

A. Local Charges – Timeliness – This part shall take effect and supersede the above "Local Charges – Timeliness section when California Code of Regulations, title 18, section 2460 is adopted by the Board and approved by the Office of Administrative Law.

1. Ordinances in effect as of September 1, 2015. On or after January 1, 2016, a local charge imposed by a local jurisdiction on prepaid mobile telephony services shall be collected from the prepaid consumer by a seller at the same time and in the same manner as the prepaid MTS surcharge is collected under Part 21 (commencing with section 42001) provided that, on or before September 1, 2015, the local jurisdiction enters into a contract with the Board pursuant to section 42101.5.

In the event a local jurisdiction does not enter into a contract with the Board by September 1, 2015, the local jurisdiction may enter into a contract with the Board, pursuant to section 42101.5, on or before December 1st, with collection of the local charge to commence April 1st of the next calendar year. Thereafter, all subsequently

enacted local charges, increases to local charges, or other changes thereto, shall become operative pursuant to paragraphs (2), (3), (4) and (5) of this subdivision.

2. **New charges.** When a local jurisdiction adopts a new local charge after September 1, 2015, the local jurisdiction shall enter into a contract with the Board, pursuant to section 42101.5, on or before December 1st, with collection of the local charge to commence April 1st of the next calendar year.

3. **Increases in local charges.** When a local jurisdiction increases an existing local charge after September 1, 2015, the local jurisdiction shall provide the Board written notice of the increase, on or before December 1st, with collection of the local charge to commence April 1st of the next calendar year.

4. **Advance written notification.** When a local charge is about to expire or decrease in rate, the local jurisdiction imposing the local charge shall notify the Board in writing of the upcoming change, not less than 110 days prior to the date the local charge is scheduled to expire or decrease. The change shall become operative on the first day of the calendar quarter commencing after the specified date of expiration or decrease in rate.

If advance written notice is provided less than 110 days prior to the specified date of expiration or decrease in rate, the change shall become operative on the first day of the calendar quarter commencing more than 60 days after the specified date of expiration or decrease.

5. **Inaccurate Rate Posted on the Board's Web site.** When a local jurisdiction notifies the Board in writing that the rate posted on the Board's Internet Web site (posted rate) for a local charge imposed by that local jurisdiction is inaccurate, including scenarios where the local charge was reduced or eliminated and the local jurisdiction failed to provide advance written notice pursuant to paragraph 4 of this subdivision, the recalculated rate applicable to the local jurisdiction shall become operative on the first day of the calendar quarter commencing more than 60 days from the date the Board receives the local jurisdiction's written notification that the posted rate is inaccurate. The local jurisdiction shall promptly notify the Board in writing of any such discrepancies with the posted rate that are known or discovered by the local jurisdiction.

ARTICLE V
COMPENSATION

The local jurisdiction agrees to pay the Board its pro rata share of the Board's cost of collection and administration of the local charges, as established pursuant to section 42020, subdivision (e). Such amounts shall be deducted from the local charges collected by the Board for the local jurisdiction.

ARTICLE VI
MISCELLANEOUS PROVISIONS

A. Communications. Communications and notices may be sent by first-class United States Mail. A notification is complete when deposited in the mail. Communications and notices to be sent to the Board shall be addressed to:

State Board of Equalization
P.O. Box 942879 MIC: 27
Sacramento, California 94279-0001

Attention: Supervisor,
Local Revenue Allocation Unit

Communications and notices to be sent to the local jurisdiction shall be addressed to:

Director of Finance
City of Pasadena
100 N. Garfield Ave., Room S348
Pasadena, CA 91109-7215

B. Term. The date of this Agreement is the date on which it is approved by the Department of General Services. The Agreement shall take effect on the first day of the calendar quarter next succeeding the date of such approval, but in no case before the operative date of the local jurisdiction's ordinance, nor on a day other than the first day of a calendar quarter. This Agreement shall be renewed automatically from year to year until January 1, 2020, when the Local Charge Act is repealed, unless a statute enacted prior to that date extends that date. In such event, this Agreement will continue to renew automatically from year to year to the date authorized by statute.

STATE BOARD OF EQUALIZATION

By_____
Administrator,
Return Analysis and Allocation Section

Approved as to Form

_____
Jevan N. Rad
Chief Assistant City Attorney

LOCAL
JURISDICTION City of Pasadena

By_____
(Signature on this line)

Michael J. Beck
(Type name here)

City Manager
(Type title here)

8

Agenda Report

August 31, 2015

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (August 31, 2015)

FROM: Housing and Career Services Department

SUBJECT: **APPROVAL OF HOUSING ACQUISITION LOAN AGREEMENT WITH HERITAGE HOUSING PARTNERS TO PROVIDE PURCHASE MONEY FINANCING IN AN AMOUNT NOT TO EXCEED $517,000 TO IMPLEMENT PURCHASE OPTIONS ON CITY DEED-RESTRICTED AFFORDABLE HOMEOWNERSHIP UNITS**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

1) Find that the proposed housing financing and acquisition activity, as described in this agenda report, does not have a significant effect on the environment and has been determined to be categorically exempt under Class 26 (Acquisition of Housing) of the State California Environmental Quality Act ("CEQA") and, specifically, Section 15326 of the State CEQA Guidelines;

2) Approve a budget amendment, and a journal voucher appropriating $517,000 from the Inclusionary Housing Fund Balance to the Housing Department's FY 2016 operating budget Account No. 8167-619-684140 for the HHP Housing Acquisition Project;

3) Approve certain key business terms, as described in this agenda report, of the proposed Housing Acquisition Loan Agreement with Heritage Housing Partners; and

4) Authorize the City Manager to execute any and all documents necessary to effectuate the staff recommendation.

BACKGROUND:

Since 2012 the City of Pasadena has entered into two (2) housing acquisition loan agreements with local nonprofit housing developer Heritage Housing Partners ("HHP")

MEETING OF _____ AGENDA ITEM NO. _____

for the acquisition of City deed-restricted affordable homeownership units (Agreement No. 21,207 dated January 17, 2013 and Agreement No. 21,724 dated February 5, 2014). Affordable homeownership units which are produced under the City's Inclusionary Housing program or which receive City financial assistance are deed restricted with provisions that give the City the right of first refusal to purchase the affordable unit upon resale. Over the past three (3) years the City has exercised this purchase right on 12 units of which five (5) were assigned to HHP pursuant to the aforementioned Agreements. Recently, two (2) affordable homeownership units have come up for resale and it is proposed that the City enter into a similar agreement with HHP to acquire and resell these properties so they are preserved within the City's affordable housing stock.

Under the City's previous housing acquisition loan agreements, HHP has successfully acquired five (5) City deed-restricted homes and resold them to qualified low and moderate income first-time homebuyers. The acquisition financing extended by the City to HHP was fully repaid from the resale transactions, with the properties retained within the City's affordable housing stock. In accordance with City policies, priority is provided to applicants who live and/or work in Pasadena. Of the five (5) homes resold by HHP under previous housing acquisition loan agreements with the City, four (4) were purchased by families who already lived and/or worked in Pasadena.

HHP is an experienced housing organization with a strong track record in developing, marketing and selling affordable ownership housing. HHP projects in Pasadena include Haskett Court, Fair Oaks Court, and Herkimer Gardens. HHP's qualifications include:

- Full time sales and marketing staff devoted to finding income-qualified first-time homebuyers and helping them get a good mortgage.
- An interest list of over 270 income-eligible households that have indicated a desire to own a home in Pasadena.
- Projects in Pasadena with 77% of homeowners who previously lived and/or worked in Pasadena.
- Experience working with income-qualified first-time homebuyers with credit issues, and familiarity with mortgage programs designed for these buyers.

Recently, owners of two (2) deed-restricted affordable homeownership units have notified the City of their interest in reselling their homes. These properties are located at: 1) 333 N. Hill Avenue, #409; and 2) 588 N. Fair Oaks Avenue, #104. The first property was developed under the City's Inclusionary Housing program, and the second property is located within the Fair Oaks Court project, developed by HHP. In the interest of preserving the affordability of these units, it is recommended that the City enter into a Housing Acquisition Loan Agreement with HHP pursuant to which the City would assign its purchase right to HHP and extend purchase money financing in the amount of $517,000 for HHP's acquisition of these properties.

The Internal Housing Loan Committee, at its meeting of July 16, 2015, reviewed the proposed transaction and did not recommend any changes.

KEY BUSINESS TERMS OF HOUSING ACQUISITION LOAN AGREEMENT

The City's provision of purchase money financing to HHP shall be made in accordance with a Housing Acquisition Loan Agreement (the "Agreement"). The key terms of the Agreement are as follows:

- The total amount of the City financing shall not exceed $517,000.
- HHP shall utilize the City financing to acquire two (2) deed-restricted affordable homeownership units located at 333 N. Hill Avenue, #409 and 588 N. Fair Oaks Avenue, #104.
- The HHP acquisition loans shall be evidenced by a promissory note naming the City as beneficiary and secured by a first trust deed on the acquired property.
- The term of each acquisition loan shall not exceed four (4) months unless an extension is agreed to at the discretion of the City's Housing and Career Services Director or his designee (the "Department Director").
- To minimize the cost of the affordable housing transactions, the City financing will bear no interest.
- HHP's acquisition price for each property shall be the lesser of: a) the current affordable sales price as determined by the Housing Director; or b) the fair market value as determined by an appraisal which HHP shall cause to perform.
- HHP shall re-sell the properties in accordance with the City's affordable housing deed restrictions, and the City's local preference policy.
- HHP's estimated costs for each transaction shall be reviewed prior to closing by the Department Director. Costs may generally not exceed 4.00% of the contract price. However, the Department Director may approve costs up to 6.00% if the transaction is determined to involve greater than normal expenses (e.g., repairs).
- The Agreement shall expire on December 31, 2015.

COUNCIL POLICY CONSIDERATION:

The proposed action is consistent with the City's General Plan - Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy -- a goal of the City Council's Strategic Plan.

ENVIRONMENTAL ANALYSIS:

The implementation of the staff recommendation to provide financing for the purchase of covenanted affordable housing units does not have a significant effect on the environment and has been determined to be categorically exempt under Class 26 (Acquisition of Housing) of the State California Environmental Quality Act ("CEQA"), and, specifically, Section 15326 of the State CEQA Guidelines. No further CEQA review is required for this activity.

FISCAL IMPACT:

The proposed City financing in the amount of $517,000 to implement HHP's acquisition of deed-restricted affordable homeownership units will be drawn from Inclusionary Housing Trust Fund #619 (Account No. 8167-619-684140). Approval of the staff recommendation will reduce the available balance of Fund #619 to approximately $2.1 million in non-earmarked funds available for new project commitments. In accordance with the proposed terms of the Agreement, the City financing shall be repaid from the resales proceeds as the properties are purchased by qualified homebuyers.

Respectfully submitted,

WILLIAM K. HUANG
Housing Director

Prepared by:

JAMES WONG
Senior Project Manager

Approved by:

For
MICHAEL J. BECK
City Manager

Disclosure Pursuant to the City of Pasadena Taxpayer Protection Act Pasadena City Charter, Article XVII

I. Does the value of this application/project *have the potential* to exceed $25,000? Yes No **(Applicant *must* mark one)**

II. Is the application being made on behalf of a government entity? Yes No

III. Is the application being made on behalf of a non-profit 501(c) organization? Yes No
If yes, please indicate the type of 501(c) organization: 501(c)(3) 501(c)(4) 501(c)(6)

Applicant's name: Heritage Housing Partners Date of Application: 08/26/2015

Owner's name: Heritage Housing Partners Contact phone number: 626-403-4663 x 114
(for questions regarding this form)

Project Address: 333 N. Hill Ave, #409, Pasadena; 588 N. Fair Oaks Ave, #104, Pasadena

Project Description: Housing Acquisition Loan Agreement in the amount of $517,000

IV. Applicant and Property Owner must disclose all joint owners, trustees, directors, partners, officers and those with more than a 10% equity, participation or revenue interest in owner and/or project. If any of these are an organization/entity, include the name of the organization/entity and the first and last names of all parties of interest of that organization/entity. (*List all parties below and use additional sheets as necessary, or provide all parties on an attachment)* **Please print legibly.**
Have any additional sheets or an attachment been provided? Yes No

Names of Owner(s), Trustees, Directors, Partners, Officers of Owner/Project	Names of Owner(s), Trustees, Directors, Partners, Officers of Owner/Project (continued)	Those with more than a 10% equity, participation or revenue interest in Owner and/or project
John McAustin, President	David Rodriguez	
Jerry Ruiz, Treasurer	Teresa Wilde	
Leslie Diaz-Villavicencio, Secretary		
Robert Carpenter		
Mic Hansen		
Mauricio Mejia		

I hereby certify that I am the owner or designated agent and that the statements and answers contained herein, and the information attached, are in all respects true, accurate and complete to the best of my knowledge and belief.

Signature of Owner or Designated Agent: _____ Date: 8/26/15

For Office Use Only

Type of Application: Variance (all types) Adjustment Permit Sign Exception Temporary Use Permit Expressive Use Permit
Conditional Use Permit (excluding Master Plan) Master Plan Amendment Planned Development Other

Assigned Planner: _____ PLN#: _____

Attached Address: _____ No Attached Address

Appealed: Yes No Appeal PLN# _____ Application Withdrawn

Final Decision: Approved Denied Decision Date: _____ Decision Maker: _____
(Name and Title, or Name of Commission/Committee)

Votes in favor (*please print*):

_____ _____ _____

_____ _____ _____

_____ _____ _____

Revised July 2007

Agenda Report

August 31, 2015

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (August 31, 2015)

FROM: Public Health Department

SUBJECT: **AN AMENDMENT TO THE FISCAL YEAR 2016 OPERATING BUDGET OF THE PUBLIC HEALTH DEPARTMENT, INCREASING EXPENSE AND REVENUES TO ALLOW FOR THE OPERATION OF HIV/AIDS PROGRAMS UP TO NOVEMBER 30, 2015**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines per Section 15061(b)(3);
2. Increase Fiscal Year 2016 Health Department anticipated expenses $357,372 and anticipated revenues $282,028;
3. Amend the Fiscal Year 2016 Health Department operating budget to include the addition of 2.08 Full-Time Equivalents as detailed in the background section of this report.

BACKGROUND:

The adopted Fiscal Year 2016 (FY16) operating budget for the Pasadena Public Health Department includes the elimination of certain clinical programs, most notably the prenatal and HIV/AIDS programs, to better align available resources with expenditures and to position the Department for success following the implementation of the Patient Protection and Affordable Care Act (ACA).

The adopted budget anticipated that HIV/AIDS programs would cease by September 30, 2015 and that prenatal programs would end effective December 31, 2015. Importantly, however, such services would continue to be available at the City's Community Health Center 1845-1855 North Fair Oaks, through partnerships with Federally Qualified Health Centers who are better positioned to be successful under the ACA and California's Managed Medi-Cal expansion. Specifically, the Department is

MEETING OF _____ AGENDA ITEM NO. _____

transitioning its prenatal clinic to CHAPcare while the HIV/AIDS programs are being transitioned to JWCH Institute Inc.

The transition of prenatal services is going well and will be completed by the end of December. To facilitate the transition of HIV/AIDS programs, which is a more complex endeavor, an action plan has been developed and staff, along with representatives of JWCH, are working diligently to address the many details that are required to complete the transition. Given the complexities involved and requisite Los Angeles County Board of Supervisors approval of the delegation of existing contracts held by the City to JWCH, it may not be possible to complete the transition by September 30, 2015. To ensure a smooth transition for the hundreds of clients currently being served by the City's Andrew Escajeda Clinic, staff is requesting additional budgetary authority to enable the Clinic to operate up to November 30, 2015. This would include of a net increase of 2.08 Full-Time Equivalents as indicated in the table below.

PCN	Position	Budgeted FY16 FTE	FY16 Additional FTE	Total FY16 FTE
2502	CERTIFIED MEDICAL ASSISTANT	0.2500	0.1667	0.4167
5746	LICENSED VOCATION NURSE	0.2500	0.1667	0.4167
6047	REGISTERED NURSE	0.1250	0.0833	0.2083
6200	PHYSICIAN ASSISTANT	0.1250	0.0833	0.2083
2508	STAFF ASSISTANT II	0.1250	0.0833	0.2083
2508	STAFF ASSISTANT II	0.1250	0.0833	0.2083
6047	REGISTERED NURSE	0.1250	0.0833	0.2083
6118	COMMUNITY SVCS REP III	0.2500	0.1667	0.4167
6196	SOCIAL WORKER	0.2500	0.1667	0.4167
6183	REGISTERED NURSE	0.2500	0.0000	0.2500
6186	STAFF ASSISTANT II	0.1000	0.0000	0.1000
2515	DENTAL HYGIENIST	0.2500	0.1667	0.4167
2516	PUBLIC HEALTH DENTIST	0.2500	0.1667	0.4167
2517	DENTAL ASSISTANT	0.2500	0.1667	0.4167
2518	DENTAL ASSISTANT	0.2500	0.1667	0.4167
5739	STAFF ASSISTANT II	0.2500	0.1667	0.4167
6185	SOCIAL WORKER	0.2500	0.0000	0.2500
6186	STAFF ASSISTANT II	0.1500	0.0000	0.1500
6187	SOCIAL WORKER	0.2500	0.0000	0.2500
6188	COMMUNITY SVCS REP III	0.2500	0.1667	0.4167
	TOTALS	**4.13**	**2.08**	**6.21**

ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines 15061(b)(3).

FISCAL IMPACT:

Approval of the recommended action will increase FY16 budgeted expenditures in the Health Department to $12,503,344 and budgeted revenues to $11,528,055. The total cost of extending operations until November 30th is $357,372, which would be offset by expected revenues of $282,028, for a net cost of $75,344.

Respectfully submitted,

Steve Mermell
Assistant City Manager/
Acting Public Health Director

Approved by:

Michael J. Beck
City Manager

Concurrence:

Julie A. Gutierrez
Assistant City Manager/
Acting Finance Director

Agenda Report

August 31, 2015

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Finance

SUBJECT: Quarterly Investment Report
Quarter Ending June 30, 2015

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 (CFO) 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 CFO 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.

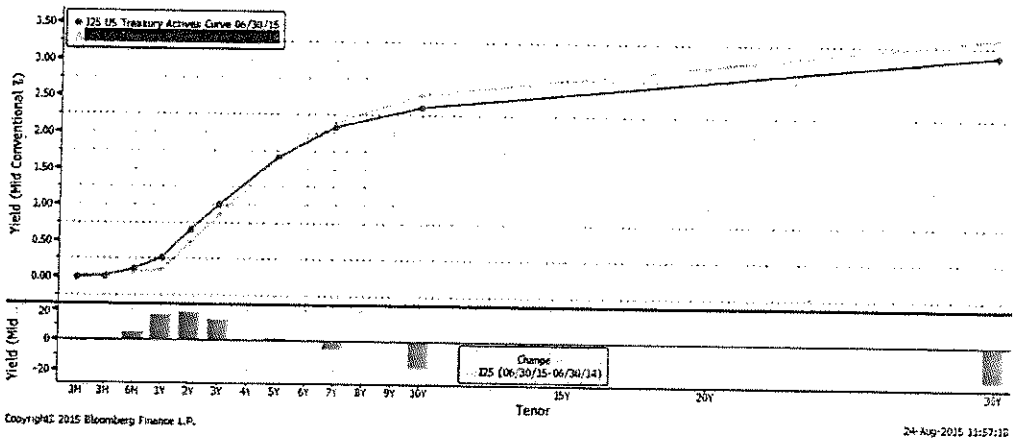
Economic Summary

Revisions made to the nation's latest Gross Domestic Product (GDP) results show that the economy posted a modest growth of 0.6% during the first quarter of 2015 instead of a mild reduction of 0.2%. Similarly the growth rate during the second quarter improved to 2.3% rate, slightly below consensus expectations of 2.5%. Despite the latest financial crisis in Europe, and the uncertainty created by Greece, the US economy showed signs of improvement in the second quarter. The labor market added on average 221,000 jobs per month during the quarter and the unemployment rate dropped to 5.3% in June, compared to 5.5% last quarter end. The unemployment rate maintained its continuous decline after hitting 10% rate in October 2009. More people are working and filings for U.S. unemployment benefits are now hovering near the lowest levels in four decades. Inflation as measured by the year over year Consumer Price Index (CPI) was 0.1% as of June 2015 compared to negative 0.1% last quarter end. This was due as a result of rising gasoline and energy prices. The year over year Core inflation, which excludes volatile items such as food and energy, measured 1.8%, still below the Fed's annual target level of 2%. The housing market started to take off in the second quarter. Existing home sales jumped over 5%, new home sales increased and housing prices continued to increase.

Investors' expectation for a better GDP growth rate in the second quarter and a Fed increase of short term rates in the second half of 2015 caused treasury yields to increase across the treasury curve. The two-year treasury yield increased 9 basis points or 0.09%, the five year yield increased 28 basis points or 0.28%, the ten year jumped 43 basis points or 0.43% and the yield on the long bond was up 59 basis points or 0.59%. As a result, US Treasuries posted their first loss since 2013 as fear among investors of a Federal Reserve rate hike outweighed demand for safe–haven securities as Greece got closer to defaulting its debt payment. The Fed already prepped the market for an increase in the Fed Funds rate in 2015 and the treasury yield has already priced in at least a 0.25% increase in the Fed Funds rate.

After hitting a historic high level of 18,300 in mid-May, the Dow Jones Industrial Average reversed course and ended the quarter at a negative 0.29% return. Similarly, the S&P 500 Index hit a new high in mid-May and ended the quarter with a 0.27% return.

The following represents the yield curve on June 30, 2015 compared to June 30, 2014:



Total Funds Under Management

The following table represents the total City funds under management based on their market values as of June 30, 2015:

	06/30/2015	03/31/2015	$ Change
Pooled Investment Portfolio	382,657,204	371,999,865	10,657,339
Capital Endowment	1,897,229	1,900,550	-3,321
Stranded Investment Reserve Portfolio	68,347,090	68,320,196	26,894
Special Funds	42,384,145	50,360,438	-7,976,293
Investments Held with Fiscal Agents	59,601,927	67,094,502	-7,492,575
Total Funds Under Management	**554,887,595**	**559,675,551**	**-4,787,956**

The Pooled Investment Portfolio value increased by a net $10.65 million mainly due to the receipt of $36.75 million in property tax revenues during the quarter and $5.96 million in sales tax revenues offset by $17.96 million in debt service payments, $7.2 million payment for the GT5 project, $1.34 million additional payment for employee vacation payouts, $4.9 million increase in vendor payments during June and $0.655 million adjustment for a change in investment market values. The City targets a duration of average 2 years in managing the pooled portfolio based on the portfolio's risk and return evaluation and industry best practice as it pertains to public funds management. As of June 31, 2015 the portfolio's duration was 1.85 years.

The Capital Endowment Fund decreased by a net $3,321, adjusted by investment earnings, due to a drawdown on the fund.

The Stranded Investment Reserve portfolio increased by $26,894 representing the net investment earnings for the period adjusted by the unrealized gains and losses.

Special Funds decreased by $7.97 million as a result of withdrawals made from the 2013A Electric Revenue Bond proceeds to cover budgeted and anticipated capital expenditures related to the GT5 repowering project incurred during the period.

Investments held with fiscal agents decreased by $7.49 million. This was mainly the result of debt service payments made by the Trustee on the 2004 and 1999 Pension Obligation Bonds concurrent with the refunding of these bonds.

The City pools all internal funds to gain economies of scale and to simplify the investment function. There are over 100 funds in the Pooled Investment Portfolio. As of May 31, 2015, the General Fund had $56.7 million invested in the Pooled Investment Portfolio which represents 14.7 percent of the May Pooled Portfolio value. The General Fund's cash balance fluctuates daily based on the timing of revenues receipts and payment of expenditures. Because June 30, 2015 is year end and the fiscal year accounting records have not been closed yet, staff estimates that General Fund's cash balance will be approximately $45 million at the end of June. 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 with the City Charter, City ordinances, and the bond indentures.

Per 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 June 30, 2015. On a monthly basis, the City Treasurer prices the pooled portfolio and all other funds and investments under management. 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 2015 Investment Policy, which was adopted by the City Council on August 11, 2014, and Section 53600 of the State Government Code. The City Treasurer currently maintains over $45 million short-term liquid investments (1 to 90 day maturities) which represent approximately $1/12^{th}$ of the City's total 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 yield to maturity on the City's Pooled Portfolio began to gradually increase after it stabilized at around 1% due to declining interest rates in the last six years as short-term rates remained between 0.00 percent and 0.25 percent. The fiscal year to date effective yield which represents the portfolio investment earnings rate adjusted by the realized trading gains and losses was 1.14 percent for the Pooled Portfolio as of June 2015, compared to the State Treasurer's Local Agency Investment Fund (LAIF) of 0.26 percent, the Los Angeles County Treasurer's Pooled portfolio yield of 0.68 percent, and

the average yield on the two-year U.S Treasury of 0.55 percent. The fiscal year to date effective yield for the Power Reserve portfolio was 1.48 percent.

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 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,

JULIE A. GUTIERREZ
Interim Director of Finance
Department of Finance

Prepared by:

Vic Erganian
Deputy Director of Finance/City Treasurer

Approved by:

for MICHAEL J. BECK
City Manager

Attachments: (1)

Attachment A – Quarterly Investment Report (Quarter Ending 03/31/2015)