DEPARTMENT OF FINANCE
Notice of a Regular Meeting of the
FINANCE COMMITTEE
4:00 p.m. – Monday, January 11, 2016
Pasadena City Hall - Council Chambers Room S249

NOTICE IS HEREBY GIVEN that a regular meeting of the Finance Committee will be held **Monday, January 11, 2016** 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

C. NEW BUSINESS

1. Recognize and Appropriate Funds in the Amount of $335,733 to the Human Services and Recreation Department's Fiscal Year 2016 Operating Budget to Support Core Programs and Related Activity

D. INFORMATION ONLY

1. Enterprise Resource Planning (ERP) Quarterly Project Status Report
2. Capital Improvement Program – Fiscal Year 2016 First Quarter Monitoring Report*

E. ADJOURN REGULAR MEETING OF THE FINANCE COMMITTEE

Mayor Terry Tornek, Chair
Finance Committee

This notice, in its entirety, was posted at City Hall and distributed as indicated below by 5:30 p.m. January 7, 2015.

Lori Eubanks, Recording Secretary
Finance Committee

*Original report is located on the December 14, 2015 agenda on the Finance Committee website under "Past Agendas."

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

Agenda Report

January 11, 2016

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Human Services & Recreation Department

SUBJECT: **RECOGNIZE AND APPROPRIATE FUNDS IN THE AMOUNT OF $335,733 TO THE HUMAN SERVICES AND RECREATION DEPARTMENT'S FISCAL YEAR 2016 OPERATING BUDGET TO SUPPORT CORE PROGRAMS AND RELATED ACTIVITY**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the recommended action is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA guidelines per Section 15061(b)(3); and

2. Recognize and appropriate $335,733 to the Human Services and Recreation Department's Fiscal Year 2016 operating budget.

BACKGROUND:

The Human Services and Recreation Department (HS&R), in addition to being supported by the City's General Fund, generates revenues through participant fees, facility use/rental fees, security deposits, grants, and donations. Historically, rather than being accounted for in the City's General Fund, some of these revenues were placed in what are termed "Deposit Accounts".

In some cases these accounts were used to segregate funds for particular purposes. For example, the Department may receive donations to fund a particular event or activity. To ensure the funds are not comingled or spent on other activities, they were placed in a Deposit account where the expenditures related to the particular event were also recorded. Examples of this include the Black History Celebration and the Latino Heritage Parade and Jamaica. Other examples include grant funds such as a National Collegiate Athletic Association (NCAA) grant for the Robinson Park football field.

In other cases, program revenues which would otherwise be recorded in the City's General Fund were placed in Deposit accounts and used to fund either ongoing department programs or special activities/purchases as they arose.

Good financial management necessitates limiting the use of such accounts to only those instances where it is absolutely necessary to restrict funds. Accordingly, as part of the City's effort to ensure best practices, a review of the Human Services and Recreation Department's Deposit accounts was undertaken. This was the first such review in many years. The review indicated that there is a total of $348,886.90 in 21 different accounts, as follows:

Name of Deposit Account	*Munis Project #*	*Current Balance*
Annual Latino Heritage Parade	41005	$720.00
Latino Heritage Parade-Jamaica	41007	-$6,905.62
Commission on the Status of Women	41015	$3,141.45
Jackie Robinson Center Events	41016	$19,344.61
Black History Celebration	41018	$18,495.99
Special Event Liability Insurance	41020	$50,991.26
Pasadena Neighborhood Leadership	41023	$9,507.91
Recreation Gift Account-West Area	41025	-$6,268.49
Recreation Gift Account-East Area	41026	$22,908.56
Recreation Gift Account, ***includes NCAA grant***	41027	$62,743.13
Recreation Campership Program	41028	$13,337.58
Villa Parke Community Center-Gift Account, ***includes coaches deposits***	41029	$72,241.64
Villa-Parke Summer Program	41030	$16,711.13
Recreation-Holiday Dinner Dance Dep	41033	$3,995.63
Human Services-Clean Deposit Villa Parke	41035	$15,342.04
Recreation-Youth Sports Assist.	41036	-$8,550.76
Neighborhood Connections	41037	$681.80
Human Relations Gift Account	41038	$5,659.82
Neighborhood Parks Gift Acct	41039	$313.97
Villa-Parke Youth Soccer	41041	$0
Park Facility Rental	41042	$54,475.25
TOTAL		$348,886.90

Applying a strict standard, staff has determined that 19 of these 21 accounts should be closed. The remaining two accounts, the Villa Parke Community Center-Gift account and the Park Facilities Rental account should remain open as these are revolving accounts used to take in and refund deposits. The requested amounts to remain in

these accounts are $7,100 and $6,054 respectively. Nevertheless, the balances in these accounts are greater than need and the proposed action addresses this.

As a result of closing 19 accounts and reducing the balance in the remaining two, the funds would normally be credited to fund balance of the General Fund. However, staff is requesting to program these funds into the revised FY16 operating budget through recognition of revenues and an increase in appropriations. The purpose for appropriating these funds would be to provide for expenditures which were previously intended to be charged against the Deposit accounts in the first instance and to address anticipated budgetary shortfalls as explained below.

The following programs, totaling $73,819.48 were previously intended to be charged directly against various Deposit accounts. By recognizing the revenues and increasing appropriations by a like amount, these activities are effectively being brought on budget. These include:

1. Activities related to the Black History Celebration: $5,967.53
2. Donations to HS&R's Adaptive Recreation Program (activities for differently abled participants): $3,410.44
3. Peace Through Music/Human Relations Commission Scholarships: $300
4. Senior Winter Camp Program: $3,000
5. Villa-Parke Fitness Equipment: $40,633.60 which has been encumbered to a purchase order contract following a competitive bidding process.
6. NCAA grant for Robinson Park football field and equipment: $11,000.
7. Pasadena Neighborhood Leadership Grant Funds: $9,507.91

After accounting for activities intended previously to be charged to the deposit accounts, there is a total balance of $275,067.42. Subtracting the $7,100 and the $6,054 recommended to remain in the Park Facility Rental and coaches deposits/Villa-Parke Community Center-Gift Account discussed above, leaves a balance of $261,913.42. This amount is theoretically available to be recognized in the General Fund. However, the Human Services & Recreation Department currently projects that based on its current level of programming, the Department will exceed appropriations in the current year. While revenues are also expected to exceed budget thus creating a partial or full off-set, in order to tie appropriations more closely to anticipated expenditures staff is recommending utilizing these funds to increase appropriations in the areas of the Department most likely to exceed appropriations; the Afterschool and Day Camp Programs.

After School Program
In the past few years, the combination of an expanded After School Program, new programs, and staffing needs for Special Events and other activities resulted in increased personnel and related costs.

A combination of earlier Pasadena Unified School District (PUSD) school dismissal (which increased program hours to ensure no service break in after school care) as well as HS&R Special Events evolving from site-specific events to City-wide events have contributed to the need for additional appropriation for the After School Program.

Moreover, new programs were implemented in the past few years to provide increased levels of service for the Northwest Pasadena community and in response to demonstrated community need. These new programs include:

- Early Care Adventures Program – provides child care in the morning to meet the need of working parents at 3 PUSD school sites during the school year;
- Tiny Tot Program – offers child development activities for 3-6 year olds through four 10-week sessions;
- Tiny Tot Summer Camp – summer day camp that provides activities for 3-6 year olds to foster their creative, physical and social skills; and
- Urban Adventure Camp – provides school-aged children the opportunity to explore Pasadena and to participate in recreational activities.

The additional personnel dollars needed to properly budget the After School and affiliated programs is $207,688.42.

Day Camp Program
The Day Camp Program has historically been budgeted for six weeks. In recent years, HS&R expanded the program to an eight and nine week program to provide more continuity in service provision during the PUSD summer break. The additional dollars needed to properly budget the Day Camp Program is $54,225.

In combination, the total requested appropriation for these programs is $261,913.42. Along with the aforementioned programmatic total of $73,819.48 brings the total appropriation to $335,733.

COUNCIL POLICY CONSIDERATION:

This action would support the City Council's strategic planning goals of maintaining fiscal responsibility and supporting quality of life by supporting core Human Services and Recreation Department programs.

ENVIRONMENTAL ANALYSIS:

The proposed project is exempt from CEQA per Section 15061(b)(3), the General Rule. CEQA applies only to projects that have the potential for causing a significant effect on

the environment. The General Rule can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment. The proposed expenditures/programs will not have a significant effect on the environment, and therefore are not subject to the provisions of CEQA.

FISCAL IMPACT:

The proposed action will have net zero impact but will result in $335,733 in appropriations for which there are corresponding revenues in the Deposit accounts.

Respectfully submitted,

HORACE WORMELY
Director
Human Services & Recreation Department

Prepared by:

Susan Kim
Management Analyst

Concurred by:

MATTHEW E. HAWKESWORTH
Director of Finance
Department of Finance

Approved by:

MICHAEL J. BECK
City Manager

Department of Information Technology

MEMORANDUM

January 11, 2016

To: Finance Committee

From: Phillip Leclair
Chief Information Officer

Subject: Enterprise Resource Planning (ERP) Quarterly Project Status Report

---

This item is for information only.

As part of staff efforts to ensure the Enterprise Resource Planning (ERP) Project stays on schedule and within budget, the attached report provides an update to the Finance Committee on the current activities and status through January 6, 2016. The report includes a project status with updates on the project budget, schedule, accomplishments, planned activities and any major issues. A financial summary is included through November 30, 2015.

The Department of Information Technology plans to provide updated status reports to the Finance Committee on a quarterly basis.

ATTACHMENTS:
Attachment 1 – ERP Quarterly Project Status Report
Attachment 2 – ERP Financial Summary

Department of Information Technology
Enterprise Resource Planning (ERP)
Quarterly Project Status Report
January 11, 2016

The ERP system went live on July 1st as planned with Phase 1 (Finance). The project is now in the post implementation phase for Phase 1 through the remainder of the calendar year. Phase 2 (Human Resources and Payroll) begins January 2016 with an estimated launch date one year later in January 2017.

Highlights of the activities between July 20, 2015 through January 6, 2016 and the plans for the next quarter are listed below:

Budget: Current projections indicate the project is anticipated to go over budget, including the use of contingency funds, by approximately $300,000 (or 5% of the total project budget) during the final year of the project in FY2017. As reported in the last project status report, additional temporary staff and professional services were needed to support the launch of the new system and ongoing needs for on-site Tyler consulting services were higher than anticipated.

Actual FY2016 Spend: $989,837 which represents 53% of FY2016 budget. Actual Life to Date Spend: $4,928,897 which represents 85% of the estimated expenditures to date and 77% of the total project budget.

The remaining project budget will accommodate all expenditures anticipated through the current fiscal year.

Schedule: The project is now in post implementation for Phase 1 (Finance) for the remainder of the calendar year. Phase 1A (Revenue) is delayed and expected to launch in April 2016, approximately six months behind the original schedule. Phase 2 (Human Resources & Payroll) begins in February 2016 with an expected launch in January 2017. The overall project is currently within the original three-year schedule. Project completed: 60%.

Accomplishments: Activities to start the new fiscal year in the Tyler Munis system were completed for the July 1, 2015 launch. City staff have become more comfortable with the new system and processes over the past six months of use, which increases confidence in the new system overall. Incremental improvements are being made on a weekly basis to adjust settings based on feedback and monitoring system use. Since the July 1, 2015 launch, the ERP Team has fielded over 1600 support requests from across all City departments. Finance Accounts Payable staff completed the remainder of FY2015 invoice

payments in the legacy financial system in September 2015 and are processing FY2016 invoice payments in Tyler Munis.

Activities to open the FY2017 budget in Tyler Munis completed on January 6, 2016. This marks the second year that the new Tyler Munis Budget Module will be used to prepare the City budget.

Next Quarter's Planned Activities: Phase 1 (Finance) post implementation to conclude and ongoing support to be transitioned to Finance and DoIT operations staff, except for three modules still being implemented that will continue to be managed by the ERP Project team. Phase 1A (Revenue) implementation set-up and configuration, data conversion and testing to continue. Phase 2 (Human Resources and Payroll) project plan to be completed and design to begin.

Issues: A few finance modules were not fully implemented over the summer. Of most concern is the Project Accounting (Project Ledger) module that supports capital project accounting. The module is being reconfigured by Tyler due to performance issues uncovered after launch and resolution is not expected until the first quarter of 2016. As a result, processing and reporting delays are occurring for capital projects. The other finance modules still outstanding are expected to be implemented before the end of the current fiscal year.

Other financial processing delays are impacting the ability to accurately report account balances. Most of the delays are due to process changes, training of staff and new requirements since system launch. Staff is inundated with normal operations activities to support audits, regulatory and grant reporting deadlines, and FY2015 year-end processing within the legacy financial system. The Finance and ERP teams review outstanding items on a regular basis to prioritize efforts that will improve the delays and resolve backlogs. Tyler consultants were on-site weekly through December 2015 to augment ERP team resources and support Finance staff directly as needed.

Delays in processing are also causing a delay to the start of Phase 2 (Human Resources and Payroll). The new start date for Phase 2 has shifted from September 2015 to February 2016, although the launch date for Human Resources and Payroll modules remains unchanged as January 2017. The compression of the schedule is a potential risk to the project and staff will closely monitor any future delays and mitigate those risks that may impact the implementation date.

Additional temporary staffing and Tyler consultants were on-site to support staff on the new system through December 2015. The additional support is expected to consume the remainder of the project contingency budget. Current projections estimate the project will be over budget by $300,000 (or 5% of the total project budget) in the final year of the project in FY2017. The overage includes the use of contingency funds. Staff will return to Finance Committee during the FY2017 CIP budget hearings to recommend new appropriations to the ERP project to replenish the contingency funds.

Department of Information Technology
Enterprise Resource Planning (ERP)
Financial Summary Report
January 11, 2016

A	B	C	D	E	F
Expense Category	Adopted Budget [4]	FY 2016 Expenses to Date	Total Life-to-Date Expenses	Project Balance as of 12/01/15 [2] (B - D)	Percentage of Budget Spent
Expenses					
Personnel [1]	$2,185,203	$290,876	$1,701,269	$483,934	78%
Services & Supplies					
Equipment - Hardware	$167,000	$0	$166,288	$712	100%
Contract Services - Tyler Technologies	$2,986,435	$611,352	$2,650,605	$335,830	89%
Contract Services - Professional Svcs	$237,085	$87,538	$404,081	-$166,996	170%
Project Contingencies	$839,277	$0	$0	$839,277	0%
Internal Services	$0	$70	$6,653	-$6,653	-100%
Total:	**$6,415,000**	**$989,837**	**$4,928,897**	**$1,486,103**	

Note: (1) Personnel costs include both City and temporary agency staff costs.

(2) Project balance as of 11/30/15 is a preliminary estimate based on a query from Munis on 1/04/16 and an analysis of projected personnel costs, outstanding invoices, and purchasing card transactions through the 11/15/15 billing statement.

(3) Summary of expenses by fiscal year:

FY 2013:	$112,302
FY 2014:	$1,308,785
FY 2015:	$2,517,974
FY 2016:	$989,837 thru 11/30/15 estimated
Total:	$4,928,897

(4) New appropriations totaling $250,000 were added to CIP 1072 & 3207 on April 27, 2015 to support additional ERP costs from PWP. This amount is not currently reflected in the total ERP budget.