DEPARTMENT OF FINANCE
Notice of a Regular Meeting of the
FINANCE COMMITTEE
4:00 p.m. – Monday, March 26, 2018
Pasadena City Hall - Council Chambers Room S249

NOTICE IS HEREBY GIVEN that a regular meeting of the Finance Committee will be held **Monday, March 26, 2018** 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. APPROVAL OF MINUTES
- March 12, 2018

D. NEW BUSINESS

1. Authorization to Enter into an Interagency Agreement with the Housing Authority of the County of Los Angeles in the Amount of $96,250 in Measure H Funds for the Homeless Incentive Program
2. Proposition A Local Return Fund Exchange with the City of Montebello
3. Voluntary Collection Agreement with Airbnb for the Collection of Transient Occupancy Tax
4. Amendments to Fiscal Year 2018 Capital Improvement Program Budget
5. Contract Award to CERCO, Inc. for Hamilton Park Various Projects for an Amount Not to Exceed $295,000 and Amendment to Fiscal Year 2018 Capital Improvement Program Budget

E. INFORMATION ONLY
1. Councilmember Inquiries – FY 2018 Second Quarter Monitoring Report

F. ADJOURN

Terry Tornek, Mayor
Finance Committee Chair

This notice, in its entirety, was posted at City Hall and distributed as indicated below by 5:30 p.m., Thursday, March 22, 2018.

Lori Eubanks, Recording Secretary
Finance Committee

Distribution:

City Council	Central Library	Pasadena Now
City Manager	Pasadena Independent	Pasadena Star News
City Attorney	Los Angeles Times	Pasadena Weekly
Public Information Officer	Pasadena Journal	La Opinion

Special Meeting Minutes
FINANCE COMMITTEE MEETING
Monday, March 12, 2018 ▪ 4:30 p.m.
Council Chambers Room S249, Pasadena City Hall

A. CALL TO ORDER: The special meeting of the Finance Committee was called to order at 4:40 p.m.

Attendees (Absent as indicated):

Council Members	City Staff
Mayor Tornek, Committee Chair	Vic Erganian
Victor Gordo (Absent)	Therese Fuentes
John Kennedy (4:39 p.m. arrival)	Julie Gutierrez
Margaret McAustin	Matthew Hawkesworth
	Steve Mermell (4:55 p.m. arrival)

Recording Secretary: Lori Eubanks

B. PUBLIC COMMENT
There was no public comment.

C. APPROVAL OF MINUTES
- February 26, 2018
  The minutes were approved as submitted.

D. NEW BUSINESS

1. Redemption of the Outstanding Balance of the 2006 Lease Revenue Bonds Related to City Hall Financing

Vic Erganian, Deputy Director of Finance/City Treasurer, presented this report. Staff recommended that the City Council recognize revenue of $2,215,108 in the Redevelopment Property Tax Trust Fund and transfer the same into the Off-Street Parking Facilities Fund. Staff also recommended that the City Council authorized the transfer of $4,518,864 from the Off-Street Parking Facilities Fund to the General Fund and authorize the use of this revenue for the early redemption and payoff of outstanding debt related to the 2006 Lease Revenue Bonds which totals $3,940,000 and authorize the allocation of the remaining balance of $578,864 (after payoff of outstanding debt) to the Section 115 Trust to continue prefunding the City's pension contributions and Other Post-Employment Benefit (OPEB) liabilities.

Councilmember Kennedy inquired if the funds recommended for transfer into the 115 Trust ($578,864) could be used to fund a small capital project rather than deposited into the trust. City Manager Steve Mermell responded that the money could be used for a capital project but he said, at a previous Finance Committee meeting about setting up the 115 Trust (February 26, 2018), it was discussed that one-time revenues should be directed into the 115 Trust to bolster reserves for the City's looming unfunded pension obligations and because having the reserve bodes well with the rating agencies and positively affects the

City's credit ratings. He added that the goal was to accumulate a $40 million reserve in the trust. Councilmember Kennedy inquired if the City Council had directed staff to set the 115 Trust reserve at $40 million. Matthew Hawkesworth, Director of Finance responded that the $40 million reserve was recommended to staff by a contracted actuarial and that is how the number was derived. Councilmember Kennedy wanted to pursue further discussion about how and when future one-time revenues should be applied so that clear policy could be set on the matter. Chair Tornek and Councilmember McAustin stated that they like the flexibility of the current process because each time one-time revenues are identified, the City Council can decide how to apply the money, versus setting a policy to give blanket authority to staff to apply all one-time revenues directly to the trust. Chair Tornek suggested that councilmembers engage in more in-depth discussion on this topic at the upcoming Capital Improvement Plan budget meetings.

Councilmember McAustin requested an update about the City's overall debt. The City Manager offered to conduct a debt profile presentation at a future Finance Committee meeting.

Two councilmembers approved (Mayor Tornek and Councilmember McAustin) and one opposed (Councilmember Kennedy) forwarding this report to the City Council.

E. INFORMATION ONLY

1. Quarterly Investment Report – Quarter Ending December 31, 2017

Vic Erganian presented this report. He reported that the types of securities held in the City's portfolio and their percentage allocation to the total are in compliance with the City's Fiscal Year 2018 Investment Policy and that the City is in a strong liquidity position to meet budget expenditures for the next six months.

F. ADJOURN

The schedule for the FY 2019 Capital Improvement Plan (CIP) and Operating Budget commencing in April (2018) was handed out to the committee members.

The special meeting of the Finance Committee adjourned at 5:23 p.m.

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Mayor Tornek Date
Chair, Finance Committee

_____

ATTEST: Lori Eubanks, Date
Recording Secretary

Agenda Report

March 26, 2018

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Housing and Career Services Department

SUBJECT: **AUTHORIZATION TO ENTER INTO AN INTERAGENCY AGREEMENT WITH THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES IN THE AMOUNT OF $96,250 IN MEASURE H FUNDS FOR THE HOMELESS INCENTIVE PROGRAM**

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), the "General Rule" that CEQA only applies to projects that may have an effect on the environment; and

2) Authorize the City Manager to execute, and the City Clerk to attest to all agreements, amendments, and other related documents with the Housing Authority of the County of Los Angeles (HACoLA) to receive Measure H Funds for the Homeless Incentive Program in the amount of $96,250 with the option to receive additional funding up to $288,750 over three years, subject to approval of the City Manager. Neither Competitive Bidding nor Competitive Selection are required pursuant to City Charter Section 1002(H) and Pasadena Municipal Code Section 4.08.049(A)(3), contracts with other governmental agencies; and

3) Amend the Fiscal Year 2018 Operating Budget by recognizing revenue and appropriating expenditures of $96,250 in Measure H Funds in the Other Housing Funds (238).

BACKGROUND:

In March 2017, Los Angeles County voters approved Measure H, a quarter percent sales tax to fund previously developed strategies to combat homelessness. These strategies are outlined in the Los Angeles County Homeless Initiative. One of those strategies, B4: Facilitate Utilization of Federal Housing Subsidies, provides for the funding of the Homeless Incentive Program (HIP). HIP allows payments to landlords to incentivize those landlords to rent their units to homeless persons who are using housing vouchers to assist with rent and on behalf of homeless voucher holders to assist them to secure a unit.

The Los Angeles County Board of Supervisors allocated HIP funding to the HACoLA, which has been authorized to enter into Interagency Agreements with other Public Housing Authorities (PHAs) in the county so that this assistance may be provided for homeless rental assistance voucher holders throughout areas of the county that are not covered by HACoLA. The Housing Department acts as the PHA for the City, and is eligible to receive $96,250 in HIP funding for landlord incentives and administrative funding by entering into this Interagency Agreement (the "Agreement"). The initial contract period of the Agreement is one year. It is anticipated that future HIP funds will be available to the City. Accordingly, under the proposed staff recommendation, the City Manager may amend the Agreement to extend the contract period and funding up to a cumulative contract total amount of $288,750.

Eligible incentives under HIP include holding fees to landlords in the amount of one month's rent, renewable for one additional month; credit check and rental application fee assistance; security and utility deposit assistance; and damage claim assistance if a program participant causes damages to a unit costing in excess of the security deposit. These incentives assist persons exiting homelessness to compete more effectively in the current rental market which is experiencing very low vacancy rates and average rents that are generally higher than housing vouchers are able to pay.

COUNCIL POLICY CONSIDERATION:

Approval of the recommended action has the potential to assist 25 homeless households to secure permanent housing. The proposed projects are in accordance with the Pasadena Continuum of Care system, General Plan Housing Element, Five-Year Consolidated Plan, and Five-Year Public Housing Authority Plan.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "General Rule" provision of CEQA which applies to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The receipt of HIP funding to

FISCAL IMPACT:

Approval of the recommended action will result in the City receiving $96,250 in HIP funding for landlord incentives and administrative funding in 23816014-700000-51025 and the award will be appropriated in the expenditure account 23816014-811400-51025. The balance of $192,500 will be incorporated in the future fiscal year's operating budgets respectively. There are no anticipated indirect or support costs such as maintenance and IT support.

Respectfully submitted,

WILLIAM K. HUANG
Director of Housing and Career Services
Housing and Career Services Department

Concurred by:

MATTHEW E. HAWKESWORTH
Director of Finance
Department of Finance

Prepared by:

Anne Lansing
Project Planner

Approved by:

STEVE MERMELL
City Manager

Agenda Report

March 26, 2018

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Transportation Department

SUBJECT: **PROPOSITION A LOCAL RETURN FUND EXCHANGE WITH THE CITY OF MONTEBELLO**

RECOMMENDATION:

It is recommended that the City Council:

1. Find this action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b) (3);
2. Neither Competitive Bidding nor Competitive Selection are required pursuant to City Charter Section 1002(H) and Pasadena Municipal Code Section 4.08.049(A)(3), contracts with other governmental entities;
3. Authorize the City Manager to execute a one-year agreement with the City of Montebello to exchange $750,000 of Pasadena's General Fund dollars currently dedicated for transit services for $1,000,000 of Montebello's Proposition A Local Return dollars to be used for Proposition A eligible transit operations, programs and projects in Pasadena;
4. Appropriate $750,000 from Fund 209 General Fund portion of the fund balance for the exchange; and
5. Recognize revenue in the amount of $1,000,000 to Fund 208 from the proposed General Fund/Proposition A Local Return fund exchange with the City of Montebello.

BACKGROUND:

The City of Montebello has uncommitted $1,000,000 Proposition A Local Return funds that can be made available to the City of Pasadena to assist in providing transit services, for which Pasadena would be asked to assign General Fund funding to Montebello.

Proposition A is funded by ½ cent sales tax measures approved by Los Angeles County voters. The measures were approved in 1980. The Los Angeles County Metropolitan Transportation Authority (LACMTA), which administers such funds, allows a city to exchange all or a portion of their uncommitted Proposition A funds for unrestricted revenues from another city. The receiving city must use the exchanged Proposition A Local Return funds for Proposition A eligible transit operations, programs, and projects. Since General Fund dollars are less restrictive than Proposition A Local Return dollars, General Fund dollars are typically exchanged at a premium. The premium is usually negotiated between the respective entities.

In FY 2015, the City of Pasadena entered into a two-year Fund Trade Agreement, approved by City Council on July 28, 2014, with the City of Montebello to exchange Pasadena's General Fund dollars with Montebello's Proposition A Local Return dollars. The extra Proposition A Local Return funding enabled the City of Pasadena to purchase a video surveillance system for its entire transit fleet.

In November 2017, the City of Montebello contacted City staff to express interest in another Proposition A Local Return fund exchange. After discussions with the City of Montebello on the discounted rate, staff proposed $750,000 of Pasadena's General Funds for $1,000,000 of Montebello's Proposition A Local Return funds. The exchange is at the rate of 75 cents on the dollar and would just be a one-year agreement for FY 2018.

On January 24, 2018, the City of Montebello's City Council approved a Proposition A Local Return fund exchange with the City of Pasadena in the amount of $1,000,000 of uncommitted Proposition A Local Return funds from Montebello for $750,000 in unrestricted General Fund from Pasadena.

The City of Pasadena has committed on an annual basis $379,500 of General Fund dollars, currently reflected in Fund 209 Local Return, to transit operations as part of its maintenance of effort agreement with LACMTA for Measure R Local Return funding which requires the City maintain its existing local commitment of funds. Therefore, these General Fund dollars will be spent on the City of Pasadena's transit operations even if this swap is not approved; otherwise, the City of Pasadena is at risk of losing the equivalent in Measure R Local Return funds. The swap provides the City of Pasadena with a net increase of approximately $250,000 to go toward Proposition A eligible transit operations, programs, and projects.

The Fund 209 General Fund balance of $757,988 from FY 2016 and FY 2017 is sufficient for this fund exchange. This exchange of $750,000 of Pasadena's General Fund for $1,000,000 of Montebello's Proposition A Local Return funds will result in a net increase of $250,000 for transit services in Pasadena.

COUNCIL POLICY CONSIDERATION:

The proposed Fund Trade Agreement supports the following goals of the City Council Strategic Plan: Improve, Maintain and Enhance Public Facilities and Infrastructure,

Improve Mobility and Accessibility throughout the City, and Support and Promote the Quality of Life and Local Economy. This fund exchange will improve and support transit use through the infusion of additional Proposition A Local Return funds.

ENVIRONMENTAL ANALYSIS:

The project has been reviewed for compliance with the California Environmental Quality Act (CEQA) and is exempt per Section 15061 (b) (3). The project is covered by the general rule that CEQA only applies to projects that have the potential for causing a significant effect on the environment. The proposed action pertains to an agreement that will allow Proposition A Local Return fund exchange with the City of Montebello for eligible transit operations, programs, and projects. This agreement will not result in any significant change in services or physical changes to the environment.

FISCAL IMPACT:

This action is for approval of a one-time fund exchange with the City of Montebello in FY 2018. Staff is requesting appropriation of $750,000 from Fund 209 General Fund portion of the fund balance to be budgeted in 20924043-811400 for the exchange and recognize revenue in the amount of $1,000,000 to Fund 208 in account 20824035-657400 from Montebello's Proposition A Local Return funds.

Respectfully submitted,

F. C. Dock

FREDERICK C. DOCK
Director
Department of Transportation

Prepared by:

PHILIP TONG
Management Analyst

Approved by:

STEVE MERMELL
City Manager

Agenda Report

March 26, 2018

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Director of Finance

SUBJECT: **VOLUNTARY COLLECTION AGREEMENT WITH AIRBNB FOR THE COLLECTION OF TRANSIENT OCCUPANCY TAX**

RECOMMENDATION:

It is recommended that the City Council:

1. 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; and

2. Authorize the City Manager to execute an agreement with Airbnb to collect Transient Occupancy Taxes on behalf of Pasadena residents who rent their residences to others using the Airbnb application and platform.

BACKGROUND:

Airbnb is one of several online, internet-based applications that allows people to rent out rooms in their homes, or their whole house, to third parties in exchange for payment. These online applications allow residents to advertise their homes, or portions thereof, on the worldwide web. The transactions are cashless, as the tenants directly pay the rental fee to the online service usually by credit or debit card. The online service receives a fee, which is usually a percentage of the rental fee, and remits the remainder of the fee to the property owner.

There are other on-line applications in the short-term rental marketplace, but Airbnb appears to have the largest market share among its competitors. This staff report is limited to recommending a Voluntary Collection Agreement (VCA) with Airbnb to collect Transient Occupancy Taxes (TOT).

Airbnb was founded in 2009 and now claims to have more than 4.5 million listings in 81,000 cities. They have transformed the short-term rental market, particularly because of the marketplace platform it created that provides for a decentralized supply of short-term lodging positions to compete directly with hotels.

As previously discussed when the City Council amended the Zoning Code to permit certain types of short-term rentals, the City's Transient Occupancy Tax of 12.11 percent does apply to all short-term rentals. Using the initial estimate that there are more than 500 unique, short-term rentals in Pasadena, the individual registration and collection of TOT will be onerous for both the hosts and the City.

Airbnb has entered into VCAs with several cities in California to collect TOT from the rental transactions occurring within each contracting city's jurisdiction. If the City of Pasadena enters into a VCA with Airbnb as proposed by staff, then Airbnb will collect the TOT on behalf of the property owners and will subject itself to third party tax auditing.

Airbnb represents that it achieves 100 percent compliance with TOT collection through the VCA. They achieve this compliance by programming their online site to automatically collect the TOT from guests who rent from property owners. Once collected, Airbnb remits the TOT directly to the City as required by the City's code. While the property owner is responsible for remitting the tax, Airbnb voluntarily collects and remits the tax on behalf of the property owner. The VCA includes the City's right to audit the collection of TOT from Airbnb every 48 months; which is consistent with the current practice of TOT audits.

Hosts using platforms other than Airbnb are required to remit TOT individually until which time these platforms are willing to consider agreements similar to the VCA. The remittance of TOT for the Hosts has been included in the online portal where registration occurs to provide as simple a process as possible. Hosts also have the option to remit TOT as hotels do using the City's standard form and mailing or dropping off their payment to Municipal Services at City Hall.

ENVIRONMENTAL ANALYSIS:

The proposed actions are governmental fiscal activities that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project to CEQA, no environmental document is required.

FISCAL IMPACT:

The exact fiscal impact of this VCA is currently unknown. A very conservative estimate assumes that there are currently 500 whole or partial units listed on various sites, and Airbnb represents at least 75 percent of them. Using the estimate provided to the City Council in October 2017 that short-term rentals may generate $600,000 to $700,000 of new TOT revenue, and assuming Airbnb's claimed market share, it is possible that this VCA could provide for the streamlined collection of more than $450,000 annually in TOT revenue. The projected revenue will be included in the Fiscal Year 2019 proposed budget.

Respectfully submitted,

MATTHEW E. HAWKESWORTH
Director of Finance

Approved by:

STEVE MERMELL
City Manager

Agenda Report

March 26, 2018

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Public Works

SUBJECT: **AMENDMENTS TO FISCAL YEAR 2018 CAPITAL IMPROVEMENT PROGRAM BUDGET**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed actions are not "projects" as defined in the California Environmental Quality Act (CEQA), Public Resources Code Section 21065 and Section 15378(b)(4) and (5) of the State CEQA Guidelines and, as such, are not subject to environmental review; and

2. Approve a journal voucher with a net increase of $3,490,384 amending 23 projects in the Fiscal Year 2018 Capital Improvement Program Budget as detailed in Attachment A of this report.

BACKGROUND:

As part of the process to update the Capital Improvement Program (CIP) budget, the Department of Public Works has completed this report detailing proposed budget adjustments. The budget adjustments are needed due to changes in the status of various capital projects. The budgetary changes to the projects are listed below and must be recognized through the City's journal voucher process to formalize the changes. The changes are summarized in Attachment A.

1. **Robinson Park Recreation Center Renovation (78043) –** The Department of Public Works recommends appropriating $301,975 in Housing –Related Parks Program (HRPP) Grant and $139,000 in Tournament of Roses Community Support Gift funds to this project and increasing the project budget by a like amount for a revised total budget of $12,272,075. The HRPP grant will be used during the construction phase of this project. Construction commenced in April 2017 and is anticipated to be completed in October 2018. Each year, as part of the Master License Agreement between the Tournament of Roses Association and the City, the Association provides the City with a Community Support Gift in the amount of $28,000. These funds are to fund capital

improvement projects that are agreed upon by the Association. The annual allotment has been collected since 2003 and a portion of it will be used on this project during the furniture, fixtures and equipment (FF&E) phase. The FF&E phase will begin when construction is completed.

2. **Restroom Bldgs (Replace or Construct) – Various locations (78038)** – The Department of Public Works recommends appropriating $45,000 in Tournament of Roses Community Support Gift funds and $2,500 in Private Capital to this project and increasing the budget by a like amount. The scope of this project is being expanded to include the replacement of windows in the Victory Park Community Center. This appropriation will fund this action.

3. **Building Maintenance FY 2016 – 2020 (71902)** – The Department of Public Works recommends appropriating $100,000 in Community Development Block Grant (CDBG) to this project for the rehabilitation of the El Centro Building located in Central Park and increasing the budget by a like amount. The approved CDBG Annual Action Plan for 2017-2018 designated this funding for this work. The work at El Centro will be completed in FY 2018.

4. **Bridge Improvements Citywide (73902)** – The Department of Public Works recommends appropriating $20,000 in Gas Tax to this project. The scope of this project was expanded to include interim suicide mitigation measure to the Colorado Street Bridge. Last year 10-foot high security fencing was installed along the bench alcoves on Colorado Street Bridge. This appropriation will correct the project budget.

5. **Resurfacing and Slurry Seal FY 2017 – 2021 (73920)** – The Department of Public Works recommends appropriating $300,000 in Gas Tax to this project and increasing the budget by a like amount. The project scope has been expanded to include a Pavement Management Plan which will analyze the condition of all city streets to help develop a five year program to address the needs. The cost of the Pavement Management Plan is estimated to $300,000.

6. **Memorial Park Implement Master Plan (78453)** – The Department of Public Works recommends appropriating $23,215 in Residential Impact Fee Interest to this project. This was a $1.23 million project that was completed in FY 2010 slightly over budget. This action will allow this project to be closed.

7. **Intelligent Transportation System (ITS) Equipment Upgrades/Replacement – FY 2016 – 2020 (75078)** – The Department of Transportation recommends transferring the remaining balance of $11,682 in Gas Tax from *Intelligent Transportation System Equipment Upgrades/Replacement* (75906) to this project. This transfer will allow project 75906 to be closed and the remaining balance to be used on the current phase of the project.

8. **Neighborhood Traffic Management Program (75903)** – The Department of Transportation recommends transferring $399,148 in Gas Tax from this project to the *Citywide Complete Streets Program FY 2016 – 2020* (75076) project. This transfer will allow 75903 to be closed and the remaining balance to be used on the current phase of

the project. In FY 2016, the project name change from *Neighborhood Traffic Management Program* to the *Citywide Complete Street Program.*

9. **Adaptive Traffic Control Network Phase II (75095) –** The Department of Transportation recommends unappropriating $430,806 in MTA Grant – Proposition C funds from this project and reducing the budget by a like amount. The total grant award amount incorrectly included the estimated local match amount. This action will correct the project budget.

10. **Police Jail Access Control and Monitoring System Replacement (71811) –** The Police Department recommends appropriating $537,500 in Asset Forfeiture Funds to this project for the replacement of outdated and failing touchscreen control panels that control jail doors, intercoms, vehicle drive through gates, the prisoner elevator, cameras, lights, televisions, and alarms. The current access control and monitoring system in the jail is outdated and in need of replacement. The useful life of the current system has been extended for years through needed repairs, but any further repairs are infeasible or cost prohibitive. In addition, this appropriation will also support the cost of replacing and upgrading the locks on the jail doors.

11. **Public Safety Mobile Data Computer (MDC) Replacement (71159) -** The Police Department recommends appropriating $40,000 in Asset Forfeiture Funds to this project and increasing the budget by a like amount. The original project scope was expanded to include MDC units in grant purchased vehicles as well as additional parts for in-dash screens to be installed in existing police vehicles. Finally, this appropriation will allow the project to be completed this fiscal year by hiring an outside vendor to expedite the installations.

12. **Customer Driven Meters and Services FY 2018 – 2022 (1003) –** The Water and Power Department recommends appropriating $1,500,000 in Aid to Construction (Water Fund) to this ongoing project and increasing the budget by a like amount for a revised FY 2018 appropriation of $3,500,000. Applications for customer projects has exceeded expected demand and additional appropriations are necessary. This project provides for the installation of new water meters, services and mains while meeting code requirements from the Fire Department for new building construction and development projects.

13. **Facility Security Systems (3013)** – The Water and Power Department recommends transferring $250,000 in Power Funds from *Work Order Management System – Power Department* (3140) to this project. This transfer will fund required change orders that occurred during the construction of a security wall at T. M. Goodrich receiving station to address safety concerns, soil conditions and enhancements to the gate design. The FY 2018 work plan for the *Work Order Management System* project has been modified to evaluate the possibility of using the Lucity instead of developing a new work order management program, reducing the funds needed.

14. **4kV Distribution System Conversion (3191)** – The Water and Power Department recommends transferring $750,000 in Power Funds from *Seismic Upgrade of Power Facilities* (3196) to this project. This appropriation is needed for unplanned system

remediation required to address power quality issues experienced during peak usage in the summer months. The remediation includes proactive partial 4kV to 17kV conversion of Santa Anita (S-3) circuits, Glenarm (G-6) circuits, and Hastings (H-2 & H-3) circuits to prevent overloading and outages. The FY 2018 work plan for the *Seismic Upgrade of Power Facilities* project has been delayed due to unavailable system outages preventing the completion of the work at substations.

15. **Subtransmission System Enhancements (3205)** – The Water and Power Department recommends transferring $300,000 in Power Funds from *Work Order Management System – Power Department* (3140) to this project. This appropriation is needed for unplanned insulator replacements to the LA-St. John subtransmission line after analysis of insulator failure. The FY 2018 work plan for the *Work Order Management System* project has been modified to evaluate the possibility of using the Lucity instead of developing a new work order management program, reducing the funds needed.

16. **Brookside Clubhouse Upgrades – FY 2017 – 2021** – The Rose Bowl Operating Company (RBOC) recommends appropriating $100,000 in RBOC Unrestricted Reserve Funds to this project. This appropriation will fund miscellaneous roof repairs, emergency repairs to the Mediterranean Room from a damaged irrigation line, and mold abatement and repairs. This work will be completed in FY 2018.

17. **Master Plan for Brookside Golf Course – Fairway Improvements –** The Rose Bowl Operating Company recommends appropriating $205,000 in RBOC Unrestricted Reserve Funds to this project. This appropriation will allow staff to complete much needed tree trimming on the Golf Course ahead of the dry summer months. Staff is concerned that there will be considerable tree limb loss due to the dry conditions and this could become a safety issue for patrons.

18. **Rose Bowl Major Improvements - FY 2017 – 2021** – The Rose Bowl Operating Company recommends appropriating $607,000 in RBOC Unrestricted Reserve Funds to this project. This appropriation will fund six much needed improvement projects: Emergency boiler replacement in the locker rooms; construction of a Wine Garden in Parking Lot M; hiring a Field Lighting Specialist to prepare RFQ and RFP process for Stadium Field Lighting project; Fiber/IT repairs and improvements; re-keying of administrative offices and locker room areas; and construction of Legacy Foundation office. This work will begin in FY 2018.

COUNCIL POLICY CONSIDERATION:

All of the above projects and actions address City Council's goals to maintain fiscal responsibility and stability and improve, maintain, and enhance public facilities and infrastructure.

ENVIRONMENTAL ANALYSIS:

CEQA excludes from environmental analysis those actions that are not "projects" as defined by State CEQA Guidelines Section 15378. That section excludes from the

definition of "project" the creation of government funding mechanisms and fiscal activities which do not yet commit the lead agency to any specific project, and also excludes organizational or administrative governmental activities that do not result in physical changes to the environment. The actions proposed herein are budgetary and part of the City's normal administrative process as it takes early steps to prepare for the possibility of undertaking a project, and therefore they are not yet "projects" as defined by CEQA. As the City becomes more certain it will undertake one of the projects, and before it commits itself to the project, the appropriate environmental analysis will be conducted and brought to the appropriate City body for approval.

FISCAL IMPACT:

The cumulative result of these recommendations will increase the FY 2018 CIP budget by $3,490,384. The specific funding sources for the CIP budget amendments are listed on Attachment A.

Respectfully submitted,

ARA MALOYAN, P.E.
Director of Public Works

Prepared by:

Phyllis Hallowell
Management Analyst V

Approved by:

For STEVE MERMELL
City Manager

Attachment A – Changes to FY 2018 CIP

Attachment A - Changes to FY 2018 CIP

	Project/Fund Source	Appropriations Through FY 2018	Changes	Revised Appropriation
1	**Robinson Park Recreation Center Renovation (78043)**			
	Tournament of Roses	0	139,000	139,000
	Housing-Related Parks Program Grant	880,150	301,975	1,182,125
	CDBG Funds	1,312,193	0	1,312,193
	General Fund	1,000,000	0	1,000,000
	Residential Impact Fee	2,638,757	0	2,638,757
	Section 108 HUD ILoan	6,000,000	0	6,000,000
	Total	**11,831,100**	**440,975**	**12,272,075**
2	**Restroom Bldgs (Replace or Construct) - Various Locations (78038)**			
	Tournament of Roses	0	45,000	45,000
	Private Capital	0	2,500	2,500
	Proposition 12	132,236	0	132,236
	Proposition 40 - per capita	30,500	0	30,500
	Proposition A (Parks) 1992	56,356	0	56,356
	Residential Impact Fee	6,848,531	0	6,848,531
	State of CA - Robert Z-Berg Harris Grant	**152,000**	0	152,000
	Total	**7,219,623**	**47,500**	**7,267,123**
3	**Building Maintenance FY 2016 - 2020 (71902)**			
	CDBG Funds	240,000	100,000	340,000
	Building Preventaive Maintenance Fund	2,900,000	0	2,900,000
	General Fund	115,000	0	115,000
	Library Services Fund	136,435	0	136,435
	Private Capital	60,094	0	60,094
	Total	**3,451,529**	**100,000**	**3,551,529**
4	**Bridge Improvements Citywide (73902)**			0
	Gas Tax	870,000	20,000	890,000
	Commercial Development Fees	5,553	0	5,553
	Total	**875,553**	**20,000**	**895,553**
5	**Resurfacing and Slurry Seal FY 2017 - 2021 (73920)**			
	Gas Tax	1,792,500	300,000	2,092,500
	Sewer Maintenance and Construction Fund	887,000	0	887,000
	Reserve for Key Projects	700,000	0	700,000
	Total	**3,379,500**	**300,000**	**3,679,500**
6	**Memorial Park Implement Master Plan (78453)**			
	Residential Impact Fee	548,598	23,215	571,813
	Proposition A Parks	19,227	0	19,227
	Prop A - Light Rail Resreves	50,000	0	50,000
	Private Capital	561,231	0	561,231
	MTA Grant	50,000	0	50,000
	1992 Infrastructure	504	0	504
	Total	**1,229,560**	**23,215**	**1,252,775**
7	**Intelligent Transportation System (ITS) Equipment Upgrades/Replacement FY 2016 - 2020 (75078)**			
	Gas Tax	50,000	11,682	61,682
	Private Capital	25,000		25,000
	Total	**75,000**	**11,682**	**86,682**
	Intelligent Transportation System Equipment Upgrades/Replacement (75906)			
	Gas Tax	**250,000**	**(11,682)**	**238,318**
	Private Capital	**20,353**	**0**	**20,353**
	Total	**270,353**	**(11,682)**	**258,671**
8	**Neighborhood Traffic Maangement Program (75903)**			
	Gax Tax	600,000	(399,148)	200,852
	Private Capital	73,582	0	73,582
	Total	**673,582**	**(399,148)**	**274,434**
	Citywide Complete Streets Program FY 2016 - 2020 (75076)			
	Gas Tax	150,000	399,148	549,148
	Measure R Transportation Fund	100,000	0	100,000
	Private Capital	71,826	0	71,826
	Total	**321,826**	**399,148**	**720,974**
9	**Adaptive Traffic Control Network Phase II (75095)**			
	MTA Grant - Proposition C	2,088,219	(430,806)	1,657,413
	Traffic Reduction Fees	414,353	0	414,353
	Total	**2,502,572**	**(430,806)**	**2,071,766**

Attachment A - Changes to FY 2018 CIP

	Project/Fund Source	Appropriations Through FY 2018	Changes	Revised Appropriation
10	**Police Jail Access Control and Monitoring System Replacement (71811)**			
	Asset Forfeiture Fund	0	537,500	537,500
	Total	**0**	**537,500**	**537,500**
11	**Public Safety Mobile Data Computer Replacement (71159)**			
	Asset Forfeiture Fund	0	40,000	40,000
	General Fund	180,000	0	180,000
	Total	**180,000**	**40,000**	**220,000**
12	**Customer Driven Meters and Services FY 2018 - 2022 (1003)**			
	Aide to Construction (Water)	8,056,107	1,500,000	9,556,107
	Total	**8,056,107**	**1,500,000**	**9,556,107**
13	**Facilities Security Systems (3013)**			
	Power Fund	3,554,643	250,000	3,804,643
	Total	**3,554,643**	**250,000**	**3,804,643**
	Work Order Management System Power Department (3140)			
	Power Fund	1,964,767	(250,000)	1,714,767
	Total	**1,964,767**	**(250,000)**	**1,714,767**
14	**4kV Distribution System Conversion (3191)**			
	Power Fund	16,215,067	750,000	16,965,067
	Power Bond	3,500,000	0	3,500,000
	Total	**19,715,067**	**750,000**	**20,465,067**
	Seismic Upgrade of Power Facilities (3196)			
	Power Fund	2,700,000	(750,000)	1,950,000
	Total	**2,700,000**	**(750,000)**	**1,950,000**
15	**Subtransmission System Enhancements (3205)**			
	Power Fund	1,000,000	300,000	1,300,000
	Total	**1,000,000**	**300,000**	**1,300,000**
	Work Order Management System Power Department (3140)			
	Power Fund	1,964,767	(300,000)	1,664,767
	Total	**1,964,767**	**(300,000)**	**1,664,767**
16	**Brookside Clubhouse Upgrades - FY 2017 - 2021**			
	American Golf Club	100,000	0	100,000
	Golf Course Fund	450,000	0	450,000
	RBOC Unrestricted Reserve Fund	0	100,000	100,000
	Total	**550,000**	**100,000**	**650,000**
17	**Master Plan for Brookside Golf Course - Fairway Improvements**			
	Golf Course Fund	850,000	0	850,000
	RBOC Unrestricted Reserve Fund	0	205,000	205,000
	Total	**850,000**	**205,000**	**1,055,000**
18	**Rose Bowl Major Improvements Projects FY 2017 - 2021**			
	Legacy Connections - Rose Bowl Legacy Campaign	1,670,000	0	1,670,000
	Rose Bowl Fund	1,753,500	0	1,753,500
	RBOC Unrestricted Reserve Fund	0	607,000	607,000
	Total	**3,423,500**	**607,000**	**4,030,500**
	Net Change to Capital Budget		**3,490,384**	

Agenda Report

March 26, 2018

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Public Works

SUBJECT: **CONTRACT AWARD TO CERCO, INC. FOR HAMILTON PARK VARIOUS PROJECTS FOR AN AMOUNT NOT TO EXCEED $295,000 AND AMENDMENT TO FISCAL YEAR 2018 CAPITAL IMPROVEMENT PROGRAM BUDGET**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the project proposed herein is categorically exempt under the California Environmental Quality Act (CEQA) Guidelines in accordance with Title 14, Chapter 3, Article 19, Section 15301, Class 1, minor alterations of existing public facilities involving negligible or no expansion of use beyond that previously existing at the time of the lead agency's determination, and that there are no features that distinguish this project from others in the exempt class, and therefore, there are no unusual circumstances;

2. Amend the Fiscal Year 2018 Capital Improvement Program Budget by appropriating $31,000 in Residential Impact Fees to Hamilton Park Various Projects (78069); and

3. i) Accept the bid dated March 7, 2018, submitted by CERCO, Inc. dba CERCO Engineering in response to the Project Plans and Specifications for Hamilton Park Various Projects, ii) reject all other bids received July 14, 2017 and March 7, 2018, and iii) authorize the City Manager to enter into a contract not to exceed $295,000, which includes the base contract amount of $258,933 and a contingency of $36,067 to provide for any necessary change orders.

BACKGROUND:

Hamilton Park is an approximately 6.4-acre community park located on top of a water reservoir. Amenities consist of a parking lot and recreational facilities that include

baseball diamonds, tennis courts, basketball courts, volleyball courts, and a multi-purpose playing field with a children's play area.

The project consists of providing a perimeter pathway around the turf area of the park, activity striping at the children's play area, parking lot area improvements, and replacement of the fence along the parking lot edge.

The Recreation and Parks Commission reviewed and unanimously supported the design for Hamilton Park Various Projects on November 1, 2016.

A finding of compliance with the General Plan was previously made and is shown in the FY 2018 Capital Improvement Program (CIP) on page 9.10 – Hamilton Park – Various Projects.

The Department of Public Works prepared the project plans and specifications. The project was initially advertised on June 22, 2017 and nine bids were received on July 14, 2017. All bids exceeded the Engineer's estimate and the available project balance, and therefore the City did not award the construction contract.

The Department of Public Works re-scoped the plans and specifications for this project. In accordance with Section 4.08.070 of the Pasadena Municipal Code, bids were requested and received. The project was advertised in the *Pasadena Journal* on February 8, 2018. In addition, the Notice Inviting Bids was published in four trade publications and listed on the City's website, which generated notices to 811 vendors. 82 vendors obtained bid packets, and ten prime contractors submitted bids for the project.

Following advertising, bids were received on March 7, 2018 and are as follows:

Bidder	Amount ($)
1. CERCO, Inc. dba CERCO Engineering, Westlake Village	$ 258,933
2. KASA Construction Inc. Sylmar	$ 307,800
3. FS Construction Inc., Chino	$ 325,250
4 YAKAR, Covina	$ 326,790
5. Aramexx Group Inc., Claremont	$ 335,703
6. NoHo Constructors, Studio City	$ 342,900
7. iBuild Spectrum Inc., Covina	$ 348,000
8. ARC Construction Inc., La Crescenta	$ 385,764
9. Metrocell Construction, Ontario	$ 399,980
10. EC Construction Co., South El Monte	$ 436,189
Engineer's Estimate	$ 338,877

It is recommended that CERCO, Inc. dba CERCO Engineering be awarded the contract for this project as they are the lowest responsive and responsible bidder. The proposed contract with CERCO, Inc. dba CERCO Engineering fully complies with the Competitive Bidding and Living Wage Ordinances. In addition, the proposed contract fully complies with the Prevailing Wage Law (Senate Bill 7) per Resolution 9406 adopted by the City Council on December 14, 2014.

The contractor has indicated that the award of this contract will result in six new hires to the present work force, and has committed to hiring two Pasadena residents for this position. A Local Hiring Provision to notify the labor unions of the goal to employ qualified Pasadena residents for 75 percent of the new labor work hours on the project was included in the project specifications.

CERCO Engineering is currently performing work for the Citywide Parks Accessibility Improvements project (78068) in the amount of $324,628.

The contract will be set up as follows:

Base Bid	$	258,933
Contingency	$	36,067
Contract "Not to Exceed" Amount	$	295,000

In coordination with scheduled recreation programs at the park, it is anticipated that construction will begin in July 2018, and the work will be completed in September 2018.

COUNCIL POLICY CONSIDERATION:

This project is consistent with the City Council's goal to improve, maintain and enhance public facilities and infrastructure. It also supports the Public Facilities and Land Use Elements of the General Plan.

ENVIRONMENTAL ANALYSIS:

The City's Environmental Administrator recommends that the City Council determine the proposed project to be exempt from CEQA in accordance with Title14, Chapter 3, Article 19, Section 15301, Class 1. This exemption includes the minor alteration of existing public facilities involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination, and there are no features that distinguish this project from others in the exempt class, and therefore, there are no unusual circumstances.

FISCAL IMPACT:

Staff recommends amending the FY 2018 Capital Improvement Program Budget by appropriating $31,000 in Residential Impact Fees to *Hamilton Park Various Projects* (78069) and increasing the total estimate cost by a like amount. There is sufficient fund balance of $2,677,967 as of December 31, 2017 in the Residential Impact Fee Fund (East) to support the proposed increase. The additional appropriation of funds is needed to complete the construction phase of the project.

The cost of this contract is $295,000 and the total cost of this action will be $365,000. Funding for this action will be addressed by the utilization of existing and recommended budgeted appropriations in the *Hamilton Park Various Projects* CIP project (budget account 78069). It is anticipated that all of the costs will be spent in FY 2019.

The following table represents a contract summary.

Base Bid	$	258,933
Contingency	$	36,067
Contract Administration/Inspection	$	65,000
Total Fiscal Impact	**$**	**360,000**

Respectfully submitted,

ARA MALOYAN, P.E.
Director of Public Works

Prepared by:

Hayden Melbourn
Principal Engineer

Approved by:

STEVE MERMELL
City Manager

MEMORANDUM - CITY OF PASADENA
DEPARTMENT OF PUBLIC WORKS

DATE: March 26, 2018

TO: Finance Committee

FROM: Ara Maloyan, P.E., Director of Public Works

RE: Councilmember Inquiries – FY 2018 Second Quarter Monitoring Report

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At the February 26 Finance Committee meeting members of this body raised questions regarding the Capital Improvement Program FY 2018 Second Quarter Monitoring Report. Staff has prepared a list of follow-up items and responses for your review.

1. **Provide information about what we are doing as part of the initial planning assessment on the Glenarm building.**

The Glenarm Building's electrical system will undergo improvements to accommodate enhanced security surveillance measures. Near the end of March, the elevator will lower to the first floor so that work can commence. Additional work includes preventing water intrusion from rain events; addressing structural damage caused by bees in the west end; and providing general aerial control to limit bird access into the building. Please be advised, work completed on the Glenarm Building is funded by PWP's Operating and Capital budgets.

2. **What has it cost to maintain the Hale building?**

Information stored in the previous system is unavailable at this time. Below is a table listing the cost of maintenance and operations at the Hale Building over the past four years:

Annual Cost of Maintenance and Operations	
FY 2015	355,136
FY 2016	391,479
FY 2017	392,722
FY 2018	384,393

Note: These costs include maintenance and utilities.

3. **Are the Dial-a-Ride vehicles electric?**

No, these replacement vehicles are not electric. However, the Transportation Department is working on how to integrate electric vehicles into the replacement program.

4. **Project 71149 - Enterprise Resource Planning System (Financial and Human Resources): provide a synopsis for each increase in Total Estimated Cost over the life of the project.**

DoIT staff will prepare a response as part of the ERP quarterly update presented to the Finance Committee on April 9, 2018.

cc: Steve Mermell, City Manager
Julie A. Gutierrez, Assistant City Manager
Matt Hawkesworth, Director of Finance