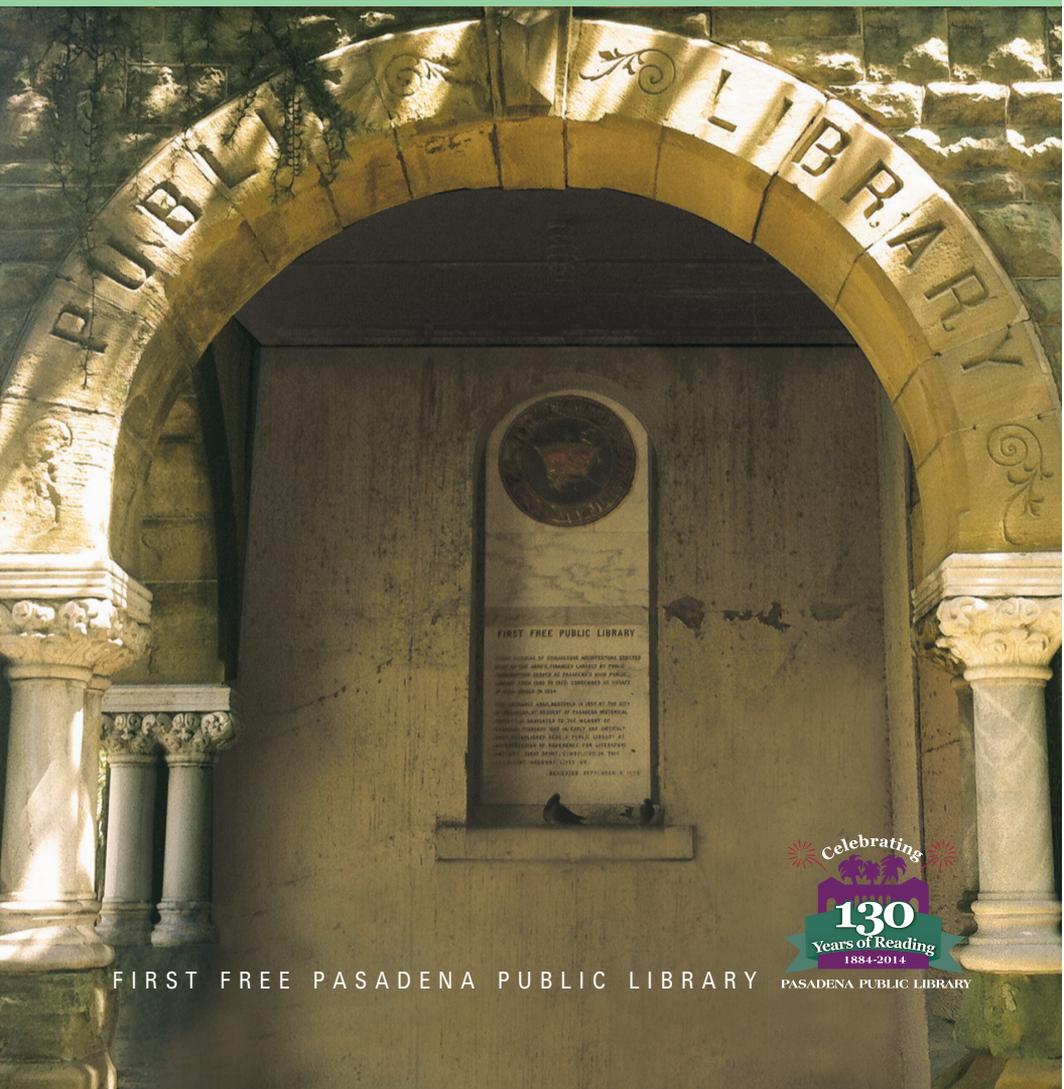




CITY OF PASADENA



BUDGET IN BRIEF FISCAL YEAR 2015



LIBRARY

FIRST FREE PUBLIC LIBRARY

THIS BUILDING AT PASADENA BEING THE FIRST
LIBRARY OF THE SAN GABRIEL MOUNTAIN DISTRICT
CONSTITUTED LIBRARY OF PASADENA'S NEW PUBLIC
LIBRARY AND IS THE FIRST LIBRARY OF THE CITY
OF PASADENA IN AREA

THE LIBRARY WAS BUILT IN 1884 AT THE CITY
OF PASADENA AT REQUEST OF PASADENA HISTORICAL
SOCIETY AND DONATED TO THE LIBRARY OF
PASADENA THROUGH THE SAN GABRIEL MOUNTAIN
DISTRICT LIBRARY BOARD PUBLIC LIBRARY AT
PASADENA LIBRARY OF PASADENA FOR LIBRARY
AND THE SAN GABRIEL MOUNTAIN DISTRICT
LIBRARY BOARD LIBRARY

RELOCATED SEPTEMBER 1, 1910



FIRST FREE PASADENA PUBLIC LIBRARY

PASADENA PUBLIC LIBRARY



PASADENA PUBLIC LIBRARY 1884 – 2014
CELEBRATING 130 YEARS
OF SERVING OUR COMMUNITY!

The Pasadena Free Public Library and Village Improvement Society was founded in the early 1880s by a group of progressive citizens, who wanted “to unite the whole community in all general efforts for the public good and be an educator of the people, next in value to the common school.” The first Pasadena library opened its doors in 1884. Since then the library has expanded to ten sites throughout our community providing free access to programs, services, and materials for all ages.



THE TRUE
LEARNING THAT
MAKES FOR
RIGHTEOUSNESS



BE MADE WHOLE
BY BOOKS AS BY
GREAT SPACES
AND THE STARS



THE ASSEMBLY
SOULS OF A
THAT MEN
HOLD WIS

CITY OF PASADENA
BUDGET IN BRIEF



CITY MANAGER'S BUDGET MESSAGE

It is my pleasure to present the Fiscal Year (FY) 2015 Budget-in-Brief for the City of Pasadena. This Budget-in-Brief provides an overview of the FY 2015 budget adopted by the City Council on June 16, 2014 and represents the City's financial plan for the coming fiscal year, July 1, 2014 to June 30, 2015. The FY 2015 Adopted Budget represents a positive net income for the third year in row following permanent financial reductions during the Great Recession. The budget was carefully developed to further the City's mission of delivering exemplary municipal services to our entire community consistent with the City's history, culture and unique character.

While the City's budget includes numerous facts and numbers, it is important to remember that the fiscal plan is really about how the City, as an organization, serves our residents, businesses and visitors. The budget defines how we operate as a city and sets our investment priorities based on the City Council's goals and objectives. Yet it is also the detailed financial story of the valuable customer service we provide to our 140,000 residents, our schools, the thousands of businesses operating here and the millions of people who annually visit Pasadena.

The budget also identifies the resources to fund the ongoing maintenance and improvements to the City's infrastructure, including our streets, bridges, utilities and parks, and to provide the tools, training and equipment needed by our employees.

In short, the budget is more than a compilation of "bottom line" numbers. It is the foundation upon which we annually establish our connection to the public.

CITY OF PASADENA
BUDGET IN BRIEF

It is the single most important document produced by the City and, as you read through the budget, I am sure you will agree that Pasadena is a truly outstanding organization and one of the finest cities in the country.

Pasadena benefits from its international reputation as a beautiful, innovative and creative destination city. In many ways, Pasadena is the model city that others try to emulate. As an organization and as a community, we cannot take for granted that great cities like Pasadena don't just happen. They are fashioned through the leadership of their elected officials, the hard work and dedication of their employees and the active engagement of an informed community.

The budget also should be viewed as a forward-looking document that shows how future investments in the City are being made through the completion of work such as our General Plan and updates to our Specific Plans.

The FY 2015 Adopted Budget continues to recognize our core values and is a testament to the City Council's vision and leadership. The budget is our commitment to Pasadena's residents, businesses, visitors and City employees that we will strive to do the very best we can with the resources and tools available to us.

In that spirit, the FY 2015 Adopted Budget solidifies our pledge that the City of Pasadena continues to be a leader in effective municipal governance and maintains its outstanding high quality of life as a premier city in the United States to live, work, learn, and enjoy.

Sincerely,



Michael J. Beck
City Manager



Central Library - 1950

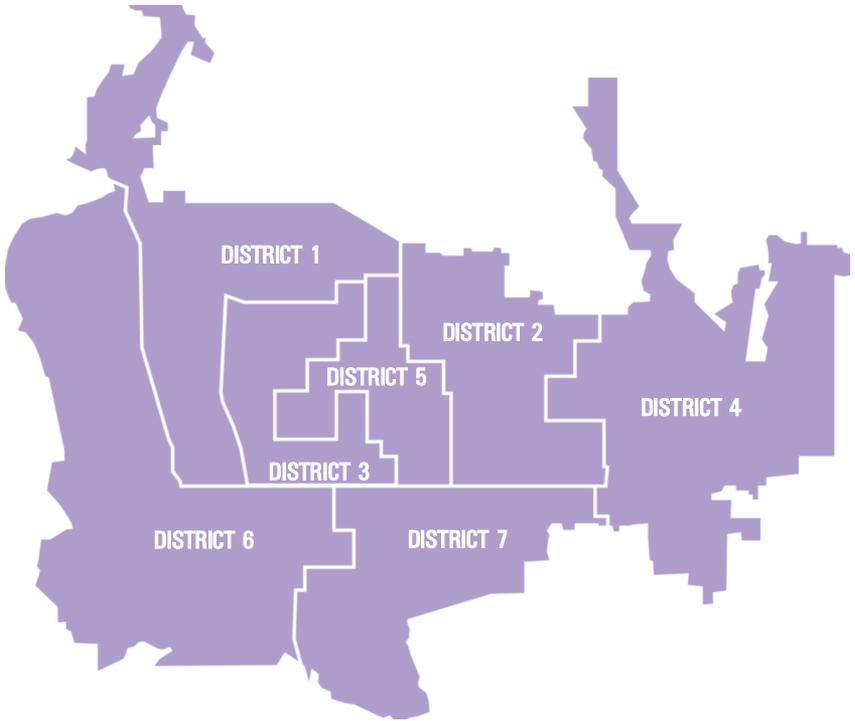
ABOUT PASADENA

The City of Pasadena is located in Los Angeles County in the northwestern portion of the San Gabriel Valley. The City covers an area of 23 square miles and is bounded on the west by the cities of Los Angeles, Glendale, La Cañada, on the south by South Pasadena and San Marino, on the east by Arcadia and Sierra Madre, and on the north by the unincorporated community of Altadena. The City's population as of January 1, 2014, as reported by the California Department of Finance, is estimated at 140,879 which is a 0.6 percent increase from the previous year (140,020).

Pasadena was incorporated in 1886 and became a charter city in 1901. The City has a council – manager form of government with seven City Council districts each electing a council member for a four-year term. Beginning in May 1999, the Mayor became an at-large elected position serving a four-year term. The Vice-Mayor is a council member selected by the Council, traditionally for two consecutive one-year terms.

The City Council is responsible for setting policies, passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Attorney/City Prosecutor and City Clerk. The City Manager is responsible for carrying out policies and ordinances of the City Council, appointing the heads of the City departments and ensuring the successful operation of the City and the three operating companies – Pasadena Center Operating Company, Pasadena Community Access Corporation, and Rose Bowl Operating Company. Additional demographic information and a complete history of the City are available at <http://www.ci.pasadena.ca.us/>.

CITY OF PASADENA
CITY COUNCIL



BILL BOGAARD
MAYOR

JACQUE ROBINSON
VICE MAYOR
District 1

MARGARET MCAUSTIN
District 2

VICTOR GORDO
District 5

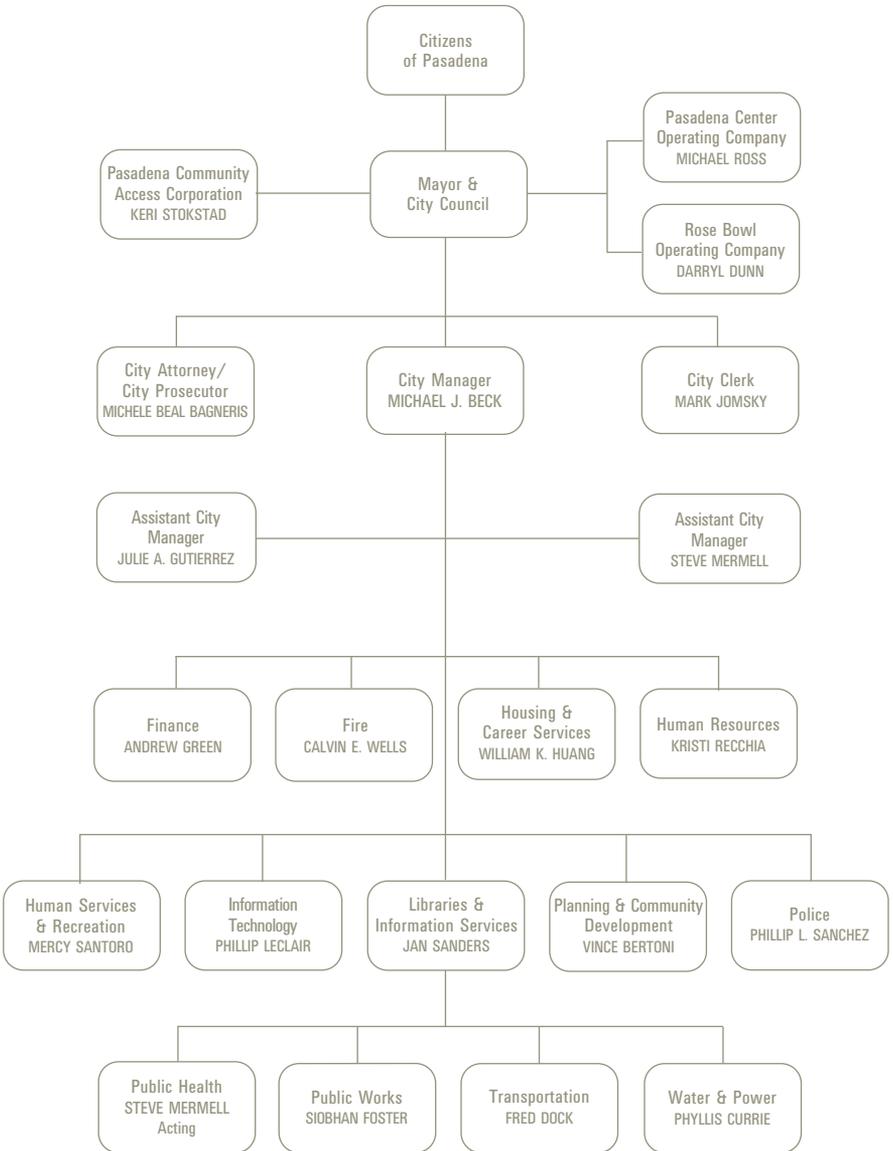
JOHN J. KENNEDY
District 3

STEVE MADISON
District 6

GENE MASUDA
District 4

TERRY TORNEK
District 7

CITY OF PASADENA
THE MUNICIPAL ORGANIZATION



CITY OF PASADENA
BUDGET IN BRIEF

BUDGET PRIORITIES

The FY 2015 Adopted Budget was developed based on the City Council Strategic Plan goals. All Department performance measures and City activities are tied to one or more of these goals:

- Maintain fiscal responsibility and stability
- Improve, maintain, and enhance public facilities and infrastructure
- Increase conservation and sustainability
- Improve mobility and accessibility throughout the City
- Support and promote the local economy
- Ensure public safety

The budget continues the practice of conservative revenue estimates, especially in the General Fund. Overall, the Adopted Budget anticipates modest increases in most revenues.

The FY 2015 Adopted Budget totals \$675.2 million. This figure includes an operating budget of \$540.7 million, capital appropriations of \$72.3 million and appropriations of \$62.2 million for the City’s three operating companies—Rose Bowl Operating Company, Pasadena Center Operating Company and Pasadena Community Access Corporation. Also included in the Adopted Budget are General Fund appropriations of \$209.5 million and estimated General Fund revenue of \$209.6 million.

The budget reflects a slight decrease from the previous year’s adopted budget while also showing modest increases in funding for technology, direct service delivery, planning, employee safety and training and continued investments to Pasadena’s municipal infrastructure.

Modest revenue growth allows for a few funding enhancements, however, there are limited discretionary opportunities to enhance City programs and services. Although City departments continue to identify and track millions of dollars in funding requests to meet the needs of our community, available funds continue to fall far short of the need.

A comparative summary of appropriations and Full Time Equivalent (FTEs) positions is shown on the following tables:

TABLE 1	FY 2013	FY 2014	FY 2015
Total Appropriations <small>(Including affiliated agencies and CIP)</small>	Actual	Adopted	Adopted
All Funds	\$784.0 million	\$677.5 million	\$675.2 million
General Fund	\$206.1 million	\$202.7 million	\$209.5 million

TABLE 2	FY 2013	FY 2014	FY 2015
Full-Time Equivalent Positions	Actual	Adopted	Adopted
All Funds	2,225	2,145	2,171
General Fund	949	937	945

CITY OF PASADENA
BUDGET IN BRIEF

CHART 1

FY 2015 ADOPTED BUDGET - REVENUES BY CATEGORY

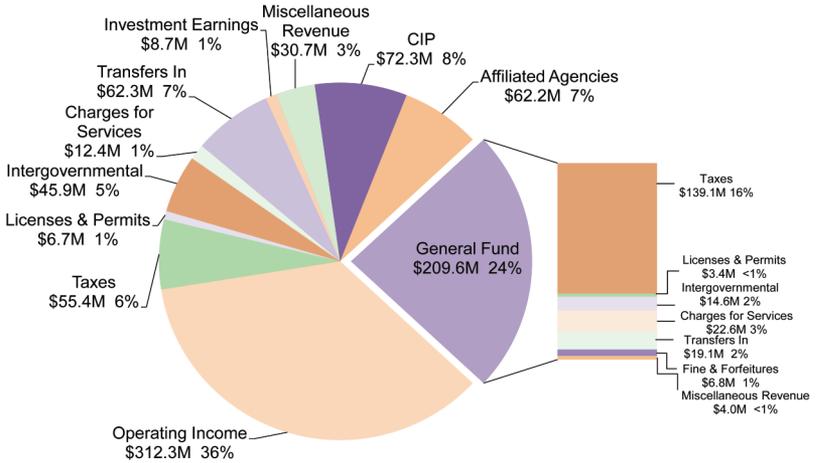
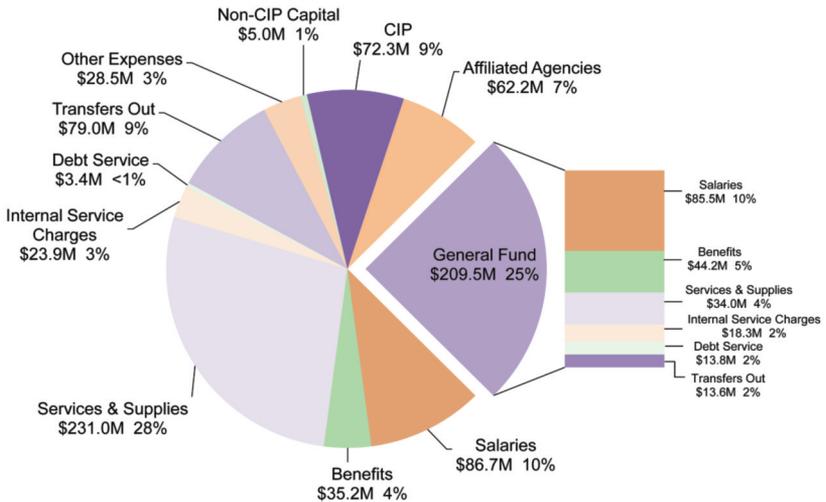


CHART 2

FY 2015 ADOPTED BUDGET - APPROPRIATIONS BY CATEGORY

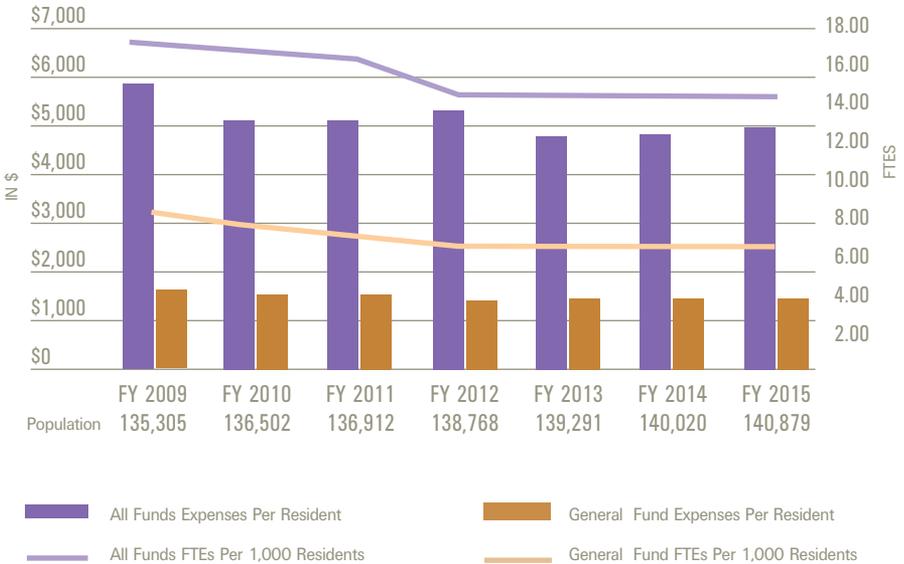


Note: Both the revenue and appropriations charts include inter-fund transfers totaling \$136.8 million. The appropriations chart includes \$26.9 million in capital-related salaries and benefits, most of which are also included in the \$72.3 million of CIP appropriations due to current budget system limitations.

CITY OF PASADENA
BUDGET IN BRIEF

The City has 16 departments, 3 operating companies, the Successor Agency to the Pasadena Community Development Commission (PCDC), and a City Council office. Each department is dedicated to ensuring that quality, cost-effective services are provided to the community. Chart 3, below, shows expenses per resident and FTEs per 1,000 residents over the past five years as well as projected for FY 2015. Detailed information on each City department, including its mission, major program descriptions and prior year accomplishments, is provided in the FY 2015 Adopted Budget document and is available on the City's website: http://www.ci.pasadena.ca.us/Finance/2015_Operating_Budget/

**CHART 3
COST PER RESIDENT AND FTES PER 1,000 RESIDENTS**



CITY OF PASADENA
BUDGET IN BRIEF

Below is a summary of FY 2015 departmental appropriations for both the General Fund and All Funds, and total authorized FTEs.

TABLE 3
TOTAL APPROPRIATIONS (\$000) AND FTES BY DEPARTMENT

	Fiscal Year 2015 Adopted Budget		
	General Fund	Total All Funds	FTEs
-----\$'s in thousands-----			
<u>Operating Expenses</u>			
City Departments			
City Council	\$2,058	\$2,058	10.00
City Manager	5,172	5,172	19.53
City Attorney/City Prosecutor	6,137	6,137	29.00
City Clerk	2,374	2,842	13.00
Finance	8,894	12,834	73.75
Fire	40,395	40,964	180.50
Information Technology	-	14,743	71.50
Police	62,569	66,660	367.75
Planning & Community Development	7,200	12,968	76.75
Human Resources	3,431	4,191	23.00
Public Health	-	14,370	125.45
Libraries & Information Services	-	13,494	106.95
Human Services & Recreation	9,477	9,477	94.21
Housing & Career Services	-	24,378	48.42
Public Works	21,072	66,234	314.60
Transportation	5,277	31,926	50.00
Water & Power	-	287,581	426.00
Non Departmental ¹	35,459	45,117	-
Department Total	209,515	661,146	2,030.40
Successor Agency to the PCDC	-	43,185	1.00
Citywide Sub-Total	209,515	704,331	2,031.40
Capital Labor Adjustment	-	(26,901)	-
Inter-Departmental Transfers	-	(136,765)	-
Citywide Operating Sub-Total	209,515	540,665	2,031.40
<u>Affiliated Agencies</u>			
Pasadena Center Operating Company	-	19,368	98.00
Pasadena Community Access Corporatio	-	1,115	16.00
Rose Bowl Operating Company	-	41,735	26.00
Affiliated Agencies Sub-Total	-	62,218	140.00
Total Operating Appropriations	209,515	602,883	2,171.40
Capital Appropriations	-	72,320	-
Total Appropriations	\$209,515	\$675,203	2,171.40

¹ Non Departmental includes inter-fund transfers, debt service, and expenses not attributable to a specific department.



First Pasadena Library - 1884

Fundraiser for the First Library – 1885



*First Pasadena Library
Stock Certificate – 1883*

CURRENT ECONOMIC CLIMATE

The national and state economies are expected to continue experiencing slow growth that has existed during the past few years, requiring the City to remain diligent in monitoring its revenues and adjusting expense patterns accordingly.

National Gross Domestic Product (GDP) is anticipated to grow at a rate of 2.9 percent in 2015 as compared to 2.5 percent in 2014, according to the Los Angeles Economic Development Corporation. While this growth rate is better than anticipated in prior forecasts, results from the reductions required by the federal sequestration will continue to impact local programs such as the Community Development Block Grant (CDBG).

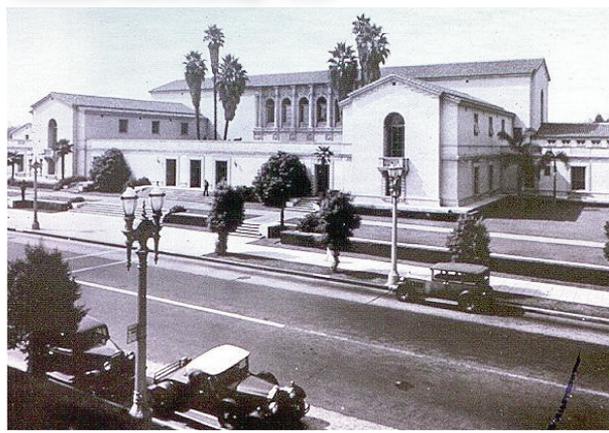
The California economy also continues to improve, according to the State Department of Finance. California’s unemployment rates are at pre-recession levels and total private nonfarm employment has fully recovered, adding more jobs than were lost. The State’s adopted FY 2014/15 budget anticipates a \$3.0 billion year-end fund balance which includes a \$1.6 billion rainy-day reserve.

Prudent actions such as paying down the State’s “Wall of Debt” and building up economic reserves are positive steps to improve the State’s fiscal strength in the



*First Free Pasadena
Library - 1890*

Pasadena Central Library – 1927



coming years. If these plans are realized, local city and county jurisdictions could be spared additional State take-away attempts.

Funding to replace money previously taken from local jurisdictions by the State is not anticipated, however, the State's budget includes repaying outstanding economic development bonds issued in 2004 as a part of the "triple flip" program a year early. This will eliminate the very confusing and complicated "triple flip" calculation and return the full 1 percent point-of-sale sales tax revenues to local government. Eliminating the "triple flip" program could result in a one-time sales tax revenue windfall to Pasadena of approximately one month of collections at the time, or about \$2.6 million. It is uncertain as to the exact amount that will be realized and when it would be received.

The local economy also continues to perform well and there are more signs of renewed economic growth, including increases in retail sales activity, more tourism and business travel activity, lower unemployment rates, and a continued upswing in the residential and commercial real estate markets.

The California Employment Development Department reports that as of March 2014 Pasadena's unemployment rate was 6.6 percent versus 7.6 percent in neighboring

CITY OF PASADENA BUDGET IN BRIEF

Glendale, 7.1 percent in Burbank, 8.7 percent in Los Angeles County, and 8.4 percent for the state of California. This is down for Pasadena from 9.5 percent at the peak of the recession.

Total assessed property valuation for Pasadena in 2013 was \$23.11 billion, up 5.3 percent from the previous year, according to the Los Angeles County Assessor's Office. The increase is part of an overall trend for both residential and commercial property in Pasadena, one of the few regions in Southern California where property values have remained strong and highly desirable even during the economic recession.

In the coming year, Pasadena anticipates the opening of a new hotel; a new Tesla car showroom in the Old Pasadena District and several new high-end gourmet restaurants, fashion stores and retail shops.

Commercial investment is showing signs of improvement. There are five new hotel projects in the planning phase and one under construction. Demand for new residential development remains strong with approximately 1,700 new units under construction or in the planning entitlement process. The first new office project in several years is under construction in the Playhouse District while Lincoln Properties is proceeding with entitlements for an exciting new development with more than 1 million square feet of new residential and commercial space at the Parsons Engineering headquarters site adjacent to Old Pasadena.

Design, high-tech and innovation companies along with academic institutions are continuing to thrive under the new Innovate Pasadena initiative. Pasadena's innovative ecosystem is already home to well over 100 technology, design and innovative start-up companies that are helping to change the way the people of the world live, work, connect and play together.

OVERVIEW OF FISCAL YEAR 2015 ADOPTED BUDGET

The City anticipates key tax revenues—including property tax, sales tax, and utility users' tax—will be approximately 4 percent above the FY 2014 revised estimates. The increase in property tax revenue is partly due to the sunset of SB 481 in December 2014, representing approximately \$1 million to the City.

Transient Occupancy Taxes (TOT) charged to visitors by hotels continues to show improvement over the prior year due to increased tourism, business travel and bookings at the Pasadena Convention Center. The FY 2015 Adopted Budget anticipates that TOT revenues will be approximately 7 percent higher than FY 2014 revised estimates. Overall General Fund revenues, however, are anticipated to only increase 2.5 percent over the prior year.

CITY OF PASADENA BUDGET IN BRIEF

The City also anticipates ending the current fiscal year with positive General Fund net income of approximately \$1 million. This is approximately \$800,000 more than originally anticipated and is due, primarily, to a one-time payment of interest for an outstanding debt due to the General Fund from the Parking Fund.

In order to ensure appropriate revenues from various city services are accurately accounted, a cost recovery policy is being prepared for City Council consideration during the FY 2016 budget process.

General Fund expenses are estimated to increase by 2.5 percent due to increases in contract services and supplies and allocated charges from internal service departments.

FISCAL DRIVERS

The FY 2015 Adopted Budget is influenced by several fiscal drivers noted below that will also continue to influence future budget development.

These fiscal drivers expanded upon over the next few pages include:

- On-going and future increased costs for personnel and pensions.
- Slow revenue growth.
- Aging infrastructure and maintenance costs.
- Pending and future litigation.
- Elimination of redevelopment tools by the State.
- Fallout related to the federal government's budget reductions.
- Replenishing the City's fiscal reserves.

PERSONNEL COSTS

Personnel costs account for approximately 61.9 percent of operating expenses in the General Fund for FY 2015. It is anticipated that planned CalPERS increases not under the City's control could add as much as \$8 million in annual pension costs for Pasadena beginning in FY 2017 (approximately half, or \$4 million, would be in the General Fund). As a result of collaboration negotiations between the City and its various bargaining units all of the City's non-safety employees now contribute 8 percent toward their CalPERS retirement costs, (7.5 percent for PARS members). For sworn employees, 95 percent will be paying two-thirds (about 66 percent) of the employee retirement contribution to CalPERS beginning in FY 2015 and that contribution will increase to their full 9 percent member contribution beginning in FY 2016. The remaining sworn

CITY OF PASADENA
BUDGET IN BRIEF

employees are currently in labor negotiations with the City. Absent our successful, local pension reform, however, the figures noted above would be significantly higher.

Slow General Fund Revenue Growth

Excluding one-time sources, revenue growth in the General Fund has averaged only 2.5 percent during the past two years. Businesses and consumers continue to be cautious about the economy. This is reflected in the fact that while sales tax revenues are up from last year, the dollar amounts are still at FY 2005 levels.

Aging Infrastructure

The current Five-Year Capital Improvement Program (CIP) has identified over \$643 million of necessary projects without identified funding sources. The longer these projects are delayed, the more expensive they become. The CIP is discussed in more detail later in this letter.

Litigation & Impact on Revenues

- **Water Fund Transfers:** On September 30, 2013, a complaint was filed in Los Angeles Superior Court against the City of Pasadena regarding routine transfers from the Water Fund to the General Fund already authorized by Section 1408 of the Charter. The General Fund could sustain a loss of several million dollars per year depending on the outcome of the litigation.
- **Claim for Partial Refund of Water Charges to Customers Outside City Limits:** On March 24, 2014, the City received a claim seeking refunds for charges collected by the City from water customers who live outside the City limits. The City intends to deny the claim and vigorously defend against any litigation. Depending on the outcome, the Water Fund could be facing a loss of up to \$2 million per year.
- **SB 481 Litigation:** As much as \$40 million in General Fund revenue hangs in the balance of a pending State Court of Appeal ruling brought on as part of the State's dissolution of local redevelopment agencies.

Elimination of Redevelopment Tools

In early 2012, the State Legislature eliminated all redevelopment agencies created by California's cities and counties, ending one of the most effective and important economic development tools available to local government. Eliminating local jurisdictions' abilities to use the redevelopment principles of economic incentives combined with tax increment

CITY OF PASADENA
BUDGET IN BRIEF

financing has significantly hampered the economies of California cities and counties and will continue to do so for the foreseeable future.

Federal Sequestration

Although the federal government approved a budget plan, sequestration reductions will remain at least through the current federal fiscal year. Particularly affected by these reductions will be our CDBG program, the Build America Bonds (BAB) subsidy and HOME program funding. Over the last three years, federal funding for these programs has been reduced by almost \$1.7 million.

Replenishment of the City's Reserves

During FY 2009 through FY 2012, the City used approximately \$25 million of its General Fund reserves to cushion the financial impact of the Great Recession on City service levels. Prudent fiscal planning and a commitment in the years leading up to FY 2009 had built up reserves that, absent their availability, would have resulted in catastrophic reductions in service levels that would have significantly reduced Pasadena's quality of life.

As the economy improves and funding becomes available, replenishment of reserves as a hedge against the next, inevitable, economic downturn must be a top priority. Under the assumptions of the budget forecast, very modest amounts should be available through FY 2019 for reserve replenishment in the General Fund and other applicable funds.

Unfunded Liabilities - Other Post-employment Benefits

An actuarial study of Pasadena's Other Post-Employment Benefits relating to retiree health benefit liability was completed in 2014, reflecting a July 1, 2013 valuation date.

The report determined that Pasadena's actuarial liability was approximately \$35.8 million based on a 25-year amortization period. The annual required contribution (ARC) to address this liability was determined to be approximately \$2.9 million. Pasadena is currently using a pay-as-you-go methodology and is only paying about \$580,000 per year toward paying down the unfunded liability. The current General Fund Five-Year Forecast assumes additional annual payments toward the ARC beginning in FY 2016 of \$200,000 and increasing to \$1 million in FY 2019. Although better than the current methodology, this amount still will not totally fund the future anticipated liability and will need to be revisited.

CITY OF PASADENA
BUDGET IN BRIEF

GENERAL FUND 5-YEAR FINANCIAL PLAN

A major factor in ensuring that Pasadena remains diligent in maintaining financial stability is long range planning. The General Fund 5-Year Financial Plan, initiated in FY 2009, was developed to address this objective. The General Fund 5-Year Plan is continually revised based on analysis of current trends to help minimize reactionary decisions that may negatively impact financial stability. The table on the following page provides a summary view of the updated General Fund 5-Year Financial Plan and has been updated to reflect the revenue, cost and service level estimates from the FY 2015 Adopted Budget.

TABLE 4
GENERAL FUND 5-YEAR FINANCIAL PLAN

	FY 2015 Adopted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
	\$'s in thousands				
Beginning Amount Available for Appropriations	\$8,995	\$9,073	\$10,000	\$11,965	\$12,277
REVENUES					
Tax Revenues	139,150	147,108	153,116	158,131	164,234
Other Revenues	70,443	70,664	72,858	74,505	76,808
TOTAL REVENUES	209,593	217,772	225,974	232,636	241,042
EXPENSES					
Personnel	129,732	134,706	140,644	146,904	153,370
Debt Service	13,828	15,691	15,691	15,691	15,691
Contributions to Other Funds/Misc	13,599	13,140	13,301	14,268	14,847
Other Expenses	52,356	53,308	54,373	55,461	56,571
TOTAL EXPENSES	209,515	216,845	224,009	232,324	240,479
Net Income/(Loss)	78	927	1,965	312	563
Ending Amount Available for Appropriations	\$9,073	\$10,000	\$11,965	\$12,277	\$12,840

CITY OF PASADENA
BUDGET IN BRIEF

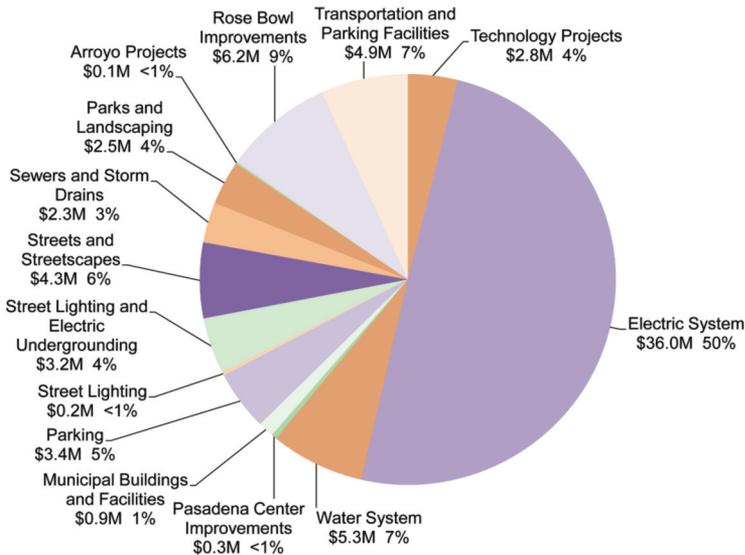
FY 2015 – FY 2019 CAPITAL IMPROVEMENT PROGRAM

Protecting, maintaining and replacing the City’s infrastructure such as roads, bridges, parks, public buildings, utility systems and parking facilities is one of the most important aspects of running an efficient, responsible City. Pasadena will continue with both major and minor infrastructure improvements through the City’s FY 2015 – FY 2019 CIP. The CIP is the fiscal blueprint for new construction and major maintenance projects designed to protect and preserve the infrastructure that contributes to the City’s outstanding quality of life.

The current five-year plan includes 226 active projects with a total estimated cost of \$901.1 million. Additionally, there are 183 identified projects totaling \$551 million in the Future Projects section, bringing the total amount of unfunded projects to \$643 million. Identifying these projects as part of the program allows staff to pursue funding opportunities when, and if, they become available.

For FY 2015, the CIP includes \$72.3 million in appropriations for 79 projects, including 15 new projects. The following graphic illustration shows FY 2015 appropriations by project category.

**CHART 4
FY 2015 CAPITAL IMPROVEMENT APPROPRIATIONS BY CATEGORY**



CITY OF PASADENA
BUDGET IN BRIEF

In addition to the City Council's Strategic Plan goals previously noted, the following criteria is also used for developing and prioritizing the CIP:

- Safety concerns.
- Maintenance efforts are no longer satisfactory and maintenance costs exceed replacement costs.
- Existing facility or system no longer meets demand.

The City's Water and Power Department (PWP) continues to be proactive in making infrastructure investments as approved under the Electric Distribution System Plan, the Energy Integrated Resources Plan, Water Distribution System Master Plan, and the Water Integrated Resources Plan.

These investments not only protect the City's valuable investment in its utility infrastructure, but also help improve water quality, supply and reliability for customers as well as water well production capacity. The system improvements also reduce dependency on imported purchased water and meet California's conservation requirements.

In FY 2015, the City anticipates completion of the Well Collector Pipeline project and to continue work on the Recycled Water project and the seismic retrofit of reservoirs.

PWP also will continue to explore projects and negotiate cost-effective contracts to augment its renewable portfolio standard and manage its California Greenhouse Gas (GHG) obligation through participation in the GHG Cap and Trade program.

PWP's Repowering Project will begin in FY 2015 with construction of a 71 MW combined cycle electric power generating unit to replace an old steam-powered boiler unit.

The complete FY 2015 - FY 2019 CIP document is posted on the City's website under the Public Works Department pages at: www.cityofpasadena.net/PublicWorks

CITY INVESTMENTS

The City seeks to efficiently manage its cash and liquid assets to make sure the assets are not idle, and earn investment income to enhance the economic position of the City. The manner in which the City invests must comply with the law, and must ensure sufficient readiness of cash to meet current obligations.

The City's goal is to protect its assets and meet all of its numerous obligations. All moneys are invested safely and placed in investments which have a stated maturity date and maturity amount. The City always purchases securities with a maturity of five years or less, unless specifically authorized by the City Council.



La Pintesca Branch Library - 1990

The City audits its portfolio's compliance with State Government Code and the City Investment policy, and has charged its Certified Public Auditor with annually reviewing the portfolio for compliance with the City's Investment policy.

Total funds under management as of June 30, 2014:	
Pooled Investment Portfolio	\$322,281,962
Capital Endowment Portfolio	2,424,832
Power Reserve Portfolio	67,193,320
Special Funds	87,378,869
Investments Held by Trustee	67,334,376
Total Funds under Management	<u>\$546,613,359</u>

A LOOK AT THE CITY'S INVESTMENT PORTFOLIOS

The following figures illustrate how the City invests surplus fund moneys in each of its pooled investment portfolios. The information provided is as of June 30, 2014. The amount of total excess funds held by the City changes daily based upon City revenue deposits, purchase orders, expenditures and other obligations which affect current liabilities and the liquidity needs of the City, and the timing of the maturity of held securities.

CITY OF PASADENA
BUDGET IN BRIEF

CHART 5
POOLED INVESTMENT PORTFOLIO: \$322.3 MILLION

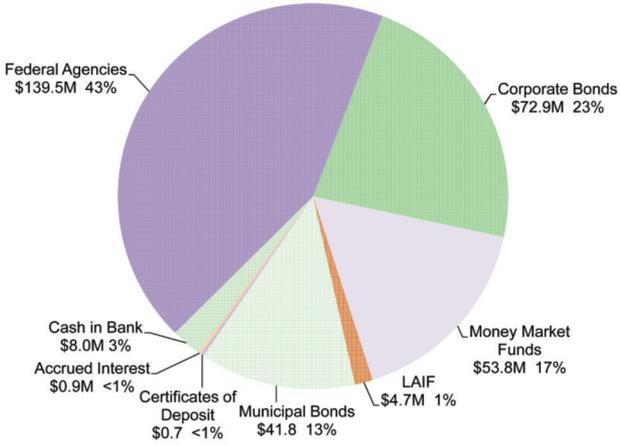
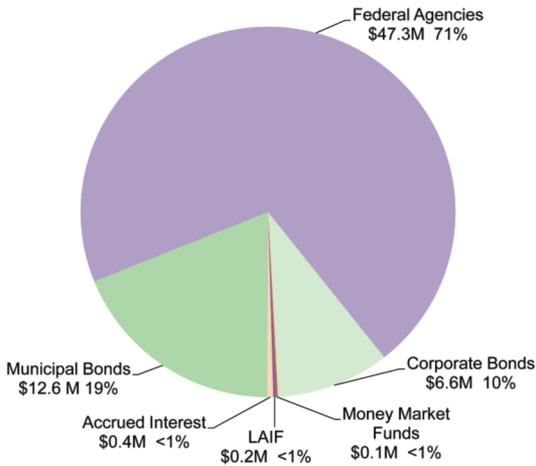


CHART 6
POWER RESERVE PORTFOLIO: \$67.2 MILLION



CITY OF PASADENA
BUDGET IN BRIEF

LOOKING TO THE FUTURE

Pasadena has a rich history and a bright future. Under the City Council's leadership, Pasadena has achieved remarkable success and has overcome many of the recent financial challenges that have stymied other cities and counties across the country.

Over the past five years, the City has successfully faced these daunting challenges, and, as a result, Pasadena is looked upon as a national role model for prudent fiscal planning, local pension reform and sound, well-timed investments in infrastructure that makes it the envy of many local jurisdictions. Our policies and budget planning are now beginning to show a significant return on our efforts as Pasadena has been clearly identified and branded as a premier locale for private sector investment and development; a top business travel and tourism destination and a perfect setting for cultural and artistic endeavors.

While acknowledging our success is important, it is vital that the City remains true to the policies, goals and values that have allowed us to maintain strong fiscal health. The City must also continue to address a wide variety of infrastructure-related projects and funding issues to protect our valued quality of life.

Another positive outcome from the past financial challenges has been for the City to reinvigorate its emphasis on organizational efficiency and to recognize the value of our most important resource: the men and women who work for the City and who make Pasadena a world-class city.

FURTHER INFORMATION

For more detailed information, copies of the complete FY 2015 Adopted Budget and the FY 2015 – FY 2019 CIP are available for inspection at the City's main and branch libraries and may be purchased from the Department of Finance, 100 N. Garfield Ave., Room S345, (626)744-4355. A complete copy of the budget document may also be found at www.cityofpasadena.net.

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