



OFFICE OF THE CITY MANAGER

November 19, 2015

To the Honorable City Council
of the City of Pasadena

Mayor and Councilmembers:

WEEKLY NEWSLETTER

1. Preparations for El Niño:

Scientists are predicting that this winter's El Niño could be among the most powerful on record, far surpassing the events of 1997. Locally, plans to address possible impacts on residents, businesses and City operations have been developed and a robust public information campaign has been launched to disseminate valuable information (as referenced in the most current publication attached). Staff has also been actively engaged in regional planning efforts as well. The following briefly summarizes some of the notable actions taken by the City:

- Inspection and cleaning of storm drains
- Accelerating dead tree removals and augmenting the Public Works Department's ability to respond to emergency tree removals
- Updating the City's Emergency Operations Plan which has been approved by the State Office of Emergency Services
- Ensuring readiness of the City's Emergency Operations Center
- Make sandbags available to the public at Fire Station 37 located at 3430 E. Foothill Blvd., Fire Station 38 located at 1150 Linda Vista Ave., and Victory and Robinson Park
- Assessment of Water and Power facilities likely to be exposed to flood, mud, or debris damage and development of advanced mitigation efforts
- City facilities and equipment including the emergency radio system have been inspected to ensure optimal readiness
- Plans to rapidly expand the 311 Call Center operations to 24-hour operations if necessary have been developed
- A multi-department emergency operations exercise simulating a flood scenario will be conducted on December 10th
- Potential properties that could require evacuation due to storm events have been identified and pre-populated into the City's emergency notification system (PLEAS)
- Inspections to ensure construction sites are prepared to prevent mud and debris from flowing into the street and nearby areas have been completed

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- Agreements for heavy equipment rentals, debris cleaning and pumping services should they be needed have been established
- In coordination with American Red Cross, two new potential shelter sites in the event of evacuations have been inspected
- Participated in regional meeting with Los Angeles County Public Works Department

Public outreach efforts to date have included:

- Mailing of a special edition of Pasadena in Focus to 75,000 residents and businesses with emergency preparedness information, including “Red/Green” signs to use for help in an emergency. Additional emergency preparedness information will also be included in the December Pasadena in Focus
- Developed of an El Niño information web page (<http://cityofpasadena.net/Fire/ElNino/>) with links to many other resources
- Hosting numerous El Niño seminars and presenting at outreach meetings including Council district meetings, larger local institutions, neighborhood groups, business organizations, and schools
- Distributing important information regarding bad weather shelters for the homeless in Pasadena, Glendale and East San Gabriel Valley
- Display of El Niño preparedness information at all library sites

These efforts will continue throughout the fall and winter months and the City will respond appropriately to events as they occur.

2. Successful Refinancing of City’s 2008 COPs:

Matthew Hawkesworth, Director of Finance is pleased to report that the City successfully sold its Certificates of Participation (COPs) to refinance the City’s prior 2008 COPs. The COPs were sold during a time when interest rates were at near historic lows. Market conditions had deteriorated over the course of the financing program for the issuance of the 2015 COPs refinancing, but the City was able to successfully lock in a cost of funds rate which was lower than expected.

The long-term, tax-exempt interest rate index (“AAA” MMD) increased by 0.13 percent, from 3.06 percent when the City Council approved the refinancing on October 26, 2015 to 3.19 percent on the day that the issue sold. The rise in interest rates was driven largely by the Bureau of Labor Statistics November 6, 2015 report stating that the economy had added 271,000 jobs in October (2015), marking the fastest pace growth in jobs this year and exceeding the expectation of 182,000. The release of data suggesting an improving U.S. economy combined with the expectation that the Federal Reserve will increase rates at its next meeting in December has caused interest rates to rise in both the U.S. Treasury market and the municipal market.

Despite the rise in interest rates, the City locked in an average borrowing cost of 3.44 percent, lower than anticipated, and will save more than \$158,000 per year through 2018 and \$214,000 thereafter through 2038, the final term of the 2015 COPs. Over the life of the bonds, the City is projected to save \$4.75 million in total debt payments. In today’s dollars (net present value), this translates into over

\$3.67 million in savings (equal to 6.08 percent of the refinanced principal amount). These savings compare favorably to the 5.7 percent projected savings discussed at the October 26th City Council meeting, the details for which are shown in the attached memorandum:

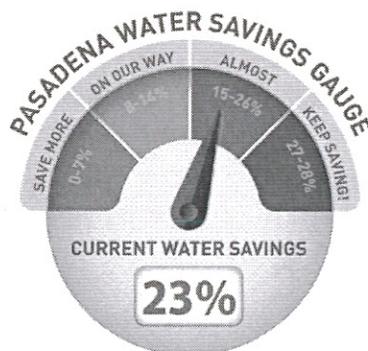
3. Pasadena's Water Conservation Progress at 23%: June 1 – November 11, 2015:

With fall in full swing, the Pasadena Water Savings Gauge is holding at 23% conservation. This percentage puts the city 5% under its 28% conservation mandate set by the State Water Resources Control Board ("SWRCB"). Since the City Council implemented the Level 2 Water Supply Shortage Plan in June 2015, Pasadena has saved more than 1.3 billion gallons of water. However, in order to meet the 28% goal, greater water conservation is needed. The gallons of water saved and the 23% conservation data are cumulative results based on water usage by all Pasadena Water and Power ("PWP") customers from June 1 through November 11, 2015.

Each month, the SWRCB compares residential and commercial water use by urban water suppliers and compares it with their use for the same month in 2013 to determine if the water suppliers are on track for meeting their conservation goal. The SWRCB mandated that cities must reach and maintain their conservation goal from June 1, 2015 through Feb 28, 2016 or face fines of up to \$10,000 a day.

On November 1, the City resumed its one day per week fall/winter watering schedule. Specifically, **Pasadena's fall/winter outdoor watering schedule runs November 1 through March 31, and limits outdoor watering to one day per week on Saturdays only.** City officials hope to achieve additional water savings through the one day watering schedule. (Please note that the fall/watering schedule was also one day per week in 2014 under the Level 1 Water Shortage Supply Plan.)

Additionally, feedback from the community indicates that water wasting is occurring as a result of some residents irrigating more frequently than the designated watering days in the early hours before the sun rises. As a result, the City expanded its water waste enforcement to include early morning patrols.



Data from June 1 – Nov. 11, 2015
More conservation is needed!
Help us get to 28% to avoid State fines.

For a weekly status on how much water Pasadena has conserved to date, the water savings gauge is posted to the city's website <http://www.CityofPasadena.net>, and can also be seen on KPAS during the Pasadena City Council meetings. Residents, visitors and businesses can also report water waste by calling the Pasadena Citizen Service Center at (626) 744-7311, reporting online at <http://cityofpasadena.net/CSC> or using the City's free app for smart phones and tablets. Links for all devices are available at <http://www.cityofpasadena.net/CSC/Mobile-App/>. To view a complete list of water restrictions or to learn how the water conservation goals are established, visit <http://www.cityofpasadena.net/waterandpower/SaveWater/>

4. Local Benefits Status on Affordable Housing Construction Projects:

According to William K. Huang, Director of Housing and Career Services, as of October 15, 2015, the local benefits during construction for affordable housing projects are as follows:

Mar Vista Union Apartments

	Required	Actual
Local Hire	15%	27.22%

Heritage Square Apartments

	Required	Actual
Local Hire	20%	35.25%
Local Subcontracting	20%	61.99%
Local Procurement	20%	63.47%

5. November 2015 Issue of Glenarm Repowering Project Community Newsletter

The November 2015 edition of the *Powering Pasadena* newsletter is now available online and will be mailed to PWP customers within a quarter mile radius of the Glenarm Repowering Project construction site. This month's issue includes a description of heavy equipment installation, local hiring highlights, a project timeline, construction photos and frequently asked questions.

Breathing new life into the 107-year-old facility is a major goal of PWP's long-term power-supply plans. According to Eric Klinkner, Interim General Manager, the project will replace the 50-year-old Broadway 3 plant with an efficient new 71 Megawatt natural gas-fired combined cycle plant, dubbed GT-5 (or Gas Turbine 5). A steam turbine will use the waste heat from a gas turbine engine (similar to those found on 757 or 767 jet airplanes) to produce electricity, a process that is twice as efficient as the steam boiler equipment installed at the plant in the past. The project is on target for completion in late spring 2016. Details about the Glenarm Repowering Project and copies of the newsletter are available at <http://www.cityofpasadena.net/waterandpower/GT5/>

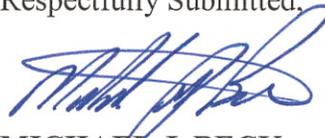
6. Water Capital Improvement Charge Public Hearing Scheduled for January 11, 2016

According to Eric Klinkner, Interim General Manager, the City Council will hold a public hearing on January 11, 2016 to receive public comment and consider whether to implement a proposed average increase of \$0.45 per hundred cubic feet to the Water Capital Improvement Charge ("CIC") on

customers' water bills. The CIC provides revenue for capital investment in the water production and delivery systems, including water main replacements, seismic and efficiency improvements to reservoirs, upgrades and rehabilitation of pumping stations and equipment and other infrastructure improvements as necessary to ensure consistently high system reliability and water quality.

If approved, the new CIC rate will become effective on January 18, 2016 or as soon as practicable thereafter. Additionally, an adjustment to the CIC rate will be determined by the formula following adoption of the fiscal year 2017 capital budget and implemented by July 1, 2016. A copy of the Notice of Public Hearing that will be sent to all service area property owners on or before Monday, November 23 is attached and may also be found on the City's website at <http://cityofpasadena.net/waterandpower/water-rates/>.

Respectfully Submitted,



MICHAEL J. BECK
City Manager

/attachments



CITY OF

PASADENA



Weather forecasters and scientists are predicting that the upcoming El Niño weather conditions could bring significant, heavy rains and severe storm conditions that will impact Southern California with flooding, mud slides, wind damage and related emergency conditions such as power outages and damage to property. The City of Pasadena is actively preparing to meet the challenges of El Niño and City public safety officials urge all residents and businesses to do this same.

Whether it's an El Niño event, major earthquake or other emergency, all residents and businesses should have enough food, water and other emergency supplies to last them from three days to a week, or longer, in response to a widespread disaster. The next major storm, earthquake or human-caused emergency **will** happen. It is not a matter of "if" but "when" that disaster will occur. All members of your family, including pets, need to be prepared at home, in the car, and at work.

BEFORE THE STORM

- Make emergency kits for home, work & car.
- Have home supplies for every member of your household, including pets, for up to one week.
- Emergency supplies include non-perishable food; water; medicine, first aid & personal hygiene products; flashlights; battery-operated radio; extra batteries; solar chargers; clothing & gloves. You need one gallon of water per person, per day.
- Your pets need food, a collar, leash, ID and carrying devices for transport or co-location at an emergency shelter. Consider microchipping your pets.
- Make copies of critical documents such as insurance, bank accounts, credit cards, passports, birth and marriage certificates.
- Consider keeping a small amount of cash in small bills with your supplies as teller machines or banks may not be open.
- Build up supplies with additional food and water, games or books for children, tools, emergency shelter materials and tarps.

PROTECT YOUR PROPERTY

- Review and update all insurance policies.
- Consider buying flood insurance; take photos to document property & possessions in "before" condition.
- Inspect entire yard area for dead trees or dead limbs, yard debris, outdoor furniture, or objects easily blown by storm winds.
- Do not over-trim trees; improper pruning makes trees more vulnerable. Do not trim trees on a ladder without help; consider hiring a professional.
- Inspect & repair retaining walls & slopes. Water should drain away from home.
- Clean all drains and gutters. Do not clean gutters on a ladder without a spotter; consider hiring a professional
- Adjust outdoor irrigation systems now to water only once per week.
- Inspect roof, or hire a roofing contractor, for conditions. Make repairs now.
- Beware of scams and con artists. Check www.cslb.ca.gov to verify contractors. Call Pasadena Police at (626) 744-4241 if you suspect a scam.

IMPORTANT PASADENA PHONE NUMBERS:

FOR ALL LIFE-THREATENING EMERGENCIES: 9-1-1
PASADENA CITIZEN SERVICE CENTER /GENERAL INFO: (626) 744-7311
REPORT POWER OUTAGES: (626) 744-4673
REPORT WATER OUTAGES: (626) 744-4138
REPORT GAS OUTAGES: (800) 427-2200
"SEE SOMETHING, SAY SOMETHING" TO POLICE: (626) 744-4241

STAY CONNECTED & INFORMED

WWW.CITYOFPASADENA.NET *** WWW.CITYOFPASADENA.NET/FIRE/ELNINO

Facebook Page: www.facebook.com/cityofpasadena

City Main Twitter Site: [@PasadenaGov](http://www.twitter.com/pasadenagov),
Water & Power (PWP) Twitter: [@PWPnews](http://www.twitter.com/PWPnews)

National Weather Service: www.weather.gov/losangeles www.elnino.noaa.gov

KPAS, the City of Pasadena TV station, operated by Pasadena Media, is seen on Channel 3 by Charter cable TV subscribers and Channel 99 for AT&T U-verse subscribers. View KPAS online at www.cityofpasadena.net/Media and at www.pasadenamedia.tv

SAND BAGS



Free sand and sandbags for Pasadena residents are available now at:

**Fire Station 37, 3430 E. Foothill Blvd.
Fire Station 38, 1150 Linda Vista Ave.**

Sand and sandbags for residential use only. Be prepared to show ID. You can fill and take 10 bags per trip. Please be careful where you park when you come to get your sand & sand bags.

The City has pre-identified locations at Victory Park and Robinson Park where additional sand and sand bags will be made available should they be needed. Information will be posted to www.cityofpasadena.net/Fire/ElNino with additional sites when activated.

DURING A STORM



- Avoid areas subject to flooding.
- Never walk or drive into flowing water or flooded areas higher than your ankles.
- Stay away from all downed power/utility lines and report them to 9-1-1.
- Call (626) 744-7311 to report street flooding or clogged storm drains.
- Monitor news media, Internet and City info sites for emergency updates & weather conditions.
- Be prepared to evacuate if necessary.
- After the storm, check home or business for damage and make immediate repairs.
- Inspect & repair any sandbag sites.
- Make sure rain gutters & drains are clear.

REGISTER FOR "PLEAS" – THE CITY ALERT SYSTEM

Everyone who lives or works in Pasadena should sign up today for alerts, Red Flag announcements and other emergency information from the City by joining the Pasadena Local Emergency Alert System, or PLEAS. PLEAS uses both text and voice messages. Phone subscribers receive a message with the latest information and safety instructions—*that must be listened to in its entirety or the system will call you back.*

Go to www.cityofpasadena.net/Fire/PLEAS to register your phone today.

The City of Pasadena has been actively preparing to meet the challenges of El Niño and continues to prepare. Key steps the City is taking to help protect residents, businesses, City roads and facilities include:

- Test City Emergency Operations Center readiness & staff with training exercise on El Niño flood conditions
- Update City Emergency Operations Plan; complete risk assessment on City facilities and utilities
- Clean out & repair storm drains, catch basins & culverts; televise key sites prone to historic flooding
- Trim City trees, increase removal of dead trees, augment Public Works Dept. plans for tree emergencies
- Stockpile & pre-stage emergency supplies and sandbags; pre-approve vendor contracts for clean-up help
- Establish and supply Disaster Information Sites at all City fire stations for emergency public information
- Complete plans to rapidly expand Citizen Service Center to handle public calls 24/7
- Train City staff in operation of emergency evacuation shelters; identify two new shelter locations
- Create special El Niño web page and public info displays at all branch libraries for public education
- Purchase additional technology for City facilities during extended network outages
- Ensure City's emergency radio system fully operable
- Expedite any needed exterior repairs to City buildings & roofs; ensure construction sites prepared for storms
- Ensure all City vehicles, especially public safety and heavy duty utility trucks are in full operational condition
- Increase coordination with Red Cross, LA County & state agencies; host ongoing El Niño public meetings
- Identify critical potential evacuation sites & register into City's emergency notification (PLEAS) system



November 18, 2015

TO: Michael Beck
City Manager

FROM: Matthew E. Hawkesworth
Director of Finance

SUBJECT: Successful Refinancing of City's 2008 COPs

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principal amount). These savings compare favorably to the 5.7 percent projected savings discussed at the October 26th City Council meeting, the details for which are shown below:

	Benchmark Index	Actual Borrowing Cost	Annual Savings through 2018	Annual Savings 2019 - 2038	Total Debt Payment Savings	Present Value Savings (\$)	Present Value Savings (%)
October 26 (Council Meeting)	3.06%	3.50%	128,000	207,000	4,460,000	3,140,000	5.70%
November 12 (COPs Sold)	3.19%	3.44%	158,000	214,000	4,750,000	3,670,000	6.08%
Improvement	-0.13%	0.06%	30,000	7,000	290,000	530,000	0.38%

Highlights of the sale and reasons why investors were willing to accept low interest rates for the City's bonds are summarized below.

- Confirmation of the City's "AAA" and "AA+" issuer ratings from S&P and Fitch, respectively;
 - Factors for the ratings included strong management and policies, improved reserves, strong liquidity, and strong budgetary performance and flexibility;
- Strong demand for the City's COPs (\$272,390,000 of investor orders compared to \$54,880,000 of COPs available for purchase which made the COPs five times oversubscribed);
- Significant level of orders for more COP bonds than were available allowed for a repricing to lower interest rates;
- Investor base included more retail funds than professional institutional bond funds; and
- Purchase of open market securities for the refinancing escrow (as opposed to low-yield funds typically used by the industry) further increased savings by over \$100,000.

The groundwork for the successful sale of the City's COPs to investors came through the prior months of work by City staff and the City's finance team.

Closing is scheduled for Wednesday, December 2, 2015.

Attachments: 2

- 1) Fitch Ratings
- 2) Standard & Poor's Ratings

FITCH RATES PASADENA, CA'S RFDG COPS 'AA'; OUTLOOK STABLE

Fitch Ratings-San Francisco-28 October 2015: Fitch Ratings has assigned an 'AA' rating to the following Pasadena, CA (the city) obligations:

--\$55.3 million refunding certificates of participation (COPs) series 2015A.

The bonds are expected to sell via negotiation the week of November 16. Proceeds will be used to refund COPs, series 2008C to achieve debt service savings.

In addition, Fitch affirms the following ratings:

- Implied general obligations (GO) at 'AA+';
- \$123 million taxable POBs, series 2015A & B at 'AA';
- \$159 million lease revenue bonds, series 2010A, 2010B, 2010C, 2010D, issued by the Pasadena Public Financing Authority, at 'AA';
- \$174 million COPs, series 1993, series 2006A, series 2008A & B & C at 'AA';
- \$25.9 million taxable lease revenue refunding bonds (Paseo Colorado parking facilities) series 2008 at 'AA-';
- Paseo Colorado parking facilities taxable lease revenue refunding bonds, series 2008 bank bonds at 'AA-'.

The Rating Outlook is Stable.

SECURITY

The lease revenue bonds and COPs are secured by lease payments made by the city from all legally available funds for the use and occupancy of a variety of leased assets. The city covenants to budget and appropriate annually for debt service, subject to abatement if the facilities are not available for full use and occupancy. The bonds are also covered by standard rental interruption insurance. Proposed amendments associated with the issuance of series 2015A COPs include elimination of the reserve fund requirement, and elimination of the right to take possession of and re-let the leased property.

The POBs are unconditional obligations of the city. The bonds are not secured by the city's taxing authority.

KEY RATING DRIVERS

SOLID FINANCIAL PERFORMANCE: The city's diverse revenue base and prudent budgeting practices have produced four consecutive years of general fund surplus operations. The city projects continued positive operating performance over the next five years, which is supported by the city's demonstrated ability to make significant expenditure reductions to preserve financial margins.

ROBUST RESERVES: The city maintains a healthy financial cushion aided by financial policies approved by city council. The city estimates the unrestricted general fund balance at over 30% of spending at year-end fiscal 2015. Liquidity levels remain solid.

WEAK DEBT PROFILE: The city's debt profile is characterized by a slow amortization rate, high debt per capita, and above-average exposure to variable-rate debt and interest rate swaps.

RESILIENT ECONOMY: Pasadena's diversified local economy, which has an educated workforce, above-average wealth levels, and growing tax base, is a key credit strength. Significant commercial and residential development activity is on-going and planned for the city, which should support additional growth in assessed values (AV) over the near term.

SECURITY CHARACTERISTICS: The ratings reflect the city's general credit characteristics as well as the security features supporting the POBs, lease revenue bonds, and COPs.

RATING SENSITIVITIES

CONTINUED POSITIVE TRAJECTORY: The ability to achieve stable-to-positive operating results while increasing financial reserves to offset risks associated with the city's debt profile could lead to positive rating action over the next few years.

CREDIT PROFILE

Pasadena is a mature, built-out community with a population of approximately 140,000. It covers about 23 square miles 10 miles northeast of Los Angeles.

SOLID FINANCIAL PROFILE

The city estimates an operating surplus (after transfers) of \$9.5 million or 4.5% of spending for the fiscal year that ended on June 30, 2015 versus \$4.8 million estimated in April. The surplus marked four consecutive years of positive financial margins, reflecting the significant budget adjustments that were implemented from fiscals 2008 through 2013. Over this time period, operating expenditures were reduced by approximately 4.3% through workforce reductions and by other means to structurally balance the city's financial operations.

Financial performance is supported by the city's diverse revenue base. Taxes comprised approximately 66% of total general fund revenue in fiscal 2014 with property tax (23%), sales tax (17%), and utility user tax (15%) as the primary revenue sources.

The city also benefits from relatively high transfers in from the city-owned power fund, which contributed \$14.5 million or approximately 6.8% of fiscal 2014 total general fund revenue. The city's transfer from the water fund, which has historically been much smaller than the power fund transfer, was reduced starting in fiscal 2015 as part of a settled lawsuit brought against the city. Fitch expects the overall impact from the modest \$1.7 million reduction in the transfer amount to be manageable.

Management's five-year financial forecast reflects the expectation of positive operating results through fiscal 2020. The projections include reasonable expectations for revenue growth and a conservative decision not to include potential new sources of revenue. For example, the forecast does not include the city's share of property tax revenue from an expired redevelopment area which could amount to several million dollars annually.

The city's unrestricted general fund reserve increased to an estimated \$67 million or over 30% of spending in fiscal 2015. The reserve has not dipped below 19.5% in the last seven years. Reserves are expected to increase due in part to a city council-adopted policy to raise the emergency reserve (a portion of the unrestricted general fund reserve) to 20% from 10% of appropriations. The city achieved a 15% level in fiscal 2015 and plans incremental increases going forward. Fitch views the policy and the city's general trend towards higher reserve levels positively.

WEAK DEBT PROFILE

The city's debt profile remains weak with high-to-moderate overall debt levels, significant exposure to variable-rate debt, and a slow amortization rate. Overall debt metrics are high on a per capita basis at \$6,780 and midrange relative to AV at 3.7%.

The debt burden includes approximately \$415.8 million of general fund-backed debt that is supported by non-general fund revenue including hotel taxes and operating revenue of the conference center, Rose Bowl, and municipal parking system, providing some relief to the general fund. Debt service coverage from these sources is generally very thin, however, even with very slow amortization. A decrease in those revenue streams could pressure the general fund budget given the city's relatively limited ability to increase traditional general fund revenue sources. Carrying charges on this debt are approximately \$21.7 million in fiscal 2016 or roughly 9.75% of budgeted general fund spending.

The city also has an above-average degree of variable-rate debt, which exposes the city to the possibility of unexpected financial demands. Approximately 27% of outstanding debt is variable rate and synthetically fixed; an additional 4% is outstanding in a variable-rate mode and is unhedged. The city expects to discharge the unhedged portion of its debt in the next year or so with the sale of the parking facilities financed with that obligation.

SB 481 LITIGATION & FPRS

The city has benefitted from Senate Bill 481 (SB 481), passed in 1987, which permitted the use of annual tax increment revenue from the city's Downtown Project Area to support the Fire and Police Retirement System (FPRS) through Dec. 31, 2014. SB 481 funds were sufficient to make supplemental payments to the pension system and pay the annual debt service on outstanding POBs, along with generating a reserve of approximately \$40 million for POB repayment.

The ability of the city to use the \$40 million reserve to pay down a portion of the POBs is currently uncertain, however, following the state's decision that SB 481 payments do not qualify as 'enforceable obligations', thereby preventing the revenue from going to the city. Litigation between the city and the state most recently resulted in the state's successful appeal of an initial ruling in favor of the city. The city has since appealed that decision, and expects a resolution in 2016. The funds are currently being held by the county. If the city is ultimately unsuccessful, the tax will be distributed to the applicable participating agencies, including the city whose share is estimated at \$8.4 million.

While Fitch views the accumulated funds under SB 481 as providing a potentially significant benefit to the city, an unfavorable court ruling would not be detrimental to the rating as the city's rating reflects the already elevated debt levels.

The city participates in both FPRS and CalPERs to provide pension benefits for retirees. Positively, the funded position of FPRS has improved, with the most recent actuarial study (June 30, 2014) showing a funded ratio of 81.6%. Contributions to CalPERs are expected to continue to increase over the near term and the increases are incorporated into the city's financial projections.

DIVERSE ECONOMY AND RESILIENT TAX BASE

The city benefits from the presence of several colleges and universities, above-average education levels, and a diversified employment base representing several industries, including high tech, finance, research, tourism, and education.

City management estimates that Pasadena's population roughly doubles during the daytime as the city serves as a regional employment center. This positive credit characteristic supports revenue growth for the city as well as employment opportunities for its residents. Over the past couple

of years, the city has benefitted from above-average employment and labor force growth. The unemployment rate, which stood at 5.5% as of September 2015, is modestly below that of the state (5.9%) and above that of the nation (5.1%).

Positively, the city's primary industries tend to support higher-income jobs, which is reflected in the city's socioeconomic indicators. City residents exhibit above-average wealth levels with per capita and median household income at 146% and 130%, respectively, of the national average. Education levels are also above average with approximately 22% of city residents holding an advanced degree compared with the national average of 10.8%.

GROWING TAX BASE

The tax base benefits from its diversity and resiliency. With the exception of a very modest 0.2% decline in AV in fiscal 2010, AV has increased annually over at least the last decade. Most recently, AV grew by 6.6% in fiscal 2016 from a combination of new development and rising property values.

Fitch expects AV levels to continue growing at a modest rate over the near term given the number and scope of current and planned development projects within the city and the continued positive employment growth in the area. Several new hotels, nearly 1,700 residential units, a large-scale mixed-use project, and several new commercial and retail developments are among the various on-going and planned projects in the city.

Contact:

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Additional information is available at 'www.fitchratings.com'.

In addition to the sources of information identified in Fitch's Revenue-Supported Rating Criteria, this action was additionally informed by information from Creditscope.

Applicable Criteria

Exposure Draft: U.S. Tax-Supported Rating Criteria (pub. 10 Sep 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869942

Tax-Supported Rating Criteria (pub. 14 Aug 2012)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686015

U.S. Local Government Tax-Supported Rating Criteria (pub. 14 Aug 2012)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=685314

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RatingsDirect®

Summary:

Pasadena, California; Appropriations; General Obligation; Joint Criteria

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Table Of Contents

Rationale

Outlook

Related Criteria And Research

Summary:

Pasadena, California; Appropriations; General Obligation; Joint Criteria

Credit Profile

US\$55.3 mil certs of part ser 2015A due 06/30/2038

Long Term Rating

AA+/Stable

New

Rationale

Standard & Poor's Ratings Services assigned its 'AA+' rating to Pasadena, Calif.'s 2015A refunding certificates of participation (COPs). At the same time, Standard & Poor's affirmed its 'AAA' issuer credit rating (ICR) on the city. In addition, Standard & Poor's affirmed its 'AA+' long-term rating and underlying rating (SPUR) on the city's COPs and pension obligation bonds (POBs) outstanding. Also, Standard & Poor's affirmed the long-term component of its dual rating on the city's series 2008A bonds (AAA/A-1). The 'A-1' short-term component of the rating remains unchanged. Finally, Standard & Poor's affirmed its 'AA+/A-1' rating on Pasadena Public Financing Authority's series 2008 variable-rate demand lease revenue refunding bonds, issued for Pasadena. The outlook is stable.

We rate the city higher than the nation because we believe Pasadena can maintain better credit characteristics than the nation in a stress scenario, based on its predominantly locally derived revenue base and our view that pledged revenue supporting debt service on the bonds is at limited risk of negative sovereign intervention. In fiscal 2014, local taxes generated 91% of city revenue, which demonstrated a lack of dependence on central government revenue.

The 2015 bonds are being issued to refund the city's 2008C COPs for debt service savings. Payments on the COPs come from base rental payments made by the city, as lessee, to the Pasadena Public Financing Authority, as lessor, for the use of various leased assets. Under the sublease agreement, the city covenants to annually budget and appropriate lease payments for the use of the leased property. Base rental payments are subject to abatement for damage or destruction, which we believe is partly mitigated by the city's covenant to maintain business interruption insurance sufficient to cover rent for 24 months. The assets are consistent with our seismic risk assessment during the life of the bonds. The city also maintains a debt service reserve fund based on maximum prospective annual rental payments, 10% of the outstanding principal amount of the certificates, or 125% of the average annual lease payments.

The outstanding pension obligations are payable from all legally available funds of the city.

The ratings reflect our view of the following factors:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with "strong" financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with a slight operating surplus in the general fund and balanced operating results at the total governmental fund level;

- Very strong budgetary flexibility, with an available fund balance in fiscal 2014 of 26% of operating expenditures;
- Very strong liquidity, with total government available cash of 108.0% of total governmental fund expenditures and 10.7x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability position, with debt service carrying charges of 10.1% of expenditures, net direct debt that is 87.3% of total governmental fund revenue, and a large pension and other postemployment benefit (OPEB) liability, but low overall net debt at less than 3% of market value; and
- Strong institutional framework score.

Very strong economy

We consider Pasadena's economy very strong. The city, with an estimated population of 141,510, is located in Los Angeles County in the Los Angeles-Long Beach-Anaheim, Calif. MSA, which we consider to be broad and diverse. The city has a projected per capita effective buying income of 133% of the national level and per capita market value of \$182,508. Overall, the city's market value grew by 6.6% over the past year to \$25.8 billion in 2016. The county unemployment rate was 8.3% in 2014.

Given its location along major freeways and its proximity to downtown Los Angeles, Pasadena benefits from, in our view, a strong local job market and very good access to employment opportunities throughout the greater Los Angeles metropolitan area. Since peaking at 150,185 in 2010, the city's population has decreased to 140,879 in 2015. However, the population decline has not adversely affected assessed value growth. The city is a local employment area, and the daytime population doubles that of residents. Local employers include the Jet Propulsion Laboratory (5,200 employees), Kaiser Permanente (4,813), a California Institute of Technology campus (3,900), and Huntington Memorial Hospital (3,238).

Very strong management

We view the city's management as very strong, with "strong" financial policies and practices under our FMA methodology, indicating financial practices are strong, well embedded, and likely sustainable.

The city maintains a rolling five-year financial plan with conservative revenue and expenditure projections. A finance committee regularly reviews financial projections, and the city council performs quarterly reviews against the budget. In the past, the city council has taken midyear corrective budget action when it has deemed doing so necessary. The council has established a 15% emergency reserve policy -- with a target to reach a 20% reserve over time -- as a hedge against future recessions, but total unreserved general fund balances are well above this level on a generally accepted accounting practices basis. The city also maintains a rolling five-year capital plan and a debt management policy that includes policies on swaps and variable-rate debt. The city maintains a written investment policy and monitors investment performance monthly, with quarterly reports to the city council.

Strong budgetary performance

Pasadena's budgetary performance is strong in our opinion. The city had slight surplus operating results in the general fund of 0.6% of expenditures, and balanced results across all governmental funds of 0.5% in fiscal 2014. General fund operating results of the city have been stable over the last three years, with a result of 1.1% in 2013 and a result of 2.0% in 2012.

According to the city's unaudited actual estimates for 2015, it will report a \$13.4 million surplus, after transfers. Management also projects that it will post another surplus in the general fund in fiscal 2016. In addition, the city's

long-term projections show surpluses during the next several years. We expect that the city will continue to operate at a surplus over the next few years.

Very strong budgetary flexibility

Pasadena's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2014 of 26% of operating expenditures, or \$54.9 million.

We expect that the city will continue to maintain reserves at very strong levels. The city has budgeted for operating surpluses the next several years. We do not expect that reserves will fall below very strong levels.

Very strong liquidity

In our opinion, Pasadena's liquidity is very strong, with total government available cash of 108.0% of total governmental fund expenditures and 10.7x governmental debt service in 2014. In our view, the city has strong access to external liquidity if necessary.

We do not expect that the city's liquidity will deteriorate. We do not consider the city's investments to be aggressive, with major investments in Treasuries, federal agency securities, corporate bonds, municipal bonds, state investment pool, and money market funds. The city has issued several series of debt over the last 15 years.

Weak debt and contingent liability profile

In our view, Pasadena's debt and contingent liability profile is weak. Total governmental fund debt service is 10.1% of total governmental fund expenditures, and net direct debt is 87.3% of total governmental fund revenue. Overall net debt is low at 2.3% of market value, which is in our view a positive credit factor.

The city has no plans to issue additional debt in the near term.

In our opinion, a credit weakness is Pasadena's large pension and OPEB liability. Pasadena's combined pension and OPEB contributions totaled 12.9% of total governmental fund expenditures in 2014. The city made 100% of its annual required pension contribution in 2014. The pension funded ratio is 72.7%.

In our view, the issuer's pension/OPEB obligations are large, which we consider a negative credit factor. The city participates in the California Public Employees' Retirement System for the majority of employees and has contributed 100% of its annual required contribution in each of the last three years. The annual pension and OPEB costs accounted for 13% of total government expenditures in fiscal 2014. Although the pension costs are very high, the city is setting aside reserves for future OPEB costs and continues to show balanced operations in its long-term financial forecasts. The city is currently in litigation with the state Department of Finance regarding payments made by the redevelopment agency to the city to fund outstanding POBs. Management reports that if the city is successful in the litigation, it will receive \$39.7 million in revenue collected since fiscal 2012. If the city is unsuccessful, the pass-through payments it will receive will be \$8.4 million.

Strong institutional framework

The institutional framework score for California municipalities required to submit a federal single audit is strong.

Outlook

The stable outlook reflects our view that the city will retain its status as a destination for retail, tourism, and employment; that its economy will remain very strong; and that it will continue to participate in the broad and diverse Los Angeles-Long Beach-Anaheim, Calif. MSA. We also anticipate that the city will maintain very strong budgetary flexibility with strong budgetary performance. We do not expect to change the ratings during the two-year outlook time frame.

Downside scenario

If the city is unable to maintain balanced operations and its budgetary flexibility decreases to a strong level, we could consider lowering the ratings.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- USPF Criteria: Non Ad Valorem Bonds, Oct. 20, 2006
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria: Methodology And Assumptions: Approach To Evaluating Letter Of Credit-Supported Debt, Feb. 20, 2015
- USPF Criteria: Municipal Applications For Joint Support Criteria, June 25, 2007
- Criteria: Joint Support Criteria Update, April 22, 2009
- Criteria Update: Joint-Support Criteria Refined, Feb. 3, 2006
- USPF Criteria: Bank Liquidity Facilities, June 22, 2007

Related Research

Institutional Framework Overview: California Local Governments

Ratings Detail (As Of November 5, 2015)

Pasadena rfdg COP ser 2008C		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Pasadena rfdg VRDB COPs ser 2008A		
<i>Long Term Rating</i>	AAA/A-1	Various Actions
<i>Unenhanced Rating</i>	AA+(SPUR)/Stable	Affirmed
Pasadena Fixed Rate rfdg bnds ser 2008B		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Pasadena ICR		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Pasadena POBs		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

Ratings Detail (As Of November 5, 2015) (cont.)

Pasadena (Old Pasadena Pkg Fac Proj) certs of part ser 93

<i>Long Term Rating</i>	AA+/Stable	Affirmed
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Pasadena Pub Fing Auth, California

Pasadena, California

Pasadena Pub Fing Auth (Pasadena) lse rev bnds (Taxable BABs) (Rose Bowl Renovation Proj)

<i>Long Term Rating</i>	AA+/Stable	Affirmed
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Pasadena Pub Fing Auth (Pasadena) lse rev bnds (Taxable RZEDBs) (Pasadena) (Rose Bowl Renovation Proj) ser 2010D

<i>Long Term Rating</i>	AA+/Stable	Affirmed
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Pasadena Pub Fing Auth (Pasadena) lse rev bnds (Taxable) (Rose Bowl Renovation Proj)

<i>Long Term Rating</i>	AA+/Stable	Affirmed
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Pasadena Pub Fing Auth (Pasadena) lse rev bnds (Tax-Exempt) (Rose Bowl Renovation Proj)

<i>Long Term Rating</i>	AA+/Stable	Affirmed
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Pasadena Pub Fing Auth (Pasadena) COP (Conference Center Proj) 2006A&B

<i>Unenhanced Rating</i>	AA+(SPUR)/Stable	Affirmed
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Pasadena Pub Fincg Auth (Pasadena) var rte dem lse rev rfdg bnds

<i>Long Term Rating</i>	AA+/A-1/Stable	Affirmed
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Many issues are enhanced by bond insurance.

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City of Pasadena

NOTICE OF PUBLIC HEARING TO RECEIVE PUBLIC COMMENT REGARDING IMPLEMENTATION OF THE FORMULA TO THE WATER SYSTEM CAPITAL IMPROVEMENTS CHARGE (CIC)

Hearing Date and Time: January 11, 2016 at 7:00 p.m.

Hearing Location: 100 N. Garfield Avenue, Pasadena, California 91109, Room S228

Valued Property Owner / Customer:

The Pasadena City Council will hold a public hearing on January 11, 2016 at 7:00 p.m. in the City Council Chambers at 100 N. Garfield Avenue, Pasadena, CA 91109 to receive public comment regarding implementation of the formula to set the Water Capital Improvement Charge ("CIC") for Fiscal Years ("FY") 2016 and 2017 and adoption of the resulting CIC rate increase to be effective January 18, 2016 or as soon thereafter as practicable. The CIC is a component of the water rate applied to customer bills.

On April 1, 2015, California Governor Jerry Brown issued an Executive Order mandating a statewide water usage reduction; Pasadena's mandate is to reduce its water usage by 28%. Since the CIC is a charge per billing unit of water used, less revenue is being collected due to reduced sales. As a result, an increase to the CIC rate is necessary to provide sufficient revenues to maintain the City's investment in its water delivery infrastructure (water mains, reservoirs, treatment plants, etc.). A billing unit is equal to one hundred cubic feet or 748 gallons.

On April 27, 2015, the City Council adopted the fiscal year 2016 Water Fund Capital Improvement Budget. Based on the CIC formula as defined in the City of Pasadena Water Service Rate Ordinance (Pasadena Municipal Code Chapter 13.20.035) the approved level of expenditures in the FY 2016 adopted budget require an increase to the system average CIC rate of \$0.45 per billing unit. If approved by City Council on January 11, 2016, the increase to the average monthly water bill for most of Pasadena's customers will be approximately 10% – 11%.

This notification is provided in compliance with Article XIII D Section 6 of the California State Constitution, the Proposition 218 Omnibus Implementation Act. These are proposed changes only; final rate adjustments adopted by the Pasadena City Council may differ.

What is the Water Capital Improvement Charge (CIC)?

Under the Pasadena Water Service Rate Ordinance, Chapter 13.20.035 of the Pasadena Municipal Code, the CIC is based on a formula that is used to determine a rate; this rate is designed to fund capital expenditures contained in the approved FY 2016 Water Fund Capital Improvement Budget and to pay long term debt obligations. Typical Water Fund capital improvement projects are to replace aging pipelines, construct seismic and efficiency upgrades to the City's reservoirs, and other water infrastructure projects necessary to ensure continued high system reliability and water quality.

Why is the CIC necessary?

The CIC is how Pasadena Water and Power ("PWP") collects revenue that is necessary to fund the various capital expenditure projects and to pay the annual debt obligations. Revenues collected from the CIC rate are dedicated to the long-term investments in Pasadena's water distribution system that are necessary to ensure that customers receive the highest quality water delivered reliably to their homes and businesses.

Are the proposed adjustments to the CIC related to the drought and Governor Brown's Executive Order calling for a 25% statewide reduction in water use?

The proposed rate increase to the CIC is primarily due to Governor Brown's Executive order and is also partially due to increased funding that is necessary to invest in the water delivery system. In the past, the CIC has provided approximately \$8-\$9 million of annual revenue, but with passage of the Executive Order, CIC annual revenues are projected to decline by more than \$2 million. The proposed rate increase will provide revenues of approximately \$10.5 million each year which is the amount necessary to fund capital projects and to pay for the debt obligations of the Water System.

The CIC formula as defined in the Water Rate Ordinance:

$$CIC = ((FTR \times CE) + DS) / WS \text{ (express in the nearest } \$0.00001 \text{ per hundred cubic feet)}$$

Where:

- **FTR** ("Funding Target Ratio") = (A) / (A+B)
 - Where "A" is the five-year average annual cash required from current-year water rates to fund the CIP as projected by the department at the time the CIC calculation is made.
 - Where "B" is the five-year average annual revenue bond funds required to fund the CIP as projected by the department at the time the CIC calculation is made.
- **CE** ("Capital Expenditure") is the five-year average annual Water Fund capital expenditure as projected by the department at the time the CIC calculation is made.
- **DS** ("Debt Service") is the five-year average annual revenue CIC-related debt service payment as projected by the department at the time the CIC calculation is made.
- **WS** ("Water Sales") is the water system sales for the next twelve months stated in billing units, as projected by the department at the time the CIC calculation is made.

Table 1 shows the existing and proposed rates and Table 2 shows sample monthly customer bill impacts during the winter season.

**Table 1
Existing and Proposed CIC Rates**

	Existing Rates	Proposed Rates
Water delivered April 1 st – September 30 th (Summer)		
Area A	\$0.62429	\$1.06715
Area B	\$0.84274	\$1.44056
Water delivered October 1 st – March 31 st (Winter)		
Area A	\$0.58896	\$1.00676
Area B	\$0.79504	\$1.35902

**Table 2
Sample Winter Monthly Customer Bill Impacts**

Customer Type by Meter Size	Billing Units (BU)	Pasadena - Existing	Pasadena - Proposed	\$ Change	% Change
5/8"	5	\$27.19	\$29.28	\$2.09	7.7%
3/4"	12	\$46.95	\$51.96	\$5.01	10.7%
1"	25	\$101.80	\$112.25	\$10.45	10.3%
1 1/2"	100	\$389.65	\$431.43	\$41.78	10.7%
2"	125	\$518.99	\$571.22	\$52.23	10.1%
3"	300	\$1,251.03	\$1,376.37	\$125.34	10.0%
4"	600	\$2,334.85	\$2,585.53	\$250.68	10.7%
6"	1,400	\$5,017.95	\$5,602.87	\$584.92	11.7%
8"	2,400	\$9,075.38	\$10,078.10	\$1,002.72	11.0%

Any property owner or interested person may appear and be heard on any matter relating to the Water Capital Improvement Charge increase. In accordance with Article XIII D Section 6 of the California State Constitution, written protests to the proposed Water Capital Improvement Charge increase will be considered if submitted prior to the public hearing. Written protests must be submitted on or before 5:00 p.m. January 11, 2016 to the Office of the City Clerk located at 100 N. Garfield Ave. Room S228, Pasadena, California 91109. Please include the parcel or billing address and write "**Implementation of the Water System CIC formula**" on the written comments.

Information regarding the proposed increase to the Water Capital Improvement Charge is available at:
Office of the City Clerk or online at www.pwpweb.com

IF THE PARCEL OR BILLING ADDRESS ON THIS NOTICE DOES NOT RECEIVE WATER SERVICES FROM THE CITY OF PASADENA, THIS NOTICE DOES NOT APPLY TO YOU.

Ciudad de Pasadena
AVISO DE AUDIENCIA PÚBLICA PARA RECIBIR COMENTARIOS PÚBLICOS RESPECTO A LA APLICACIÓN DE LA FÓRMULA PARA EL SISTEMA DE AGUA DE CAPITAL MEJORAS DE CARGA (CIC)

Hora y fecha de Audiencia Pública: 11 de enero de 2016 a las 7:00 p.m.
Lugar de Audiencia Pública: 100 N. Garfield Ave Pasadena, California 91109
Salón S228

Estimado Propietario/Ciente:

El Consejo de la Ciudad de Pasadena tendrá una audiencia pública el 11 de enero de 2016 a las 7:00 p.m. en la Sala del Consejo de la Ciudad ubicada en el 100 N. Garfield Ave Pasadena, CA 91109 para recibir comentarios del público relacionado con la aplicación de la fórmula para establecer el capital de Mejoramiento de carga de agua (Capital Improvement Charge "CIC") para los años fiscales ("FY") 2016 y 2017 y aprobación del aumento de la tarifa CIC que será efectiva el 18 de enero de 2016 o tan pronto como sea posible. El cargo CIC es un componente del cobro de agua aplicado a las facturas de los clientes.

El 1 de abril de 2015, el gobernador Brown propuso una orden ejecutiva para la reducción del consumo de agua en todo el estado. El mandato de Pasadena fue reducir su consumo de agua en un 28%. Dado que el CIC es una carga por unidad de facturación de agua utilizada, menos ingresos se están recopilando en base a la reducción de las ventas. Como resultado, un aumento de la tasa de CIC es necesario para proporcionar ingresos suficientes para mantener la inversión de la Ciudad en su infraestructura de suministro de agua (red de agua, embalses, plantas de tratamiento, etc.) Una unidad de facturación es de cien pies cúbicos o 748 galones.

El 27 de abril de 2015, el Consejo de la Ciudad aprobó el propuesto de Mejoras Capitales para el fondo de agua del año fiscal 2016. Basado en la fórmula CIC tal como se define en el Servicio de Agua de la Tasa Ordenanza de la ciudad de Pasadena, (Pasadena Código Municipal Capítulo 13.20.035) el nivel de los gastos aprobados en el presupuesto aprobado del año fiscal 2016 requiere un aumento de la tasa promedio del sistema CIC de \$0.45 por unidad de facturación. Si es aprobado por el Ayuntamiento el 11 de enero de 2016, el aumento de la factura promedio mensual de agua para la mayoría de los clientes de Pasadena será de aproximadamente 10% -11%.

Esta notificación se proporciona en cumplimiento del Artículo XIII D Sección 6 de la Constitución del Estado de California, la Ley de Aplicación Ómnibus Proposición 218. Estos cambios de la Ciudad de Pasadena no son finales y pueden diferir.

¿Cuál es la Mejora de Carga de Agua Capital (Water Capital Improvement Charge) CIC?

Bajo el Servicio de Agua Tasa Ordenanza de Pasadena, Capítulo 13.20.035 del Código Municipal de Pasadena, el CIC es una fórmula que se utiliza para determinar una tasa. Esta tasa está diseñada para financiar los gastos de capital contenidos en el año fiscal 2016 aprobado Fondo del Agua Presupuesto de Mejoras Capitales y para pagar sus obligaciones de deuda a largo plazo. Proyectos del Fondo de Agua de Mejoras Capitales típicos son para reemplazar las tuberías de envejecimiento, actualizaciones sísmicas y eficiencia a los embalses de la Ciudad y otros proyectos necesarios para asegurar alta confiabilidad del sistema y la alta calidad del agua.

¿Por qué es necesario el CIC?

El CIC es la fórmula en Pasadena de agua y energía que recogen cantidades que son necesarios para financiar los distintos proyectos de gastos de capital y al pago de las obligaciones de deuda anuales. Los ingresos obtenidos de la tasa de CIC están dedicados a las inversiones a largo plazo en el sistema de distribución de agua de Pasadena que son necesarias para asegurar que los clientes reciban el agua de más alta calidad entregada de forma fiable a sus hogares y negocios.

¿Son los ajustes propuestos al CIC relacionados con la sequía y de la Orden Ejecutiva del gobernador Brown pidiendo una reducción en todo el estado de 25% en el uso del agua?

El aumento de tarifas propuesto al CIC se debe principalmente a la orden ejecutiva del gobernador Brown y en parte debido al aumento del fondo que es necesario para mantener nuestro sistema de agua. En el pasado, el CIC ha proporcionado aproximadamente \$8-\$9 millones de ingresos anuales, pero con el paso de la Orden Ejecutiva, se proyectaron los ingresos anuales del CIC a disminuir en más de \$2 millones. El aumento de tarifas propuesto proporcionará ingresos de aproximadamente \$10.5 millones, que representa las cantidades necesarias para financiar proyectos de inversión y para mantener la salud financiera del sistema de agua.

La fórmula CIC según la Ordenanza de La Tarifa de Agua:

$$\text{CIC} = ((\text{FTR} \times \text{CE}) + \text{DS}) / \text{WS} \text{ (expresar en el próximo \$0.00001 por cada cien pies cúbicos)}$$

Donde:

- **FTR** ("Funding Target Ratio") = (A) / (A+B)
 - Donde "A" es el efectivo anual promedio de cinco años requeridos de las tarifas de agua del año en curso para financiar el CIP según lo proyectado por el departamento en el momento de la calculación de CIC.
 - Donde "B" son los fondos de bonos de cinco años al promedio anual de ingresos requeridos para financiar el CIP según lo proyectado por el departamento en el momento del cálculo de CIC.
- **CE** ("Capital Expenditure") es el gasto anual al promedio de cinco años del Fondo de Agua capital proyectado por el departamento en el momento del cálculo de CIC.
- **DS** ("Debt Service") es el pago del ingreso anual de CIC del servicio de la deuda relacionada con promedio de cinco años, según lo previsto por el departamento en el momento del cálculo de CIC.
- **WS** ("Water Sales") son las ventas del Sistema de agua para los próximos doce meses establecidos en unidades de facturación, según lo proyectado por el departamento en el momento del cálculo de CIC.

La tabla 1 muestra las tasas existentes y nuevas y la Tabla 2 muestra ejemplos ilustrativos de impactos mensuales de facturas de clientes.

Tabla 1 Precios CIC existentes y propuestas

	Existente	Nuevas
Agua entregada abril 1 a 30 de septiembre (verano)		
Area A	\$0.62429	\$1.06715
Area B	\$0.84274	\$1.44056
Agua entregada octubre 1 a 31 de marzo (invierno)		
Area A	\$0.58896	\$1.00676
Area B	\$0.79504	\$1.35902

Tabla 2 Ejemplos ilustrativos de impactos de la factura mensual al cliente en tiempo de invierno

Tipo de cliente por tamaño de medidor	Unidades de facturación (BU)	Pasadena - Actual	Pasadena - Nuevo	\$ Cambio	% Cambio
5/8"	5	\$27.19	\$29.28	\$2.09	7.7%
3/4"	12	\$46.95	\$51.96	\$5.01	10.7%
1"	25	\$101.80	\$112.25	\$10.45	10.3%
1 1/2"	100	\$389.65	\$431.43	\$41.78	10.7%
2"	125	\$518.99	\$571.22	\$52.23	10.1%
3"	300	\$1,251.03	\$1,376.37	\$125.34	10.0%
4"	600	\$2,334.85	\$2,585.53	\$250.68	10.7%
6"	1,400	\$5,017.95	\$5,602.87	\$584.92	11.7%
8"	2,400	\$9,075.38	\$10,078.10	\$1,002.72	11.0%

Cualquier dueño de propiedad, cliente o persona interesada puede presentarse y ser escuchado en cualquier asunto relacionado a los cambios propuestos por el Water Capital Improvement Charge (CIC). De conformidad con el artículo XIII D Sección 6 de la Constitución del Estado de California, las protestas a la propuesta de aumento de agua de Mejoras Capatales (CIC) de carga serán considerados si se presenta antes de la audiencia pública por escrito. Las protestas por escrito deben ser presentadas el 11 de enero de 2016 antes de las 5:00 p.m. o, a la oficina de la secretaria de la Ciudad, 100 N. Garfield Ave. Sala S228 Pasadena, California 91109. Favor de incluir la dirección de la parcela y escriba "**cambios propuestos a los cargos de agua CIC**" en los comentarios por escrito.

Información relacionada a los cambios propuestos del cargo de agua CIC están disponibles en la Oficina de la Secretaría de la Ciudad o en la página www.pwpweb.com

Si la parcela o la dirección de la factura de este aviso no reciben los servicios de agua de la Ciudad de Pasadena este aviso no es para usted.