



OFFICE OF THE CITY MANAGER

November 27, 2013

To the Honorable City Council
of the City of Pasadena

Mayor and Councilmembers:

WEEKLY NEWSLETTER

1. New Years' and BCS Related Events:

In response to a request from Councilmember McAustin, the attached memorandum highlights activities for visitors to Pasadena during the New Years' timeframe. Additionally, the memo touches upon other related efforts that have been considered by the City and other stakeholders including the Pasadena Center Operating Company and the Chamber of Commerce.

2. Police Department Records Retention:

At the September 16, 2013, City Council meeting, during the discussion of the agenda item requesting authorization to destroy Pasadena Police Department Internal Affairs investigation files and non-hire background files Councilmember Kennedy requested additional information on similarly sized cities and their policy on destruction of internal affairs files, including the City of Los Angeles.

The attached memorandum prepared by the Pasadena Police Department, highlights the results of a recent survey of several municipal police agencies within the County of Los Angeles regarding their respective retention period policies.

3. Electronic Patient Care Reporting Project (ePCR):

The Pasadena Fire Department is proud to announce the successful installation of a new electronic patient care reporting system. The new system, provided by Digital EMS Solutions, transitions patient care information from a paper-based process to an electronic platform while maintaining security of patient health information and providing a number of new benefits from electronic data collection. Moving to an electronic format also fulfills a federal mandate that all

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health care records be digital by 2014. The attached memorandum from Fire Chief Calvin Wells provides additional information on the ePCR.

4. Electric Utility Credit Rating Review:

On October 29, 2013 the Water and Power Department (“PWP”) completed a review and evaluation of the operations of the Electric utility by Standard and Poor’s and Fitch Credit Rating Agencies in advance of the competitive bond sale that was completed on November 18, 2013. The attached memorandum and attachments from Phyllis Currie, General Manager Water & Power provide additional details.

5. Revising Thresholds of Significance for Traffic Impacts – Impact on Projects in the Pipeline:

The attached memorandum from Director of Planning & Community Development Vincent Bertoni, and Director of Transportation Fred Dock, provides an update on the development of new Thresholds of Significance for Traffic Impacts and outlines the process staff will be undertaking to develop recommendations for a transition to the new anticipated Thresholds.

6. PPD Cases Involving Officer Conduct – Referral to LA County District:

The attached memorandum from Police Chief Phillip L. Sanchez, provides information on the number of cases involving officer conduct that have been referred to the Los Angeles County District Attorney’s Office. This information was prepared in response to a recent Councilmember request and will become part of regular reporting by the Pasadena Police Department to the Public Safety Committee.

From all of us in the City Manager’s Office, Happy Thanksgiving!



Respectfully submitted,

Handwritten signature of Steve Mermell in black ink.

STEVE MERMELL
Assistant City Manager



DATE: November 27, 2013

TO: Michael Beck, City Manager

FROM: Steve Mermell, Assistant City Manager

RE: New Years' Related Events for Visitors

This coming January, the City of Pasadena will play host to the 125th Rose Parade, 100th Rose Bowl Game and the 2014 BCS National Championship football game. As part of those activities, there will be a number of related events occurring in Pasadena. These include:

- **Float Decorating (December 27-31, 2013)**
Public viewing and participation in the decorating of Rose Parade floats
- **Bandfest I, II and III presented by REMO (December 29-30, 2013)**
Field Show featuring Rose Parade marching bands
- **The Rose Bowl Hall of Fame Induction Ceremony (December 30, 2013)**
Annual induction ceremony for individuals who have made special contributions to the Rose Bowl Game
- **The Donate for Life Gala (December 30, 2013)**
Gala to raise funds for tissue and organ donors and the Donate for Life Float
- **Rose Bowl Game Kick-Off Luncheon (December 31, 2013)**
Pre-game pep rally with coaches, players, Rose Queen & Court, marching bands, etc.
- **Post Parade: A Showcase of Floats (January 1-2, 2014)**
Annual float viewing in East Pasadena which attracts 60,000 – 70,000 people
- **Prime Sports Hospitality Village (January 1st & 6th)**
Pre-game hospitality tents for fans to meet and mingle with legendary coaches & players
- **BCS – Tournament of Roses Gala (January 5th)**
Exclusive party celebrating the BCS National Championship Game
- **ESPN Game Day Radio/TV Broadcast (January 6)**
Live radio & TV broadcast from 7:00 am – 4:30 pm open to the general public

While local stakeholders have worked with the Tournament of Roses to organize these events, other events were also investigated in an effort to evaluate if Pasadena could take further advantage of opportunities associated with so many visitors.

Pep Rallies and Fan Festivals:

Several sites such as Centennial Square and the PCOC Plaza/Green Street were considered as good opportunities to host Pep Rallies. On several occasions, local stakeholders met with representatives from BaAm Productions, a production company that produces fanfest experiences for college sports. However, there are a number of factors that proved to be challenging for a Pasadena pep rally. Specifically, the teams playing in the Rose Bowl and BCS will not be staying in Pasadena. Typically teams have stayed in Downtown LA, Century City, and Orange County where they can negotiate better block rates. For example, for their last three visits to the Rose Bowl Game, the Wisconsin team stayed in Century City with their pep rally taking place at the Santa Monica Pier.

In addition, representatives from PCOC, RBOC, Chamber, Tournament and the City met over a period of months with the 2020 Network, a Southern California communications company that was exploring ways at bringing a fan festival to Pasadena prior to BCS. After reviewing options and the costs associated with putting on such an event, the group decided not to move forward and instead focus efforts on supporting the Tournament and stadium's existing celebration plans.

Prior BCS Years

As a reference, when the City hosted the BCS on previous occasions, a collection of City stakeholders did manage to organize events in hopes of keeping out-of-town guests in Pasadena between January 1st and BCS game day. In 2006, Old Pasadena Management District closed down Colorado Boulevard for "Food Bowl" and in 2010 the PCOC and the Paseo Colorado hosted the Pasadena Championship Game Kick-Off Party. These events were met with limited success as many out-of-town visitors utilize their Southern California stay to visit landmarks such as Disneyland, Hollywood and southern California beaches. Moreover, given that many Pasadena restaurants/merchants see their sales volumes swell during this period, support for additional activities is limited.

Chamber of Commerce

The Chamber is the exclusive concessionaire for the Tournament of Roses Float Decorating, Parade and Post Parade. They coordinate food sales in the Float Decorating Places Tent (December 27-31st) and then immediately transition to Post Parade concessions (January 1-2nd). The Chamber does not coordinate any other activities post January 3rd.

Hotels & Visitors

It should be noted that as it relates to hotel occupancy there is virtually no room for improvement as the City boasts a near 100% occupancy rate during this period of time with an average daily rate (ADR) reaching in excess of \$290 per night as compared to the annual averages of 78.7% occupancy and ADR of \$126. In the Pasadena area (which includes Arcadia and Monrovia), approximately 4,260 hotel rooms are occupied with an average 2.3 nightly stay totaling 9,799 room nights.

According to a report commissioned by the Los Angeles Tourism & Convention Board regarding the profile, volume and spending impacts of the 2013 Tournament of Roses

Parade & Bowl attendees, both events bring an estimated 759,466 unique attendees to Pasadena with 70% of these attendees originating from outside of Los Angeles County. Approximately 64% of visitors engaged in additional non-tournament related activities both in Pasadena and the surrounding areas. A quarter of all attendees supplemented their parade/game activity with a separate visit to downtown Pasadena for shopping and dining. Other popular attractions for game/parade visitors include Hollywood, Santa Monica, LA Live, Universal Studios, Beverly Hills/Rodeo Drive, Disneyland and West Hollywood/Sunset Strip.

MEMORANDUM - City of Pasadena
Police Department
November 27, 2013

TO: Phillip Sanchez
Chief of Police

FROM: Paul McKinney
Corporal, Audits & Inspections Unit

RE: Records Retention Survey

Summary of Issue

At the September 16, 2013, City Council meeting, during the discussion of the agenda item requesting authorization to destroy Pasadena Police Department Internal Affairs investigation files and non-hire background files, Councilmember Kennedy requested additional information on similarly sized cities and their policy on destruction of internal affairs files, including the City of Los Angeles.

The following are the results of a telephone survey conducted with several municipal police agencies within the County of Los Angeles regarding their complaint and applicant file destruction policies:

Police Department	IA Complaint Record Retention Policy	Files for non-hire Sworn and non-sworn Applicants
Alhambra PD	5 years* (external and internal complaints)	5 years
Arcadia PD	2 years (internal), 5 years* (external)	5 years
Burbank PD (<i>consent decree</i>)	Forever	5 years
Glendale PD	5 years* (external and internal complaints)	Indefinitely (scanned)
Los Angeles PD	Forever	Non-sworn 10 years/ Sworn 16 years
Long Beach PD	5 years* (external and internal complaints)	5 years
Santa Monica PD	5 years (external and internal complaints)	6 years
Sierra Madre PD	5 years* (external and internal complaints)	3-5 years
Torrance PD	6 years	4 years
<i>Pasadena PD</i>	<i>5 years* (external and internal complaints)</i>	<i>5 years</i>

*Files involving a risk management/potential liability event, specified offenses (sexual misconduct, racial bias, Officer Involved Shootings) and repeated demonstrated conduct are retained indefinitely on case-specific circumstances.

**MEMORANDUM – CITY OF PASADENA
Fire Department**

November 19, 2013

TO: Michael J. Beck, City Manager

FROM: Calvin E. Wells, Fire Chief 

SUBJECT: City Manager's Weekly Newsletter Item –
Electronic Patient Care Reporting Project (ePCR)

The Pasadena Fire Department is proud to announce the successful installation of a new electronic patient care reporting system. The new system, provided by Digital EMS Solutions, transitions patient care information from a paper-based process to an electronic platform while maintaining security of patient health information and providing a number of new benefits from electronic data collection. Moving to an electronic format also fulfills a federal mandate that all health care records be digital by 2014.

“Medic Clipboard” by Digital EMS Solutions is an Apple iPad and web-based system that provides first responders and administrators with features that allow them to perform their duties more quickly and with greater accuracy. Numerous features are built into the system that enhances the rapid entry of patient information, along with a verification process that ensures information is entered thoroughly and accurately. In addition, the system provides numerous reports, graphs and maps of service calls that improve the overall management of the Emergency Medical Services (EMS) service.

The system is used in the field, at the patient's side, as a means to collect important information related to a patient's illness or injury. Previously, field personnel used a four-page thick carbon copy paper form for their medical documentation. The new electronic system enables field personnel to use the Apple iPad intuitive “touch” interface to enter patient information into a digital replica of the form. The iPads feature 4G LTE data service that allows the system to connect to the fire dispatch center to import incident data directly into the patient care record and to save the completed form for immediate processing. Wireless printers are installed at local hospitals to print a copy of the completed form. In all, 24 iPads are in use in the field and assigned to each Paramedic and Fire truck.

Transitioning to electronic patient care records also helps improve effectiveness of the EMS services and operational efficiencies. Mandated reporting of patient care data to the Los Angeles Emergency Medical Services Agency and billing for services were previously cumbersome and manual. The new system reports the information electronically and automatically within 24 hours. Improvements to the data quality captured through the Medic Clipboard enable the EMS Division to closely examine each call for service to make sure that standards of care are met.

Direct feedback can be provided to field staff, thereby enabling them to enhance patient care, and improve customer service.

The Fire Department wants to recognize the partnerships with the Department of Information Technology (DoIT), Department of Finance, and the City Attorney's Office that were critical to achieving a successful implementation of the electronic patient care reporting system.

CEW:SPE:pgp



PASADENA WATER AND POWER

MEMORANDUM

November 27, 2013

To: Michael Beck
City Manager

From: Phyllis Currie
General Manager

Subject: Electric Utility Credit Rating Review

On October 29, 2013 the Water and Power Department ("PWP") completed a review and evaluation of the operations of the Electric utility by Standard and Poor's and Fitch Credit Rating Agencies in advance of the competitive bond sale that was completed on November 18, 2013. Two analysts from each of the rating agencies visited Pasadena and completed a tour of the site for the new power generation plant to be built on the Glenarm site. PWP and Department of Finance staff presented the latest financial and operating information for the City and the Electric utility, including the impacts of recent legislative and regulatory actions within the power industry.

I am pleased to report that each rating agency affirmed PWP's existing credit rating in early November as follows:

Rating Agency	Rating	Outlook
Standard and Poor's	AA-	Stable
Fitch	AA	Stable

The affirmation of these credit ratings was especially important just prior to the successful issuance of the Electric Revenue/Refunding Bonds Series 2013A by competitive bid on November 18. There were 12 bids submitted for the bonds, and the True Interest Cost of the bonds is 4.246%, which is a very positive outcome for this transaction. I have attached the press releases that were issued by Standard and Poor's and Fitch that include the evaluation results of each agency.

Please contact Shari Thomas or me for additional information.

City of Pasadena, California Electric System

Electric Revenue Bonds New Issue Report

Ratings

New Issues

\$85,000,000 Pasadena (CA) Electric
Rev Refunding Bonds, 2013A AA

Outstanding Debt

\$134,485,000 Pasadena (CA)
electric revenue bonds, 1998, 2002,
2008, 2009, 2010 and 2012^a AA

^aThe series 2002 bonds (\$3.5 million o/s)
will be refunded with the series 2013A
bonds

Rating Outlook

Stable

Key Utility Statistics Fiscal Year Ended (06/30/12)

System Type	Retail Electric
NERC Region	WECC
No. of Customers	64,840
Annual Revenues (\$ Mil.)	185.95
Top User (% of Revenues)	3.0
Fuel Dependency (%)	89
Primary Fuel Source	Coal
Peak Demand (MW)	307.00
Energy Growth (%)	(1.2)
Debt Service Coverage (x)	3.06
Days Operating Cash ^a	319.56
Equity/Capitalization (%)	78.23

^aNot including stranded investment
reserve.

Related Research

[U.S. Public Power Peer Study — June 2013 \(June 2013\)](#)

[U.S. Public Power Peer Study Addendum — June 2013 \(June 2013\)](#)

[2013 Outlook: U.S. Public Power and Electric Cooperative Sector \(December 2012\)](#)

Analysts

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New Issue Details

Sale Information: Approximately \$85 million City of Pasadena, CA, Electric Revenue Refunding Bonds, 2013A series, via competitive sale on Nov. 18, 2013.

Security: Secured by a net revenue pledge of the electric system.

Purpose: Provide funds to (i) finance a portion of the electric system's capital plan, (ii) refund the Series 2002 bonds, (iii) the parity reserve fund, and (iv) pay costs of issuance.

Final Maturity: 2043.

Key Rating Drivers

Stable, Mature Service Area: Pasadena, a mature city located within the greater Los Angeles region, exhibits strong economic indicators, a stable population base and a diverse economy.

Strong Financial Metrics: The city's retail electric system, operated by Pasadena Water and Power (PWP), generates consistently strong financial ratios. Although Fitch Ratings anticipates some decline in ratios due to substantial debt issuance over the next five years, debt service coverage (DSC) is expected to remain above a healthy 2.0x coverage level.

Large Capital Plan: PWP's capital plan includes the construction of the new GT5 gas-powered plant, which will be 85% debt funded. While the plant helps diversify PWP's power supply and moves the utility away from coal reliance, the significant amount of debt needed will almost double leverage over the next five years. Favorably, PWP anticipates recommending to city council proposed multiyear rate increases, which should support metrics in the near term.

Flexible Rate Structure: Retail rates include components to allow for the pass-through of increases in energy and transmission costs. The base rate was raised an average 2.3% for fiscal 2013, the first increase since 2007.

Proactive Environmental Targets: PWP's integrated resource plan (IRP) sets efficiency and conservation goals at a more ambitious level than state mandates. These targets strongly position the utility to meet state goals. PWP's proactive approach to garner ratepayer support for its environmental program is a credit strength and positive attribute of the IRP.

Fluctuating Interfund Transfers: PWP adheres to a general fund (GF) transfer policy of 9% of the previous year's operating revenues. Fitch notes that exceptions have been made to increase transfers above budgeted amounts, but stable transfer levels are expected going forward.

Rating Sensitivities

Management of Rate Structure: Key to maintaining stable financial performance is the utility's ability to manage its electric rates and maintain robust financial metrics in the wake of increased debt levels and aggressive environmental targets.

Rating History

Rating	Action	Outlook/ Watch	Date
AA	Affirmed	Stable	11/8/13
AA	Affirmed	Stable	9/12/12
AA	Affirmed	Stable	6/27/12
AA	Upgraded	Stable	7/09/10
AA-	Affirmed	Stable	10/21/09
AA-	Affirmed	Stable	1/15/08
AA-	Affirmed	Stable	3/09/07
AA-	Assigned	Stable	7/08/03

Credit Profile

PWP is a retail electric system that owns and operates a vertically integrated generation, transmission and distribution system. The electric utility provides service to all of the electric customers within the city's 23 square miles, serving approximately 64,931 residential, commercial and industrial customers.

The City of Pasadena (the city) is located 10 miles northeast of downtown Los Angeles and is part of the greater Los Angeles metropolitan area. The city possesses a diverse employment base with above-average wealth and education levels. There are over seven colleges and universities located in the city limits, the largest among them being Pasadena City College, Fuller Theological Seminary and the California Institute of Technology.

The majority of PWP's power supply (approximately 63%) is derived from Pasadena's ownership participation in various joint power agencies (JPAs), primarily the Intermountain Power Agency (IPA), which accounts for 47% of PWP's energy resources. PWP has ample transmission access to receive delivery of power from its projects located both inside and outside the state of California.

Governance and Management Strategy

The city owns and operates the electric system. The eight-member city council has ultimate power of approval for the system's budgets, integrated resource plans and rates. The council is composed of one member elected from each of the seven city districts and the elected mayor. Each member serves for a four-year staggered term.

Day-to-day operations of the electric system are supervised by PWP's general manager, who reports to the city manager. Senior management has extensive experience both working for PWP as well as working in the public power industry.

Financial Targets

Targets include:

- DSC target of 2.0x. Policy is 1.5x (including JPA debt, 1.25x);
- Operating reserve policy of 60 days operating expenses;
- Energy cost reserve equivalent to 2 cents/kWh;
- Additional reserves of 12 months capital expenditures and one year's general fund transfer.

Strategy

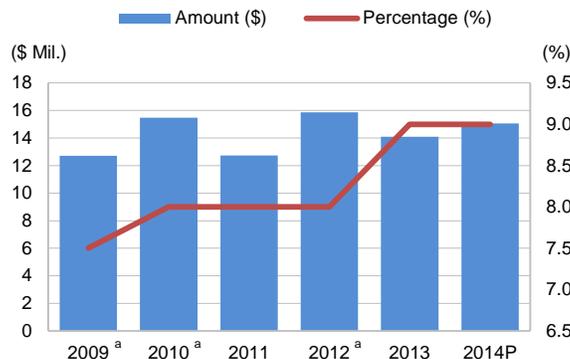
PWP's strategy focuses on proactive energy efficiency and conservation goals, primarily environmental targets that are more conservative than the state's mandates. Of note is PWP's target to increase its renewable portfolio standard to 40% by 2020, versus the state's target of 33% by 2020. PWP developed an IRP in 2009 that established its guidelines and objectives for its power supply resource portfolio over the next 20 years. The IRP was most recently updated in 2012.

Favorably, along with the IRP, the utility implemented extensive community outreach programs to alert its customer base to the proposed resource changes and to garner community support. Customers voted on implementing the IRP. Management anticipates another outreach program in the coming years, to gauge support of the IRP as it is being implemented.

Interfund Transfers

The city charter caps transfers from PWP's electric fund to the general fund at 16% of the previous year's gross income (but not exceeding net income), which is somewhat high. However, actual transfers have been historically lower than the cap. PWP's previous GF transfer policy was no more than 8%, but transfers exceed budget in fiscal years 2009, 2010 and 2012. Based on the additional funds needed by the city, PWP increased its transfer policy to 9% and does not anticipate future transfers will be above this level. The city currently has a five-year recovery plan underway and its fiscal 2014 budget is balanced, along with GF surpluses planned through fiscal 2018. PWP feels these points will alleviate city financial stress.

PWP General Fund Transfers



^aDenotes transfers were made above budgeted amounts.
P – Projected.
Pasadena Water & Power.

PWP also has historically provided interfund transfers to the city's water fund. In recent years, the water fund has had cash flow issues and the electric fund provided short-term loans to alleviate the problem. The most recent transfer of \$3.8 million occurred in fiscal 2011 and was repaid within the calendar year, which is required of interfund transfers. The water fund recently implemented rate increases, which should improve its cash flow and eliminate the need for interfund loans. The electric fund has not made any transfers since 2011.

Customer Profile and Service Area

PWP provides retail electric service to 64,931 customers within the city limits. The city is a mature community located 10 miles northeast of downtown Los Angeles and is home to a population of approximately 139,000.

The utility's service area is strong, with a diverse local economy that includes seven colleges and industries ranging from tourism, to finance, to research and development. Assessed property value has increased rather steadily over the past five years, and new economic development is underway, including new hotels and housing projects.

The city's demographics are also strong and, with the exception of its unemployment rate, significantly outperform that of Los Angeles County and the nation. Income and education levels are strong, with a 2012 per capita income of \$39,610 (145% of national average) and 30.5% of the working-age population holding at least a bachelor degree (167% of national average).

Sales Information

	2013 (Estimate)	2012	2011	2010	2009
Peak Demand (MW)	292	307	320	293	287
Total Electric Sales (MWh)	1,312,039	1,313,156	1,328,983	1,348,559	1,363,240
Sales Growth (%)	(0.09)	(1.19)	(1.45)	(1.08)	(11.87)
Total Retail Sales (MWh)	1,126,678	1,114,978	1,159,581	1,184,344	1,245,009
Retail Sales Growth (%)	1.05	(3.85)	(2.09)	(4.87)	1.10
Residential Sales (% of Total)	25.47	24.07	24.05	24.35	24.76
Commercial and Industrial Sales (% of Total)	59.21	59.65	61.22	61.80	65.12
Wholesale Sales (% of Total)	14.13	15.16	12.75	12.18	8.67
System Load Factor	44.05	41.46	41.37	46.14	49.52
Total Customers	64,931	64,840	63,947	63,838	63,583

Source: Pasadena Water and Power.

PWP's combined 347 MW of generation capacity is sufficient to serve its system's peak demand of 292 MW. While residential customers make up the largest class of customers, commercial and industrial customers accounted for approximately 59.2% of 2013 estimated energy sales. There is no customer concentration. Major commercial and industrial customers are diversified and encompass a range of industries, including educational and healthcare institutions, office buildings, telecommunications and chemical production.

Fiscal 2013 estimated results show an increase in retail energy sales, the first increase since 2009. Total energy sales remained flat, due to a decrease in wholesale sales. Reduced energy sales in 2010 through 2012 were a result of PWP's conservation program and a decrease in commercial and industrial customers due to the economic downturn. Increased economic activity in the region and new development projects are expected to increase customer demand in 2014. However, with conservation programs and increased consumer usage of solar panels offsetting any increases, the utility projects minimal, steady load growth, at approximately 0.5% per year.

Assets and Operations

The electric system is fully integrated and includes generation, transmission and distribution facilities. In addition to its owned and operated generating units, PWP receives a majority of its total energy needs through ownership participation in various joint power agencies (JPAs). Of its 347 MW of capacity, approximately 12.7% is local steam and gas generation and 62.6% is long-term purchase arrangements from a variety of sources, including coal-fired, hydroelectric and nuclear-generating units.

PWP is a member of SCPPA and participates in its Palo Verde Nuclear Generation Station Units 1, 2 and 3, the Magnolia Power Project and other smaller SCPPA renewable projects. PWP also maintains an ownership interest in IPA's Intermountain Power Project (IPP) and maintains an entitlement of the hydroelectric power generated from the Hoover Dam.

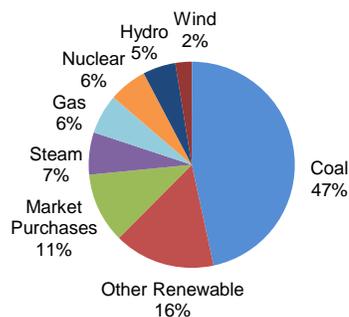
While IPP is the utility's largest source of power, it is also the utility's largest source of carbon emissions. The IPP agreement is set to expire in 2027 and California mandate prohibits renewal if the resource continues to be coal based. Discussion is underway to transition from coal to gas-based generation at the IPP site. PWP is evaluating its options in regards to participation in the repowering.

PWP Generation Summary

Source	Fuel Type	Contracted Party	Capacity (MW)	Usage 2013 (GWh)	% of Total
Owned Generating Facilities					
Broadway	Steam	Owned	65	91.9	6.6
Glenarm	Gas	Owned	110	76.6	5.5
Azusa	Hydroelectric	Owned	—	7.6	0.5
Total			175	176.1	12.7
Joint Power Agencies					
Intermountain Power Project	Coal	IPA	108	644.9	46.6
Palo Verde Gen Station	Nuclear	SCPPA	10	82.8	6.0
Hoover Project	Hydroelectric	WAPA	20	51.4	3.7
Magnolia Power Project	Gas	SCPPA	19	9.5	0.7
Magnolia Power Project	BioMethane	SCPPA	—	42.7	3.1
SCPPA Renewable Projects	Wind and Geothermal	SCPPA	—	35.4	2.6
Total			157	866.7	62.6
Purchased Power					
BPA	Hydroelectric	BPA	15	12.4	0.9
Additional Renewable Resources	Renewable		—	177.1	12.8
Market	Various		—	152.0	11.0
Total			15	341.5	24.7
Total			347	1,384.3	100.0

Source: Draft official statement dated Sept. 23, 2013

PWP Generation by Resource Type (2013 Estimate)



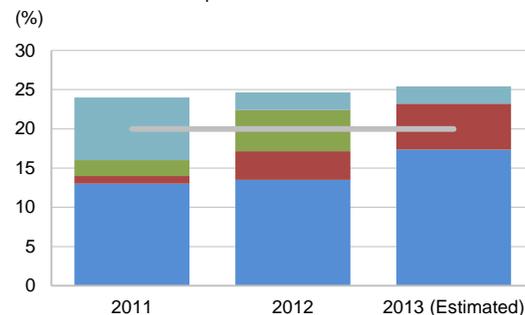
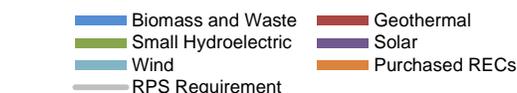
Source: PWP official statement.

GT5 Project

The majority of the proposed bond issuance, approximately 71% or \$60 million, will be used for PWP's new generation project. A 71 MW combined cycle plant will be built to replace PWP's existing Broadway 3 steam plant. The Broadway plant is approximately 47 years old and is expected to remain in service until the GT5 project is complete. The new plant should be more efficient than Broadway and have less emissions, which will help the utility implement carbon reduction.

The repowering project is estimated to cost \$132 million, of which 85%, or \$112 million, will be debt funded. After the \$60 million debt funding, PWP anticipates using a line of credit to fund the project through 2015, when a \$55 million bond issuance should take out the short-term debt. The project has been approved by city council, a permit to construct has been awarded and GE has been contracted to build the turbine. Approval for site construction is expected in February 2014 and the project is anticipated to begin commercial operation in April 2016.

PWP General Fund Transfers



Source: PWP.

Environmental Initiatives

PWP implemented its IRP in 2009, which was adopted by city council and was vetted with the citizens and ratepayers of Pasadena. The IRP was updated in 2012. Fitch views PWP's proactive approach to garner ratepayer support of its environmental program a credit strength and positive attribute of the IRP. The IRP requires PWP to derive

40% of its power supply from renewable resources by 2020, more conservative than the state's energy mandate of 33%. The IRP also requires greenhouse gas (GHG) emission reductions of 40% by 2020. PWP achieved several of the IRP's midway targets in 2010 and was also compliant with the state's 2013 target of 20%, with a 21.9% RPS at calendar year-end 2012.

Management's strategy to implement the IRP has been to look for relatively small participation in a range of renewable resource projects and avoid overexposure to any one project or renewable technology. While the 40% renewable requirement is somewhat aggressive, Fitch believes management has demonstrated a conservative, moderate approach to implementing the plan, which is viewed favorably.

Transmission

Through firm capacity-transmission agreements, PWP has access to major hubs throughout the wholesale power market in the western U.S. This transmission network allows PWP to obtain low-cost energy supplies when available and take advantage of price differentials between various locations in the WECC.

Cost Structure

The city council has the sole authority to revise rates, without oversight from any state or federal agency. The rate structure is unbundled and comprised of separate energy and transmission charges, a distribution and customer charge, and a public-benefit charge.

Based on the current rates and charges, approximately 64% of the components are on a pass-through basis that can be adjusted as costs change, without city council approval.

PWP is on a two-month billing cycle, which creates a lag between rate increases and implementation. A 60-day operating reserve is in place to provide some protection from the lag. Additionally, PWP maintains an energy cost reserve to insulate customers from significant rate increases.

Average residential rates are somewhat higher than those charged by neighboring municipal and investor-owned utilities, by approximately 4%. However, the average monthly electric bill is only a low 0.2% of the city's median household income. Fitch believes customers in PWP's service area are able to shoulder the somewhat higher rates, given the more affluent community. In addition, customers are supportive of the IRP and increased usage of renewable resources, and were made aware of the potentially higher rates associated with these programs.

PWP raised rates an average of 2.3%, effective July 1, 2012 (fiscal 2013). This is the first base rate increase, not including pass through components, since 2007. PWP recently completed a cost of service study, which will be presented to city council this month. Significant structural changes to PWP's rates are not anticipated. PWP also anticipates additional rate increases will be supported by the cost of service study and management anticipates proposing a rate plan to city council in Nov. 2013.

Financial Performance

As anticipated, financial performance weakened somewhat in fiscal years 2012 and 2013, but still remains strong as compared to peer-medians in the 'AA' category. PWP's top-line DSC is strong at 3.06x in 2012, as compared to the median of 2.98x, and DCOH of 320 days is much stronger than the median of 186. If PWP's stranded investment reserve is included, DCOH increase to 480 days. While performance has lessened compared to historic levels, it

Related Criteria

[U.S. Public Power Rating Criteria](#)
(December 2012)

Criteria Deviations

None

outperformed previous estimates and projections, primarily due to lower than anticipated purchased power expense and decreased administrative and general expenses.

Projections show DSC over the next five years, inclusive of current and anticipated debt, will remain roughly in line with 2013 financials, ranging between 2.35x and 2.75x, and coverage after transfer will be above 1.4x. Unrestricted funds will decrease steadily over the next five years, as PWP uses a portion of its liquid assets to fund the repowering projects. However, unrestricted funds should remain at a level commensurate with the rating category.

Debt Profile

PWP's existing debt profile amortizes quickly, with approximately 70% of outstanding debt paid off by 2023 and final maturity in 2037. The proposed debt issuance will markedly increase PWP's debt profile and extend final maturity by five years, to 2043. Based on estimated fiscal year-end 2013 debt levels, the new issuance will increase outstanding debt by approximately 50%, bringing estimated debt to funds available for debt service to 5.5x at fiscal year-end 2014, from 2.7x at fiscal 2013. While this is a substantial increase for PWP, this debt/FADS ratio is still in line with the peer median of 5.8x.

Debt calculations do not include PWP's off balance sheet JPA debt. If JPA debt was included, debt/FADS at fiscal year-end 2013 would increase from 2.7x to 3.6x. Almost all of Fitch's rated California utilities have a sizeable portion of off balance sheet debt. Comparatively, PWP has one of the lowest percentages based on utility size.

Capital Plan

The 2014–2018 capital plan totals \$275.9 million, with almost half of the plan accounting for the repowering project. The remainder will fund various projects and upgrades to the distribution system (e.g. updating substations, readers, etc.). The repowering project is estimated to cost \$132 million overall and approximately 85% is anticipated to be debt funded. PWP plans to issue additional new debt in 2016, to continue funding the repowering project.

Legal Provisions

Debt Service Reserve Fund

The debt service reserve fund is required to be maintained at the least of (i) 10% issue amount, (ii) MADS on all bonds and parity obligations, or (iii) 125% of average annual debt service on all bonds and parity obligations.

Rate Covenant

PWP is required to set rates to provide net revenues that cover debt service 1.10x.

Additional Bonds Test

PWP can issue parity debt only if net income during 12 consecutive months out of the last 18 months covers MADS 1.10x.

Financial Summary — Pasadena Water & Power

(\$000, Fiscal Years Ended June 30)	Audited 2009	Audited 2010	Audited 2011	Audited 2012	Preliminary 2013
Cash Flow (x)					
Debt Service Coverage	3.75	4.43	4.44	3.06	2.69
Adjusted Debt Service Coverage with Transfer	2.89	3.13	3.23	1.94	1.93
Coverage of Full Obligations	1.72	1.77	1.65	1.33	1.36
Liquidity					
Days Cash On Hand	389	446	450	480	445
Days Cash On Hand - Excluding SIR	238	275	287	320	296
Days Liquidity On Hand	389	446	450	480	445
Leverage (x)					
Debt/Funds Available for Debt Service	3.0	2.7	3.1	3.4	2.7
Net Debt/Net Capital Assets	0.0	0.0	(0.1)	(0.1)	N.A.
Equity/Capitalization (%)	73.5	75.7	77.1	78.2	0.0
Other (%)					
Operating Margin	15.8	17.5	13.8	10	16.4
Transfer/Total Operating Revenues	6.7	9.2	7.2	8.5	7.4
Capex/Depreciation	2.1	2.7	1.4	1.2	N.A.
Income Statement					
Total Operating Revenues	193,158	183,712	186,993	185,951	190,570
Total Operating Expenses	162,708	151,525	161,146	167,437	159,319
Operating Income	30,450	32,187	25,847	18,514	31,251
Adjustment to Operating Income for Debt Service Coverage	26,191	25,705	23,726	24,701	18,600
Funds Available for Debt Service	56,641	57,892	49,573	43,215	49,851
Total Annual Debt Service	15,118	13,071	11,166	14,126	18,565
Balance Sheet					
Unrestricted Funds	155,609	163,781	176,121	196,252	194,100
Restricted Funds	84,843	69,400	68,582	70,581	71,600
Total Debt	167,403	158,932	153,165	145,059	134,485
Net Assets	464,165	493,809	514,297	521,181	N.A.

N.A. – Not Available. SIR – Stranded investment reserve.
Source: PWP and audited financial statements.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

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RatingsDirect®

Summary:

Pasadena, California; Retail Electric

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Summary:

Pasadena, California; Retail Electric

Credit Profile

US\$79.5 mil elec rev and rfdg bnds ser 2013A due 06/01/2043

<i>Long Term Rating</i>	AA-/Stable	New
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Pasadena elec

<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
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Rationale

Standard & Poor's Ratings Services assigned its 'AA-' long-term rating to Pasadena, Calif.'s \$79.5 million series 2013A electric revenue and refunding bonds. Standard & Poor's also affirmed its 'AA-' long-term rating and underlying rating (SPUR) on the city's previously issued electric revenue bonds. The outlook is stable.

The rating reflects our view of the electric system's:

- Very strong debt service coverage (DSC) estimated at 2.7x in unaudited fiscal 2013, or 1.9x after general fund transfers, and good fixed-charge coverage (which includes off-balance-sheet debt) at 1.4x;
- Very strong liquidity of \$129 million, or 296 days' operating expenses, as of fiscal 2013, projected by management at no less than 180 days through fiscal 2018;
- Positive budget variances in fiscal years 2012 and 2013, which mitigate relatively weaker coverage forecast for fiscal years 2014 through 2016, and a forecast we believe is conservative;
- Demonstrated ability and willingness to adjust rates as needed to align revenue with rising costs, and the financial flexibility provided by the pass-through component of rates, which accounts for about two-thirds of the rate structure;
- Diverse power supply portfolio and successful compliance with the state's aggressive renewable energy requirements; and
- Stable, mature and diverse customer base with above-average income levels, with full participation in the Los Angeles County broad and diverse economic base.

Partly offsetting the above strengths, in our view, are the electric system's:

- Financial projections that indicate that, as a result of rising power costs and increasing debt, DSC will decline to 2.2x (or 1.5x after transfers) by fiscal 2015, with fixed-charge coverage declining to 1.2x, although fixed-charge coverage is forecast to rebound to 1.5x by 2018;
- Power supply pressures related to various California regulatory initiatives with regard to carbon emissions and renewable portfolio standards, with coal representing 47% of energy delivered and with costs anticipated to rise as more eligible renewable resources are added;
- Moderately high debt burden when including off-balance-sheet debt linked to essential power supply and transmission contracts, with additional direct debt planned in fiscal 2016; and
- Retail rates that are slightly above average compared with those of other municipal providers in the region but still generally competitive with rates of local investor-owned utilities.

We have assigned Pasadena a business risk profile score of '4' on a 10-point scale, with '1' being the best score.

The bond proceeds will be used to fund \$60 million of construction costs for the city's new 71-megawatt (MW) natural-gas-fired combined-cycle generating unit known as the repowering project (or GT5), fund about \$13 million in distribution system improvements, refund \$3.5 million of the series 2002 bonds and fund \$8.2 million of a parity reserve fund. A first lien on net revenue of Pasadena's electric system secures the bonds.

Pasadena, home of the annual Rose Bowl and Rose Parade, is a mature, built-out city 15 miles northeast of Los Angeles. The city is both a center of regional employment with large, stable employers and a bedroom community providing what we consider convenient access to the greater Los Angeles economy. Incomes are above average, with median household effective buying income at 13% above the national average as of 2012. The local unemployment rate, at 7.8% as of August 2013, was below the state rate of 8.8% but slightly above the national rate of 7.3%. Although the customer base is primarily (87%) residential in terms of accounts as of 2013, serving the city's 140,000 residents, the revenue base is more heavily weighted toward commercial and industrial customers, which represented almost 60% of both revenue and energy sales. All but a small portion of the system's revenue comes from native customers, with 4% coming from sales to other utilities in 2013. The leading 10 customers represent a diverse 11% of total system revenue and represent long-term, stable customers such as schools, hospitals, and large stable corporations (such as AT&T) with sizable investments in the local community.

Retail load has changed only slightly since 2003, measuring 1.13 million MW-hours (MWh) in 2013 compared with 1.16 million MWh in 2003, and peaked in 2009 at 1.25 million MWh. System peak daily demand grew to an all-time high of 320 MW in fiscal 2011, eclipsing the previous high of 316 MW in 2007, before declining to 292 MW in 2013. The city projects essentially no load growth through fiscal 2018 because of the city's mature nature and because of energy conservation and energy efficiency efforts, and management anticipates that these efforts will also offset an anticipated increase in load from electric vehicles. Pasadena's local generation capacity is 197 MW, and the city imports the balance of needs from purchased power agreements and joint-power-authority-owned generation.

The Pasadena Water and Power Department operates separate utility systems and reports to the city manager. The electric system's budget and rates are subject to city council approval. Whereas only three base rate increases have occurred in the past few years – 5.0% in July 2006, 4.5% in October 2007, and 2.3% in July 2012 -- the city has made multiple adjustments to its power cost adjustment (PCA) charge. The PCA represents the majority (65%) of the system's average rate of 14.92 cents per kilowatt-hour (kWh) and can be adjusted without city council action and without a cap to offset changes in purchased power costs. The PCA has been adjusted several times since October 2005 because of energy cost fluctuations, amounting to a cumulative system average rate increase of 18%.

Residential rates for 1,000 kWh of monthly usage are 2% to 11% higher than those charged by local public utilities, including Burbank, Glendale, and Los Angeles, but are 26% lower than those charged by local investor-owned utility Southern California Edison. In 2011, the city's all-in system rate was about 8% above the statewide average, according to data from the U.S. Energy Information Administration. The city completed a cost-of-service study in fiscal 2013 to support cost increases for infrastructure investment, more costly renewable energy sources, and rising operating and debt costs. Management anticipates proposing base rate increases of 2% to 3% annually from 2015 to 2017 and making other pass-through rate adjustments that extend through fiscal 2018 so that it can maintain cash balances at

policy levels.

Pasadena serves its base load mainly through contracted supplies from Intermountain Power Agency's (IPA) coal-fired plants in Utah (47% of energy resources in 2013) and from renewable energy resources (26%), including wind. The city plans to reduce its coal purchases by 35 MW by 2016, and to reduce greenhouse gas emissions by 40% by 2020. It derives most of the balance of power through contracts with the Southern California Public Power Agency (SCPPA) that include nuclear power from Palo Verde Nuclear Generating Station, hydropower from Hoover Dam, and gas-fired generation from the Magnolia plant in Burbank. The city supplements the balance of its power with market purchases and with a small amount from locally owned steam and gas peaking units. Management projects that Pasadena will receive 23% of its power from renewable energy in 2015 and 40% by 2020, which allows it to meet California's legislation known as Senate Bill 2 in the First Extraordinary Session (SBX1 2). Signed into law on April 12, 2011, SBX1 2 requires both investor-owned utilities and public utilities in the state to achieve a 33% renewable portfolio standard by 2020. All load-serving utilities must also serve an average of 20% of all retail sales from renewable resources for 2011 to 2013, and 25% by 2016.

Net revenue of the electric system provided what we consider strong direct DSC at 2.7x in 2013, with DSC after transfers of 1.9x and fixed-charge coverage of 1.4x. About one year ago, the city had conservatively forecast fixed-charge coverage of just 1.03x for fiscal 2013, with the positive variance largely resulting from below-budget power costs and lower-than-projected debt service. Management projects coverage to decline during the next three years because of higher purchased power costs and rising debt service requirements, but the proposed rate increases from 2015 through 2017 somewhat mitigate this. In our view, maintenance of the rating relies heavily on the city's ability to continue to pass through costs related to purchased power and escalating debt service by means of rate adjustments, given that loads are not likely to grow. Management estimates that DSC will measure 2.4x for fiscal 2014 and decline to 2.2x during 2015 before rebounding to 2.8x by fiscal 2018. It also projects that fixed-charge coverage will decline to 1.2x in fiscal years 2014 and 2015 before rebounding to 1.3x by 2016, 1.4x by fiscal 2017, and 1.5x by fiscal 2018. The city has a direct DSC goal of 1.5x or greater and an all-in DSC target of 1.25x or greater. Although the forecast indicates fixed-charge coverage will decline to levels only marginally consistent with a 'AA-' rated electric utility, we believe the utility's forecasts are conservative, and the city comfortably exceeded its forecast for fiscal years 2012 and 2013.

In addition, the system's liquidity is very strong, in our view, with unrestricted cash of \$129 million, or 296 days of operations, as of fiscal 2013, and available cash reserves covering 445 days of operating expenditures when the currently restricted stranded investment reserve of \$65 million is included. Although management anticipates drawing down near-term cash to support funding for capital projects, it projects that balances will fall to no less than 180 days as it implements additional projected rate increases. Cash balances include a 60-day operating reserve, the equivalent of a 2-cent-per-kWh energy cost reserve, 12 months of capital expenses, one year of general fund transfers, and additional reserves for transmission and other public benefit commitments.

The electric system's five-year capital improvement plan totals \$276 million, and is 77% debt-financed and 23% funded with revenue and cash. The city's \$132 million GT5 repowering project replaces the city's 50-year-old Broadway 3 steam generating unit with a 65 net MW gas-fired combined-cycle plant, and is a key part of the capital plan.

Scheduled to begin commercial operation in April 2016, the plant will provide backup generation to mitigate the city's single connection to the grid, and will provide increased efficiency and lower operating costs. It will also support wind and solar integration as the city's green portfolio grows. Management anticipates issuing additional bonds during the next five years, including \$70 million in fiscal 2016 for projects such as distribution system improvements. The city also may establish a line of credit for interim financing in 2015 to complete the GT5 repowering project and fund distribution improvements, and then issue long-term debt to refund the line the following year.

Outlook

The stable outlook reflects our anticipation that, despite the decline in fixed-charge coverage the past two years and based on recent forecast-exceeding trends, fixed-charge coverage will at least equal levels attained in fiscal years 2012 and 2013 during the next two years. However, if the electric system is unable to exceed forecast DSC and fixed-charge coverage, we will likely revise the outlook to negative or lower the rating, but we will also consider the city's strong cash reserve position and other mitigating factors when making that determination. We do not anticipate raising the rating during the next two years given the challenging regulatory and energy supply requirements facing the city (as with other public power providers in the state) and given the anticipated increase in operating costs and debt service.

Related Criteria And Research

USPF Criteria: Electric Utility Ratings, June 15, 2007

Ratings Detail (As Of November 8, 2013)		
Pasadena elec rev rfdg bnds		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Pasadena elec (ASSURED)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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McGRAW-HILL



MEMORANDUM

TO: Michael J. Beck, City Manager

FROM: Vincent P. Bertoni, AICP, Director of Planning & Community Development
Department / Frederick C. Dock, AICP PE, Director of Transportation *FD*

DATE: November 27, 2013

SUBJECT: Revising Thresholds of Significance for Traffic Impacts - Impact on Projects in the Pipeline

As the City's General Plan Update has evolved, a multi-modal transportation theme has emerged as an important concept. One of the four foundations to the General Plan Update is that the City should, "Plan for walking, biking and transit." This corresponds with Guiding Principle Five, "Pasadena will be a city where people can circulate without a car." Throughout the General Plan update Department of Transportation staff has engaged the community in conversations regarding the performance measures that might be used to more appropriately analyze the impacts of a project across transportation modes, including pedestrian, transit and bicycle. New metrics – or ways of measuring something – must look beyond the transportation network's efficiency to move vehicles and include all users of the network.

The Department of Transportation has discussed this concept with the City Council at a Study Session in August of 2010, at the Municipal Services Committee in July of 2013 at various Transportation Advisory Commission meetings from 2010 and 2013 and at the Planning Commission meeting in May of 2013.

As these concepts continue to evolve, the Department of Transportation and the Planning & Community Development Department are continuing those discussions with the Planning Commission, Transportation Advisory Commission and the City Council on changes to the methods by which the City measures traffic and transportation impacts of a proposed project.

An important first step in establishing new thresholds is to determine at what point projects in the development review pipeline would be required to use the new thresholds. Staff has identified and analyzed a number of options in this regard, including application submittal, the release of a Notice of Preparation, and the execution of a memorandum of understanding for a traffic study. Staff will provide a staff report and presentation on this first step to the following Commissions:

- Transportation Advisory Commission at 4:00 pm on Thursday, December 5 at 221 West Walnut Street, Room 210
- Planning Commission at 6:30 pm on Wednesday, December 11 at the City Council Chambers, 175 North Garfield Avenue

These commissions will make a formal recommendation to the City Council. In 2014, staff will meet with the community, commissions and the City Council on the appropriate traffic metrics and associated thresholds of significance to be used for future projects reviewed under CEQA.

MEMORANDUM – City of Pasadena
Police Department
November 27, 2013

TO: Michael J. Beck,
City Manager

FROM: Phillip L. Sanchez,
Chief of Police

RE: PPD Cases Involving Officer Conduct – Referral to LA County District Attorney

Recently, the Pasadena Police Department (PPD) was requested to provide information regarding the number of cases involving officer conduct it has referred to the Los Angeles County District Attorney's Office.

As indicted by the following table, since March 2012, PPD has referred the following four cases:

IA #	Incident Date	Summary	Status
2012-05-033	07/23/2007*	Alleged threats and perjury involving a Pasadena Police Officer.	Case currently under review
2012-0053	03/24/2012	Officer Involved Shooting: K. McDade.	Review complete. Officer Involved Shooting was deemed legally justified by Los Angeles County District Attorney. Decision letter issued 2013.
2012-063	08/28/2012	Pasadena Police Officer arrested for spousal abuse (off-duty incident).	Case filed with Los Angeles District Attorney Criminal Division. Plea Agreement in May of 2013. Matter concluded.
N/A	10/11/2013	Officer Involved Shooting: P. Holloway.	Preliminary hearing for P. Holloway is pending in Los Angeles County Criminal Division. Officer Involved Shooting under review.

*referred in 2012

In the future this type of information will be included in the semi-annual reports of Use of Force and Officer Discipline presented to the City Council Public Safety Committee.