Special Meeting Minutes
FINANCE COMMITTEE
Thursday, July 9, 2020 ▪ 2:00 p.m.
Videoconference/Teleconference Council Chambers Room S249, Pasadena City Hall

A. CALL TO ORDER: The special meeting of the Finance Committee was called to order at 2:02 p.m. with Mayor Tornek and Councilmembers Gordo, McAustin, and Kennedy comprising the quorum.

Attendees (Absent as indicated):

Councilmembers	Staff
Mayor Tornek, Chair	Steve Mermell
Victor Gordo	Julie Gutierrez
John Kennedy	Matthew Hawkesworth
Margaret McAustin	Tim Park
	Rey Okamoto
	Eric Duyshart
	Dianne Russell-Carter

Recording Secretary: Gloria Acevedo

B. PUBLIC COMMENT - NONE

C. APPROVAL OF MINUTES

- June 25, 2020 Special Meeting

The minutes were approved as submitted.

D. NEW BUSINESS

1. **RECOGNIZE REVENUE AND APPROPRIATE FUNDS OF $1,876,323 TO THE FISCAL YEAR 2021 OPERATING BUDGET FOR THE ACCEPTANCE OF THE STATE OF CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT GRANT FUNDS AND APPROVAL OF A CONTRACT AMENDMENT WITH THE SOUTHBAY WORKFORCE INVESTMENT BOARD TO PROVIDE INDIVIDUAL TRAINING ACCOUNT SERVICES**

Dianne Russell-Carter, Executive Director, Foothill Workforce Development Board, presented the agenda item, where she outlined how the $1,876,323 funds were appropriated by program and answered questions on how each program will make use of the funds.

Councilmember McAustin inquired if the City auditor conducts an annual audit of the programs. Rey Okamoto, Financial Analyst, responded the program is audited by the Finance Department and State audits.

Councilmember Kennedy suggested the Foothill Board take advantage of any possible outreach partnerships and employment opportunities; specifically connect with Mr. Prentice Deadrick, Ron Matthews, and Catharine Rajan. Ms. Russell-Carter agreed to reach out to the various individuals to ensure participants in this area are taking advantage of all available programs.

Councilmember Gordo inquired about any State or Federal funds becoming available for summer youth programs. Ms. Russell-Carter responded there are none at this time.

The Finance Committee approved forwarding this report to the full City Council.

2. RECENT ACTIONS BY CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM REGARDING INVESTMENT STRATEGIES AND GOVERNING BOARD STRUCTURE

Matthew Hawkesworth, Director of Finance, presented the agenda item. Mr. Hawkesworth provided detailed information on CalPERS' more and better philosophies in which, their plan is to add additional private assets to their portfolio with the goal of achieving a 7% discount rate.

Councilmember McAustin asked if the City had the option to opt out. Mr. Hawkesworth responded, that was a very costly possibility. Councilmember McAustin suggested we make our disapproval of the current CalPERS actions heard by publishing an opinion piece from the Finance Committee. Steve Mermell, City Manager, responded the Pasadena Star News has approached his office and once Council approval is obtained regarding the committee's recommendations, he will share the correspondence the committee is planning to send to CalPERS along with the background information.

Councilmember Gordo requested information regarding CalPERS' weighted average rate of return for a period of 25-30-years. In addition, he suggested the City reach out to the California Governor's office as his office appoints local officials and ask that there be City appointees. Mr. Hawkesworth will compile the information and bring it back to the committee.

Councilmember Kennedy asked Mr. Hawkesworth and Mr. Mermell to share their thoughts on actions the City can take and suggested the committee reach out to California State Senator, Anthony Portantino and California Assembly Member Chris Holden for support. Mr. Mermell responded, the first step is generating attention, he and Julie Gutierrez, Assistant General Manager have met with other area City Managers who have indicated they are willing to sign-on a letter from the City. Lastly, Councilmember Kennedy, inquired about the rate at which CalPERS is borrowing money, if it was at zero, and if there was a chart that showed a year-to-year drop in the unfunded liability. Mr. Hawkesworth responded, he will research at what rate CalPERS is

borrowing money, however was confident that it was not at zero, he will also refresh the existing unfunded liability chart and bring it back to the committee.

Mayor Tornek asked if the League of Cities had looked at the situation. Mr. Hawkesworth indicated they have been hands-off. Mr. Mermell added most cities are only concerned by their payment obligation.

The Finance Committee approved forwarding this report of the full City Council.

3. BUDGET REVIEW – A LOOK AT THE BUDGET BY CATAGORY

Steve Mermell, City Manager introduced the item indicating this is a basic baseline outline of the City Budget, both the General and Citywide Budgets. Matthew Hawkesworth, Director of Finance, continued with the PowerPoint titled "Budget Review – a look at the budget by category." He indicated this is the first of many discussions to show what makes up the City Budget.

Councilmember Gordo suggested the budget should be viewed department by department and by program to capture the effectiveness and to view where the funding comes from in order to measure for success. Mr. Mermell responded that from a budget point of view it's important to look at where financial resources are going, if reprioritizing is needed, and is open to take direction from the committee as far as allocations.

Councilmember Gordo recommended the committee take a look at how the Police Department resources are being allocated to see if there is an opportunity for some sworn positions to be filled by civilians without compromising public safety. Mr. Mermell responded civilization in the department has increased over time and that the Police Chief has a career path for non-sworn personnel.

Mayor Tornek stated the committee should engage in conversations regarding the Police Budget and how the money is being allocated in response to questions being raised.

Councilmember McAustin recommended the information be broken down in simpler terms, such as by services and programs.

The Finance Committee acknowledged the report.

E. ADJOURN

With no further business to come before the committee, the meeting adjourned at 4:13 p.m.

/s/ Terry Tornek 7/24/20

Mayor Tornek Date
Chair, Finance Committee

7/24/20

ATTEST: Gloria Acevedo, Date
Recording Secretary