Special Meeting Minutes
FINANCE COMMITTEE
Monday, January 10, 2022 ▪ 3:30 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 3:32 p.m. with Mayor Gordo, Vice Mayor Wilson, and Councilmembers Kennedy and Williams.

Attendees (Absent as indicated):

| **Councilmembers** | **Staff** | |
|---|---|---|
| Mayor Gordo, Chair | Cynthia Kurtz | Vic Erganian |
| Andy Wilson | Matthew Hawkesworth | |
| John Kennedy | Theresa Fuentes | |
| Felicia Williams (Arrived 3:48 p.m.) | Shari Thomas | |
| | Manuel Carmona | |

Recording Secretary: Sandra Campos

B. PUBLIC COMMENT- None

C. APPROVAL OF MINUTES

- December 13, 2021 Special Meeting

The minutes were approved as submitted.

D. NEW BUSINESS

1. **AUTHORIZATION TO ENTER INTO A CONTRACT WITH PFM FINANCIAL ADVISORS LLC FOR INDEPENDENT REGISTERED MUNICIPAL ADVISOR FOR THE WATER AND POWER DEPARTMENT FOR A PERIOD OF THREE YEARS, WITH TWO OPTIONAL ONE YEAR EXTENSIONS FOR A TOTAL AMOUNT NOT TO EXCEED $250,000**

Mayor Gordo introduced the item, Matthew Hawkesworth, Director of Finance, clarified that PFM Financial had provided services to the City through third-party organizations that the City belongs to and this is the first time the Pasadena Water and Power plans to execute a contract directly with PFM Financial Advisors. Shari Thomas, Assistant General Manager, provided a PowerPoint presentation and responded to a comment.

Vice Mayor Wilson expressed content with the thorough selection process in a very close outcome.

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

**2. RECOGNIZE AND APPROPRIATE $260,650 TO THE DEPARTMENT OF PUBLIC HEALTH'S FISCAL YEAR 2022 OPERATING BUDGET RELATED TO THREE NEW GRANTS; ADD 3.25 LIMITED-TERM GRANT FUNDED FTEs**

Mayor Gordo introduced the item and Manuel Carmona, Deputy Director for Public Health, responded to questions.

Vice Mayor Wilson request clarification on the compensation for the two new positions. Mr. Carmona responded that the Program Coordinator I position was budgeted at $135,000 per year and the Community Service Represented at $90,000, the amounts factor in benefits.

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

**3. APPROVAL TO AMEND THE CITY'S 457(B) DEFERRED COMPENSATION PLAN TO ALLOW FOR IN-PLAN ROTH CONVERSIONS**

Mayor Gordo introduced the item that allows plan participants to convert their deferred compensation savings into an in-plan Roth account. Matthew Hawkesworth, Director of Finance, provided a PowerPoint presentation.

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

E. INFORMATION ONLY

**4. FINANCIAL UPDATE JANUARY 2022**

Mayor Gordo introduced the item. Matthew Hawkesworth, Director of Finance, provided a PowerPoint presentation and responded to questions.

Vice Mayor Wilson asked if the increase in the Consumer Price Index (CPI) is expected to create a large increase in property taxes. Mr. Hawkesworth clarified that CPI is capped at 2% for property tax growth.

Councilmember Williams asked if the sale of the private properties to the state would be reflected in the September 2022 tax roll. Mr. Hawkesworth responded that the process can take between six-eighteen months; there is a possibility that a supplemental bill can be granted for 2022 and the remaining amount be reflected in the following year's tax roll.

Mayor Gordo asked for the breakdown of Measure I, whether the City should reconsider the allocation to the Pasadena Unified School District (PUSD), and if

the City has capped the transfer. Mr. Hawkesworth shared that the City transfers 1/3 of the sales tax revenue and stated there is no cap on the amount. Mayor Gordo suggested for the City to consider its own expenses as a result of the increase in CPI and that a cap should be considered. Mr. Hawkesworth committed to working with the Interim City Manager to evaluate the option as budget discussions begin. Mayor Gordo requested discussion points to be shared with the Finance Committee and the City Council.

Councilmember Kennedy requested clarification on whether the City is considering changing the allocation of Measure J funds to PUSD. Mayor Gordo responded that the City will keep its commitment to PUSD as a result of Measures I & J; however, if more revenue than promised is being transferred, then the City should consider explaining to PUSD that the City is dealing with unanticipated costs. Mayor Gordo added that as the City sees unanticipated revenue, it should consider balancing that revenue against significant anticipated costs.

Vice Mayor Wilson inquired about the General Fund subsidy to the Rose Bowl Operating Company (RBOC); whether, the RBOC could alternatively take their operating income and cover their debt service while the City makes a transfer. Mayor Gordo clarified that the RBOC's debt service belongs to the City. Mr. Hawkesworth clarified that the assistance to the Pasadena Center Operating Company (PCOC) through the Transient Occupancy Tax agreement is considered in the Other Expense Category in the forecast and for the RBOC the assistances is in the Debt Service line item. Vice Mayor Wilson requested that the subsidy to any operating company be more transparent in future presentations.

Mayor Gordo asked staff for the percentage of long-term properties remaining on the tax rolls and if the tax revenue from the potential sale of these properties is known. Mr. Hawkesworth will work with the City's tax consultants to gather the data.

The Finance Committee acknowledged receiving the report.

F. ADJOURN

With no further business to come before the Finance Committee, the meeting adjourned at 4:07 p.m.

Victor M. Gordo 2/15/22

Victor M. Gordo Date
Chair, Finance Committee

2/15/22

ATTEST: Gloria Acevedo, Date
Recording Secretary