Special Meeting Minutes
FINANCE COMMITTEE
Monday, January 24, 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 3:36 p.m. with Mayor Gordo, Vice Mayor Wilson, and Councilmember Kennedy.

Attendees (Absent as indicated):

Councilmembers	**Staff**	
Mayor Gordo, Chair	Matthew Hawkesworth	Chad Augustin
Andy Wilson	Theresa Fuentes	Michelle Perera
John Kennedy	Shari Thomas	Nicholas Rodriguez
Felicia Williams (Absent)	Manuel Carmona	Kimberly Siemen
	Timothy Park	Karen Peterson
	Flora Karmiryan	Jim Wong
	Stephanie Chang	Brenda Harvey-Williams
	Vic Erganian	

Recording Secretary: Gloria Acevedo

B. PUBLIC COMMENT- None

C. NEW BUSINESS

1. AMENDMENTS TO FISCAL YEAR 2022 ADOPTED OPERATING BUDGET

Mayor Gordo introduced the item. Vice Mayor Wilson asked for the report highlights. Matthew Hawkesworth, Director of Finance, shared that some transportation areas are accepting grant money related to the Coronavirus Relief Act and that it is expected for that to continue for the next 12-18 months. Vice Mayor Wilson then asked if that is what staff had expected. Mr. Hawkesworth stated that for the most part it was as expected, he added that some applications were competitive and awards are not always guaranteed.

Councilmember Kennedy requested an explanation of the purpose of the grant increase and confirmation that the funds were coming from Blue Shield. Manuel Carmona, Deputy Director of Public Health, confirmed the grant is from Blue Shield to the Pasadena Public Health Department.

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

E. INFORMATION ONLY

2. CONSUMER PRICE INDEX (CPI) ON CURRENT CONTRACTS

Mayor Gordo introduced the item and Matthew Hawkesworth; Director of Finance, provided a short overview of the Memo. Mr. Hawkesworth reminded the Committee that inflation and CPI are only one component affecting the City's cost, raw material and technology can trend different from CPI and inflation; therefore, affecting the City's finances moving forward.

Mayor Gordo asked staff to consider placing a cap on CPI on future contracts as the City cannot sustain annual automatic increases of 8.6% on large contracts. Mr. Hawkesworth shared that some contracts have increases tied to items similar to CPI, but not identical; sometimes the cost is tied to raw material or the production of the goods. Staff is finding that some vendors will not commit to long-term contracts and although some contracts are locked in, the City is subject to the market price of raw material, and that's when increases are unavoidable. Erika Alvarez, Purchasing Administrator, added that vendors are not interested in renewing long-term contracts and that staff is working with the City Attorney's Office for the feasibility of placing a cap on contracts tied to CPI.

Mayor Gordo suggested a second and third round of analysis to ensure residents are being treated fairly as increases to rates and services can result from increases to contracts. Mr. Hawkesworth committed to working with staff during next year's budget meetings to address the effects of rates and charges on residents and businesses, as a result of the increases to CPI.

Vice Mayor Wilson asked staff to be mindful of potential revenue enhancements as a source to reduce the impact to the General Fund. Mayor Gordo suggested the City could collect from special funds that have a funding stream both from inside and outside the City. Mr. Hawkesworth committed to evaluating every possible funding source.

The Finance Committee acknowledged receiving the report.

3. STRANDED INVESTMENT RESERVE FOLLOW UP

Matthew Hawkesworth, Director of Finance introduced the item. Shari Thomas, Assistant General Manager, responded to questions.

Councilmember Kennedy inquired about the assets in the reserve fund. Shari Thomas, Assistant General Manager, shared that the balance as of June 30 is $55 million and the primary use of these funds remains the cost associated with the agreements with the Intermountain Power project, the Palo Verde Nuclear Generating Station in Arizona, and local generation (the Magnolia Power Plant in Burbank CA).

Vice Mayor Wilson requested an activity summary of the drawdown for the last ten-years. Shari Thomas shared that an analysis is being prepared and the recommendations will be presented to the Municipal Services Committee. Vice Mayor Wilson requested the summary also be shared with Councilmember Kennedy.

The Finance Committee acknowledged receiving the report.

F. ADJOURN

With no further business to come before the Finance Committee, the meeting adjourned at 4:02 p.m.

Victor M. Gordo 2/15/22

Victor M. Gordo Date
Chair, Finance Committee

Gloria Acevedo 2/15/22

ATTEST: Gloria Acevedo, Date
Recording Secretary