CITY OF PASADENA
FINANCE COMMITTEE MINUTES
PASADENA CITY HALL
100 NORTH GARFIELD AVENUE
CITY HALL COUNCIL CHAMBER S249
FEBRUARY 10, 2025
SPECIAL MEETING

OPENING Chair Gordo called the special meeting of the Finance Committee to order at 3:10 p.m.

ROLL CALL: Mayor Victor M. Gordo (Chair)
Councilmember Rick Cole
Councilmember Tyron Hampton (arrived at 3:25 p.m.)
Councilmember Gene Masuda

Staff: Miguel Márquez, City Manager
Matthew Hawkesworth, Acting Assistant City Manager/Director of Finance
Brenda Harvey-Williams, Assistant City Manger
Arnold Lee, Chief Assistant City Attorney
Phyllis Hallowell, Management Analyst V
David Reyes, Interim General Manager, Water and Power
Lynne Chaimowitz, Assistant General Manager, Water & Power
Jenny Cristales-Cevallos, Deputy Director of Transportation
Sebastian Hernandez, Principal Planner
Gloria Flores, Management Analyst III
Armine Trashian, Controller
Gloria Acevedo, Recording Secretary

APPROVAL OF MINUTES: It was moved by Councilmember Cole, seconded by Councilmember Masuda, to approve the minutes of the December 16, 2024, Special Finance Committee and the cancellation notices of December 23, 2024, January 13, 2025, and January 27, 2025 (Motion Unanimously carried) (Absent: Councilmember Hampton).

NEW BUSINESS: **AUTHORIZE THE CITY MANAGER TO EXTEND THE TERM OF CONTRACT 31,568 WITH TRC ENGINEERING SERVICES, LLC FOR SIX MONTHS TO CONDUCT QUALITY CONTROL INSPECTIONS FOR THE PASADENA TRANSIT AND PASADENA DIAL-A-RIDE FLEET**

Chair Gordo introduced the item and Matthew Hawkesworth, Acting Assistant City Manager/Director of Finance, introduced Jenny Cristales-Cevallos, Deputy Director of Transportation who responded to questions.

Councilmember Cole requested clarification on whether a contract with the vendor is needed after six-months and on the actual cost of the audit. Ms. Cristales-Cevallos responded that the need for these services is continuous. Mr. Hawkesworth clarified that the cost for each vehicle is $1,762, with three vehicles undergoing the audit, the total cost is $5,286, with $12,000 remaining in the contract.

It was moved by Councilmember Cole, seconded by Councilmember Masuda, to approve staff's recommendation and forward the item to the City Council for consideration. (Motion Unanimously carried) (Absent: Councilmember Hampton)

INFORMATION ONLY: **MITIGATION FEE ACT ANNUAL REPORTS**

Chair Gordo introduced the item and Matthew Hawkesworth, Acting Assistant City Manager/Director of Finance, responded to questions.

Councilmember Cole suggested to staff for future report presentations to highlight projects funded by the collection of these fees rather than stating the report is only to show compliance with the state law, as it is important for the public to understand how fees collected are spent by the City. In this instance, the collection of these funds allowed for the building of the Washington Park Community House among other projects that are valuable assets to residents.

Councilmember Masuda agreed with Councilmember Cole's suggestion and reminded the Finance Committee that they can reach out to staff prior to the meeting with questions so that most questions are answered outside the meeting in consideration of the limited time of the meetings.

Chair Gordo also agreed with the suggestion to highlight projects; however, reminded the committee that it is equally important to share that the City is compliance with state law.

Miguel Márquez, City Manager, pointed out that these meetings are slated to provide information to the public and suggested that perhaps finding a balance on agenda reports to show compliance, highlight projects, and provide clear actions is the best solution, given the high number of reports.

Following a discussion, on the order of the Chair and consensus of the Finance Committee, the item was received and filed.

PRESENTATION ON THE FISCAL YEAR JUNE 30, 2024, FINANCIAL REPORTS (ITEM 5 OF THE CITY COUNCIL JANUARY 27, 2025, AGENDA)

Chair Gordo introduced the item and Matthew Hawkesworth, Acting Assistant City Manager/Director of Finance introduced Armine Trashian, Controller, who provided a PowerPoint presentation and responded to questions.

Councilmember Cole inquired about the following:

- Significant difference between revenue growth compared to the expenditure growth; is the trend predicted to continue. Mr. Hawkesworth provided an outline of the decrease in revenue funds from governmental funds and the impact of reduced property taxes, as well as sales taxes being flat compared to last year's numbers.
- The Water and Power utility rate study at a time when net profits increased by $78.9 million. Ms. Lynne Chaimowitz, Assistant General Manager, Water & Power, explained future increases are needed to recover from the depletion of reserves for energy services during the increase in gas price increases of 2022-2023.
- The Rose Bowl Operating Company's (RBOC) $5.7 million in net gain, while recording a net operating loss of $1.9 million last year, before the debt service payment of $12 million. Mr. Hawkesworth will work with the RBOC for a detailed explanation.
- Increased operating loss reported by the Pasadena Center Operating Company (PCOC), while being subsidized with Transient Occupancy Tax revenue. Mr. Hawkesworth will work with the PCOC for a response.
- The RBOC and PCOC's performance has an impact on the General Fund; therefore, it is important to pay close attention.
- Employee pension contributions for Safety, Classic, and Public Employees' Pension Reform Act members, and the City's $600 million unfunded accrued liability.
- The creation of the Section 115 Trust and how it is funded.
- Preparing for acute and chronic "shocks" in the economy based on unprecedented events; important to protect citizens.

All bullets represent an opportunity to raise the public's awareness on where the money collected by fees and taxes is used throughout the City.

Chair Gordo asked staff to prepare to discuss the City's pension obligation before or after the Capital and Operating budget discussions.

Councilmember Masuda expressed concern about water rates increasing unexpectedly. Miguel Márquez, City Manager, stated he is working with his team to soften future rate increases by introducing them in a staggered manner rather than several in one year.

Councilmember Hampton asked about projections from the impact to the City's local economy, post the Eaton Canyon Fire. Mr. Hawkesworth shared that our tax consultant HdL is working on providing a revised forecast. Councilmember Hampton also stressed the importance of keeping dollars spent circulating in our local economy, as they are beneficial to our local businesses as well as the City in the form of tax revenues. Lastly, Councilmember Hampton asked that an agenda report return to the Finance Committee Meeting within 30-days to revisit the Annex buildings within the Hahamongna Watershed Park that was due back to the Committee late last year, he suggested local nonprofits can hire residents who lost their homes or jobs in the Eaton Fire to teach them a new career path, in this area.

Following a discussion, on the order of the Chair and consensus of the Finance Committee, the item was received and filed.

ADJOURNMENT: On the order of the Chair, the special meeting of the Finance Committee was adjourned at 4:32 p.m.

ATTEST:

Victor M. Gordo

Mayor Victor Gordo, Chair
Finance Committee

Gloria Acevedo

Gloria Acevedo
Recording Secretary