AGENDA
FINANCE COMMITTEE
REGULAR MEETING NOTICE
FEBRUARY 24, 2025
PUBLIC MEETING 4:00 P.M.

Members
Victor M. Gordo, Mayor
Tyron Hampton, District 1
Rick Cole, District 2
Gene Masuda, District 4

STAFF
Matthew Hawkesworth, Director of Finance
Arnold Lee, Chief Assistant City Attorney
Gloria Acevedo, Recording Secretary

MISSION STATEMENT

The City of Pasadena is dedicated to delivering exemplary municipal services, responsive to our entire community and consistent with our history, culture, and unique character.

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Language translation services are available for this meeting by calling (626)744-4124 at least 24 hours in advance. Habrá servicio de interpretación disponible para éstas juntas llamando al (626)744-4124 por lo menos con 24 horas de anticipación.

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Items on the agenda may not be called in order listed. Agendas and supporting documents are available on the Internet at https://www.cityofpasadena.net/commissions/city-council-finance-committee/

*Materials related to an item on this Agenda submitted to the Finance/Audit Committee **after** distribution of the agenda packet will be posted online and listed as: "Supplemental Agenda Material Received after the Posting of the agenda"*

PUBLIC COMMENT AT THE FINANCE COMMITTEE MEETING FOR FEBRUARY 24, 2025, AT 4:00 P.M. WILL BE ACCEPTED IN-PERSON AND BY VIDEOCONFERENCE/TELECONFERENCE.

Link to City Meeting Policy:
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AND

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In order to facilitate public participation at meetings the City will accept public comment in the following manner:

1. Whether participating in-person or virtually at the meeting, members of the public may provide public comment by submitting a speaker card prior to the start of public comment on that item, at the following webpage:

   www.cityofpasadena.net/commissions/public-comment/

   If a public comment speaker wishes to speak on more than one agenda item, please indicate which items on the online form (multiple item speakers will be handled according to the process posted on the agenda and as specified in the City meeting policy). Public comments are limited to 3 minutes each, and the Chair and Committee may limit this time if reasonable under the circumstances.

2. In-person Meeting Participation: Complete an online speaker card at the following website: **www.cityofpasadena.net/commissions/public-comment/**

   After submitting a public speaker card, members of the public may attend the meeting in-person by coming to the Pasadena City Council Chamber, Room S249 at City Hall at the date and start-time of the posted meeting.

   Virtual Meeting Participation: For virtual participants, you may attend by connecting to the meeting using a computer, other electronic device, or by telephone. Please review the agenda to identify the published start time for the meeting and connect to the meeting just prior to, or at the start of the meeting.

   To participate in public comment for an item and to be recognized to speak, it is required that the speaker login to the meeting using the same name or telephone number used on the Speaker Card form. This will allow City staff to locate and promote the speaker into the meeting when it is time for their public comment. Participants' phone calls to the Committee meeting will be recorded as part of the Committee meeting. By staying on the line and making public comment during the

Committee meeting by phone, you are agreeing to have your phone call recorded. Following is the connectivity information for virtual participation:

Computer or electronic devices, join the meeting at: **cityofpasadena.net/cczoom**

Telephone only dial-in: 1-669-900-6833, Meeting ID: 161 482 446

3. **Speaker Card Help Line**: If a public comment speaker needs assistance in completing a speaker card, please call the City Clerk's Office at: (626) 744-4124. Help line will open **30 minutes** prior to the posted start time of the meeting.

4. Members of the public may submit correspondence of any length prior to the start of the meeting, at the following email address:

   gacevedo@cityofpasadena.net

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DEPARTMENT OF FINANCE

CITY OF PASADENA
NOTICE OF THE REGULAR MEETING
OF THE FINANCE COMMITTEE

FEBRUARY 24, 2025
PUBLIC MEETING: 4:00 P.M.
PASADENA CITY HALL, COUNCIL CHAMBER
100 NORTH GARFIELD AVENUE, ROOM S249

NOTICE IS HEREBY GIVEN that the regular meeting of the Finance Committee will be held on Monday, February 24, 2025, at 4:00 p.m. in the Pasadena City Hall Council Chambers S249.

Victor M. Gordo, Mayor
City of Pasadena

I HEREBY CERTIFY that this notice, in its entirety, was posted on the Internet at www.cityofpasadena.net/commissions/city-council-finance-committee and on the Council Chamber Bulletin Board, Room S249 and the Bulletin Board in the rotunda area, City Hall, 100 North Garfield Avenue, this 20th day of February, 2025, by 5:30 p.m., and that copies hereof were faxed, emailed or delivered to each member of the City Council and to each local newspaper of general circulation, radio or television station requesting notice in writing, all of which recipients are identified on the distribution list set forth herein below.

Gloria Acevedo, Recording Secretary
Finance Committee

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REGULAR MEETING
AGENDA
FINANCE COMMITTEE
FEBRUARY 24, 2025

Public Meeting: 4:00 P.M.
Council Chamber, Pasadena City Hall
100 North Garfield Avenue, Room S249

PUBLIC MEETING – 4:00 P.M.

ROLL CALL

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

*Public comment will be limited to a total of **20 minutes** at the beginning of the meeting and will continue at the conclusion of the meeting if necessary. Please limit comments to **3 minutes** each.*

APPROVAL OF MINUTES

February 10, 2025 Special Meeting

NEW BUSINESS

1. **APPROVE AMENDMENTS TO FISCAL YEAR 2025 ADOPTED OPERATING BUDGET**

INFORMATION ONLY

ADJOURN

APPROVAL OF MINUTES

- February 10, 2025 Special Meeting

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 prices 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:

_____
Mayor Victor Gordo, Chair
Finance Committee

_____
Gloria Acevedo
Recording Secretary

NEW BUSINESS

ITEM 1

1. APPROVE AMENDMENTS TO FISCAL YEAR 2025 ADOPTED OPERATING BUDGET

Agenda Report

February 24, 2025

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Finance

SUBJECT: **APPROVE AMENDMENTS TO FISCAL YEAR 2025 ADOPTED OPERATING BUDGET**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action herein is not a "project" subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 21065 and within the meaning of Section 15378(b) and

2. Approve amending the Fiscal Year (FY) 2025 Adopted Operating Budget as detailed in the following report by a net amount of $4,345,136.

BACKGROUND:

Throughout the fiscal year, budgetary adjustments are necessary to account for unanticipated changes to the adopted budget. These revenue and appropriation amendments are presented to the City Council for consideration. This agenda report includes proposed amendments to the FY 2025 Operating Budget as adopted by the City Council on June 10, 2024.

Proposed Budget Amendments

1. **Budget Adjustments** – The following adjustments are recommended to align the revenue and expenditure budgets:

    a. **General Fund Transfer to Other Housing Fund** – The Housing Department recommends appropriating a transfer of $3,000,000 from the General Fund (101) to the Other Housing Fund (238) to fund the acquisition costs of 17 Caltrans homes previously approved by City Council. This transfer was inadvertently omitted from the FY 2025 Operating Budget. Any unexpended amount by the end of the fiscal year

will be re-budgeted in the next fiscal year for the potential acquisition of additional Caltrans homes.

b. **Capital Projects Fund Transfer to General Fund** – The Public Works Department recommends transferring $70,000 in revenue from the Capital Improvement Fund's (301) Street Tree Revenue account to the Street Tree Administration account in the General Fund (101). Street Tree Revenue fees have been historically collected in Fund 301 as the Street Tree program was administered through the Capital Improvement Program (CIP). Following a business decision to discontinue the CIP, the cost of planting street trees was moved to Fund 101. As a result, this requires occasional interfund transfers of revenue.

   Additionally, the Department recommends appropriating $70,000 in the General Fund (101) to purchase and plant approximately 400 trees, which was inadvertently not included in its FY 2025 Operating Budget. This administrative process will be reviewed for improvements.

c. **Career Services Department Appropriation Reduction** – The City Manager Department recommends reducing appropriations of $86,179 in the Workforce Innovation and Opportunity Act Fund (681) to align their budget with the amended South Bay Workforce Investment Board contract as previously approved by City Council on November 18, 2024.

2. **Affordable Housing Loan Agreement for HOPE Project** – The Housing Department recommends re-appropriating $1,361,315 in the Home Investment Partnership (HOME) Fund (221) for the rehabilitation and financial restructuring of the affordable housing projects at 940 N. Summit Ave. and 760 Worcester Street for persons with intellectual and/or developmental disabilities. On August 28, 2023, the City Council approved the loan agreement for this project with Home Ownership for Personal Empowerment, Inc. (HOPE). Escrow on the Worcester property closed in FY 2024 and the Summit site is estimated to close in the current month with rehabilitation of both properties to follow.

3. **ESG RUSH Grant** – The Housing Department recommends recognizing revenue and appropriating $1,000,000 in the Emergency Solutions Grant (ESG) Fund (224) for the Rapid Unsheltered Survivor Housing (RUSH) grant awarded by the U.S. Department of Housing and Urban Development (HUD). The funds will be used to provide short- to medium-term assistance for disaster affected persons who were experiencing homelessness or were at risk of homelessness prior to the Eaton Fire and straight-line winds disaster. The funding is effective through February 4, 2027.

4. **L.A. IMPACT Task Force** – The Police Department recommends recognizing revenue and appropriating $98,138 in the General Fund (101) for a disbursement from the Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (LAIMPACT). This funding represents the Department's equitable share of their participation in the task force. The funds may be used at the discretion of

the Department, which has determined that it will help fund the costs of the Police Department's first floor office space remodel.

5. **Robert G. Low Estate Supplemental Distribution** – The Libraries and Information Services Department recommends recognizing revenue and appropriating $7,755.77 in the Library Services Fund (212) for a supplemental distribution received from the Estate of Robert G. Low. The funds will be used in accordance with the donor's request to purchase children's books/e-books. City Council approved the Estate's previous bequest of $68,000 on July 11, 2022.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced by monitoring the FY 2025 Adopted Operating Budget and by implementing necessary budget amendments.

FISCAL IMPACT:

As detailed in the attached "Summary of Proposed 2nd Quarter FY 2025 Budget Amendments", approval of the proposed budget amendments will increase FY 2025 total authorized operating appropriations across multiple funds by $5,451,029.77, which will be offset through increased revenues of $1,105,893.77.

The General Fund's unappropriated fund balance will decrease by a net amount of $3,000,000.

The budget amendments included in this agenda report are not anticipated to impact existing FY 2025 budgeted indirect and support costs such as maintenance and DoIT support.

Respectfully submitted,

MATTHEW E. HAWKESWORTH
Acting Assistant City Manger
Director of Finance

Prepared by:

Flora Karmiryan
Principal Administrative Analyst

Approved by:

MIGUEL MÁRQUEZ
City Manager

Attachment: (1)

A) Summary of Proposed 2nd Quarter FY 2025 Budget Amendments

Summary of Proposed 2nd Quarter FY 2025 Budget Amendments

			Proposed Amendments			
Item #	**Fund**		**Revenue Recognition**	**Expenditure Appropriations**	**Net Amendments**	**FTE Amendments**
1a	101	General Fund - Non-Departmental		$3,000,000	$3,000,000	-
1b	101	General Fund - Public Works	$70,000	$70,000	$0	-
4	101	General Fund - Police	$98,138	$98,138	$0	-
		Total General Fund	**$168,138**	**$3,168,138**	**$3,000,000**	**-**
1b	301	Capital Improvement Fund	($70,000)	$0	$70,000	-
1c	681	Workforce Innov and Opport Act Fund		($86,179)	($86,179)	-
2	221	Home Investment Partnership Fund		$1,361,315	$1,361,315	-
3	224	Emergency Shelter Grant	$1,000,000	$1,000,000	$0	-
5	212	Library Services Fund	$7,755.77	$7,755.77	$0	-
		City Funds Total	**$1,105,893.77**	**$5,451,029.77**	**$4,345,136**	**-**