



**CITY OF SOUTH PASADENA  
FINANCE COMMISSION  
SPECIAL MEETING AGENDA**

**1424 Mission Street, South Pasadena, CA, 91030  
Commissioners to participate via ZOOM**

**June 18, 2020, at 10:00 am.**

<b>CALL TO ORDER:</b>	Commission Chair Findley
<b>ROLL CALL:</b>	Chair Findley, Vice Chair Tao, Commissioners Choi, Elsner and Wood, and City Treasurer Pia
<b>COUNCIL LIAISON:</b>	Mayor, Robert Joe
<b>STAFF PRESENT:</b>	Finance Director, Karen Aceves

**NOTICE OF PUBLIC PARTICIPATION AND ACCESSIBILITY**

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the Special Meeting of the Finance Commission for June 18, 2020 will be conducted remotely and held by video conference, beginning at 10 a.m. The Meeting will be broadcast live on the City's local cable channel and the City's website at: ([www.southpasadenaca.gov/financecommission](http://www.southpasadenaca.gov/financecommission)).

Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Council Chambers will not be open for the meeting. Commissioners will be participating remotely and will not be physically present in the Council Chambers.

If you would like to comment on an agenda item, or make a general public comment, members of the public may submit their comments in writing for Commission consideration, by emailing them to: [fcpubliccomment@southpasadenaca.gov](mailto:fcpubliccomment@southpasadenaca.gov).

Public Comments must be received by 6 p.m., June 17, 2020 to ensure adequate time to compile and post. Public Comment portion of the email is limited to 150 words. Please make sure to indicate: 1) your name; 2) what agenda item you are submitting public comment on, or if it is a general public comment; and 3) clearly state if you wish for your comment to be read.

**PUBLIC COMMENT**

Public Comments received by 6 p.m. June 17, 2020 will be read during this time, limited to 150 words. Public comments received will be posted to the website and entered into the record of the meeting.

**ACTION/DISCUSSION**

1. Receive and file recommendation for Fiscal Year 2020-2021 budget draft
2. Presentation on Finance Improvements

**ADJOURNMENT**

**FUTURE FINANCE COMMISSION MEETINGS**


TBD

Virtual Meeting

**PUBLIC ACCESS TO AGENDA DOCUMENTS**

Prior to meetings, agenda related documents are available for public inspection at, City Hall, 1414 Mission Street, South Pasadena, CA 91030. The complete agenda packet may also be viewed on the City’s website at: [www.southpasadenaca.gov/financecommission](http://www.southpasadenaca.gov/financecommission)

**ACCOMMODATIONS**



The City of South Pasadena wishes to make all of its public meetings accessible to the public. Meeting facilities are accessible to persons with disabilities. If special assistance is needed to participate in this meeting, please contact the City Clerk's Division at (626) 403-7230. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. Hearing assistive devices are available in the Council Chamber. Notification at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting (28 CFR 35.102-35.104 ADA Title II).

*I declare under penalty of perjury that I posted this notice of agenda on the bulletin board in the courtyard of City Hall at 1414 Mission Street, South Pasadena, CA 91030, and on the City’s website as required by law.*

6/15/2020 \_\_\_\_\_  
 Date Karen Aceves  
 Finance Director



# Finance Commission Agenda Report

ITEM NO. \_\_\_\_\_

**DATE:** June 18, 2020

**FROM:** Karen Aceves, Finance Director

**SUBJECT:** **Review Updates to the Draft Budget and Affirm Recommendation to City Council to Adopt**

---

## **Recommendation**

It is recommended that the Finance Commission:

1. Affirm recommendation of approval of the Draft Budget to City Council

## **Executive Summary**

The Finance Commission was presented a draft budget on May 26, 2020 and approved it unanimously. Since then, there have been several changes made both because of updated information, and in response to the pandemic. These changes were presented to City Council in an information report last week and are outlined below for the Commission. The City Council is scheduled to adopt the budget on June 24. The updates do not have a bearing on the projected loss of revenue, the magnitude of budget reductions necessary, or the recommended types of reductions and the order in which they would be realized. As such staff's recommendation remains unchanged to approve this budget with quarterly budget review and amendments.

## **Discussion/Analysis**

The total proposed budget presented to the City Council is approximately \$45 million, of that \$27 million is general fund. On May 26, 2020 staff presented the proposed general fund budget to the Finance Commission. Since that presentation, there were various changes outlined in Attachment A, which are summarized below.

Two primary changes were made - adjustments to department budgets and changes in fund balance. The department changes were updates to revenue and expenses as a result of the Safer at Home order and changing economic conditions. Because the status of the order has changed frequently, the department numbers have been fluid. Staff felt it was prudent to provide Council with the most accurate numbers at the time the information was presented. The net changes to the operating budget were reduced just over \$50,000 and are not significant in the overall budget recommendation

The changes to fund balance were the result of both updated revenue numbers, which again are fluid in the current circumstances, and a correction of a long-standing accounting error regarding transfers to the water fund and street funds. The balances in the budget were also being carried forward from previous budgets and staff corrected that practice in the budget presented to

Council. These changes do not impact the overall scale of revenue loss or the reductions necessary to achieve a balanced budget.

The fund balance should not be the driver for the budget process, particularly when there is a balanced budget. When proposing a balanced budget, the expenditures and revenues net out one other, which will result in little to no change to the fund balance. While the fund balances do not affect the operating budget, it is important to achieve accuracy in order for the city to understand its long-term resources for future planning. One example is the City's Capital Improvement Plan, which, due to the pandemic, will be brought forward later in the first quarter of the Fiscal Year, when more accurate revenue projections are available.

The resolution of the water fund issue required transferring funds from the General Fund to the Water Fund for the City's use of water. Staff recently discovered these transfers have not historically been executed correctly and brought the transaction into alignment with proper accounting practices.

In 2017, staff identified a number of other deficiencies in the practices and procedures within the Finance Department, that have resulted in fund balances being incorrectly reported over many years. Once discovered, staff changed procedures to halt the incorrect practices, and began the tedious work to correct historical errors. The overstatement of the unassigned general fund is a direct result of these historical accounting errors.

In the midst of a global pandemic and with limited resources and a very tight timeline, staff was able to correct a majority of the work, which is reflected in the proposed budget. We anticipate all funds to be corrected by the second quarter review of the budget. Over the last couple of years, staff has been working diligently to resolve deficiencies in the department; has undergone a complete reorganization and introduced a number of improvements to the department to strengthen controls and best practices. A full presentation of department improvements will be discussed with the commission concurrent with this report as listed on the agenda.

Ideally, the City would add resources to expedite the process of resolving past practices. While the department has done so to a limited extent, staff was then further stretched with the unanticipated need to contract with a new water billing agency and with the revelation of additional procedural deficiencies in payroll as a result of transitioning to an automated system. Continuing to include supplemental staff is no longer an option with the current financial forecast, so unfortunately the continuing clean-up tasks will be dependent on the workload of the department.

Review Updates to the Draft Budget and Affirm Recommendation to City Council to Adopt June 18, 2020  
Page 3 of 3

**Next Steps**

1. Staff will present the final budget to City Council for adoption on June 24, 2020

**Fiscal Impact**

The proposed budget represents a balanced budget with reductions in operations, capital, and personnel totaling approximately \$3.5 million of general fund dollars.

**Public Notification of Agenda Item**

The public was made aware that this item was to be considered this evening by virtue of its inclusion on the legally publicly noticed agenda, posting of the same agenda and reports on the City's website and/or notice in the *South Pasadena Review*, *the South Pasadenan* and/or the *Pasadena Star-News*.

Attachment A: Updates to Draft Budget

**City of South Pasadena Attachment A**  
**FY 2020-21 Proposed Budget Updates**  
**Finance Commission vs City Council**

**Revenue**

<b>Account</b>	<b>Account Title</b>	<b>Finance Commission</b>	<b>City Council</b>	<b>Variance</b>
4150-000	Library Special Tax	300,000	350,008	50,008
4200-000	Sales & Use Tax	2,829,600	3,000,000	170,400
5280-001	Animal Control Fees	-	800	800
5260-002	Library Fines	25,000	15,000	(10,000)
5290-001	Paramedic Fees	525,000	625,000	100,000
9911-000	Transfers from Other Fund	600,000	-	(600,000)

^reflected as expense

**Expenditures**

<b>Account</b>	<b>Account Title</b>	<b>Finance Commission</b>	<b>City Council</b>	<b>Variance</b>
Management Services (101-2011)				
7011	PT Stipend	-	3,600	3,600
City Clerk (101-1021)				
7010	Salaries - Temp / Part	-	3,498	3,498
7100	Retirement	-	162	162
7110	Worker Compensation	-	43	43
8010	Postage	1,000	500	(500)
8040	Advertising	4,000	2,000	(2,000)
8050	Printing & Duplication	1,000	500	(500)
8095	Commissioners Congress	5,000	-	(5,000)
8200	Training Expense	3,200	-	(3,200)
Finance (101-3011)				
7010	Salaries - Temp/ Part	40,000	30,000	(10,000)
Police (101-4011)				
7010	Salaries - Temp / Part	140,000	120,000	(20,000)
7045	Overtime - Special Detail	210,000	160,000	(50,000)
8180	Contract Services	442,845	483,418	40,573
Planning & Building (101-7011)				
8020	Special Department Expense	8,500	9,000	500
8040	Advertising	6,500	8,500	2,000
8050	Printing/Duplicating	3,000	4,000	1,000
8060	Dues & Memberships	5,000	500	(4,500)
8090	Conference & Meeting Expense	5,000	-	(5,000)

<b>Account</b>	<b>Account Title</b>	<b>Finance Commission</b>	<b>City Council</b>	<b>Variance</b>
8100	Vehicle Maintenance	1,200	1,000	(200)
8170	Professional Services	250,000	180,000	(70,000)
8180	Contract Services	425,000	475,000	50,000
8200	Training Expense	5,000	1,500	(3,500)
8257	Boards & Commissions	500	3,000	2,500
				-
Library (101-8011)				
8500	Building & Improvement	-	10,000	10,000
8521	Mach. & Equip.	-	6,500	6,500
8530	Computer Equipment	-	3,000	3,000
				-
Senior Services (101-8021)				
8020	Special Department Expense	14,750	10,300	(4,450)
8180	Contract Services	53,650	40,150	(13,500)
8264	Special Events	2,500	-	(2,500)
				-
Community Services (101-8031)				
8000	Office Supplies	1,000	500	(500)
8010	Postage	650	300	(350)
8020	Special Department Expense	13,830	4,530	(9,300)
8110	Equipment Maintenance	7,035	735	(6,300)
8120	Building Maintenance	14,450	6,700	(7,750)
				-
Recreation and Youth Services (101-8032)				
7010	Salaries - Temp/ Part	100,000	133,549	33,549
8000	Office Supplies	2,500	1,000	(1,500)
8020	Special Department Expense	5,200	1,300	(3,900)
8040	Advertising	1,150	-	(1,150)
8090	Conference & Meeting Expense	3,000	850	(2,150)
8120	Building Maintenance	20,550	3,300	(17,250)
8180	Contract Services	20,180	8,055	(12,125)
8264	Special Events	41,000	-	(41,000)
8267	Classes	80,000	81,250	1,250
8268	Camp Services	47,355	10,205	(37,150)
				-
Public Works Administration (101-6011)				
7020	Overtime	-	7,000	7,000
8170	Professional Services	108,000	133,000	25,000
				-
Park Maintenance (101-6410)				
7040	Holiday	-	1,400	1,400
7070	Leave Buyback	-	2,000	2,000
				-
Facilities Maintenance (101-6601)				
7040	Holiday	-	5,000	5,000
8180	Contract Services	180,800	177,800	(3,000)
				-
<b>General Fund Total</b>		<b>2,274,345</b>	<b>2,134,645</b>	<b>(139,700)</b>

<u>Account</u>	<u>Account Title</u>	<u>Finance Commission</u>	<u>City Council</u>	<u>Variance</u>
Insurance Fund (103-2501)				
8020	Special Department Expense	20,000	77,250	57,250
8161	Settlements	75,000	242,050	167,050
Facilities & Equipment(105-3032)				
8500	Building & Improvements	0	200,000	200,000
Clean Air Act (218-2270)				
8530	Computer Equipment	0	37,600	37,600
Community Promotion (220-2301)				
8185	Chamber of Commerce	105,000	105,500	500
Prop A (205-2210)				
7000	Salaries - Permanent	10,011	10,212	201
Prop A - Transit Planning (205-8024)				
7000	Salaries - Permanent	21,992	21,453	(539)
7100	Retirement	7,509	7,362	(147)
7108	Deferred Compensation	219	215	(4)
7110	Workers Compensation	546	535	(11)
7170	FICA - Medicare	317	311	(6)
8020	Misc. Supplies - Parking	11,200	7,500	(3,700)
8180	Contract Services	78,600	44,000	(34,600)
8540	Automotive Equipment	100,000	-	(100,000)
Prop A - Dial A Ride (205-8025)				
8090	Conference & Meeting Expense	1,000	-	(1,000)
8200	Training Expense	1,800	-	(1,800)
Prop C - Dial A Ride (207-8025)				
7000	Salaries - Permanent	-	92,616	92,616
Arroyo Seco Golf Course (295-8041)				
8000	Office Supplies	3,800	4,400	600
8020	Special Department Expense	49,427	54,852	5,425
8040	Advertising	3,420	1,800	(1,620)
8120	Building Maintenance	27,304	23,150	(4,154)
8150	Telephone	11,700	10,752	(948)
8180	Contract Services	127,842	132,067	4,225
8191	Liability & Surety Bonds	41,808	44,704	2,896
Arroyo Seco Golf Course - Course Maint.(295-8042)				
8100	Vehicle Maintenance	15,600	14,100	(1,500)
8120	Building Maintenance	44,900	51,490	6,590
8130	Small Tools	2,400	1,200	(1,200)
8140	Utilities	59,900	61,800	1,900
8150	Telephone	1,200	1,090	(110)



<u>Account</u>	<u>Account Title</u>	<u>Finance Commission</u>	<u>City Council</u>	<u>Variance</u>
8180	Contract Services	284,903	274,804	(10,099)
Arroyo Seco Golf Course - Driving Range (295-8043)				
8020	Special Department Expense	16,200	20,600	4,400
8120	Building Maintenance	6,000	3,000	(3,000)
8180	Contract Services	15,583	29,860	14,277
Arroyo Seco Golf Course - Driving Range (295-8044)				
8020	Special Department Expense	6,000	4,800	(1,200)
8180	Contract Services	119,948	116,992	(2,956)
Arroyo Seco Golf Course - Food and Beverage (295-8045)				
8020	Special Department Expense	25,091	25,745	654
8120	Building Maintenance	9,600	8,400	(1,200)
8130	Small Tools	2,100	600	(1,500)
8180	Contract Services	135,447	146,601	11,154
Sewer Maintenance (210-6501)				
7010	Salaries - Temp / Part	-	1,000	1,000
7020	Overtime	-	3,000	3,000
8020	Special Department Expense	15,800	24,800	9,000
8191	Liability & Surety Bonds	25,950	30,000	4,050
Traffic Signals (215-6115)				
8180	Contract Services	53,000	70,000	17,000
Street Tree Maintenance (215-6310)				
7020	Overtime	-	8,000	8,000
7070	Leave Buyback	-	2,500	2,500
Street Maintenance (230-6116)				
7010	Salaries Temp / Part	-	10,000	10,000
7020	Overtime	-	5,000	5,000
8100	Vehicle Maintenance	-	20,000	20,000
Measure W (239-6011)				
8180	Contract Services	10,000	20,000	10,000
Water Distribution (500-6710)				
8540	Automotive Equipment	-	50,000	50,000
Utility Billing (500-3012)				
7010	Salaries - Temp/ Part	-	30,000	30,000
Water Production (500-6711)				
8000	Office Supplies	1,500	2,113	613
8010	Postage	200	-	(200)
8020	Special Department Expense	27,500	7,500	(20,000)

<b>Account</b>	<b>Account Title</b>	<b>Finance Commission</b>	<b>City Council</b>	<b>Variance</b>
8050	Printing & Duplication	2,000	1,796	(204)
8060	Dues & Memberships	2,600	-	(2,600)
8070	Mileage / Auto Allowance	200	434	234
8080	Books & Periodicals	500	-	(500)
8100	Vehicle Maintenance	6,000	4,548	(1,452)
8110	Equipment Maintenance	32,000	9,796	(22,204)
8120	Building Maintenance	9,000	5,040	(3,960)
8130	Small Tools	1,000	1,484	484
8132	Uniform Expense/ Cleaning	2,000	2,400	400
8134	Safety Clothing & Equipment	800	-	(800)
8140	Utilities	7,000	6,071	(929)
8150	Telephone	1,200	-	(1,200)
8152	Pumping Power	935,000	560,486	(374,514)
8170	Professional Services	160,880	63,480	(97,400)
8180	Contract Services	110,000	53,539	(56,461)
8200	Training Expense	1,500	-	(1,500)
8231	Water Purchase - Resale	100,000	125,906	25,906
8530	Computer Equipment	-	3,000	3,000

Water Efficiency Projects (503-6713)

7010	Salaries Temp / Part	-	25,000	25,000
7020	Overtime	-	10,000	10,000
<b>Non General Fund</b>		<b>2,948,997</b>	<b>3,036,304</b>	<b>87,307</b>

**Net Decrease (52,393)**

**Fund Balance**

<b>Fund</b>	<b>Fund Name</b>	<b>Finance Commission</b>	<b>City Council</b>	<b>Variance</b>
101	General Fund	12,699,374	11,888,982	(810,392)
103	Insurance Fund	810,000	605,700	(204,300)
104	Street Improvements Program	(341,000)	711,441	1,052,441
105	Facilities & Equip. Replacement	2,693	2,693	-
201	MTA Pedestrian Improvement	(29,951)	(29,951)	-
205	Prop "A"	655,883	537,941	(117,942)
207	Prop "C"	895,164	895,164	-
208	TEA/Metro	18,929	18,929	-
210	Sewer	5,773,052	5,330,194	(442,858)
211	CTC Traffic Improvement	91	91	-
215	Street Light & Landscape	(496,011)	(177,204)	318,807
217	Public, Educ. & Gov't. Fund	198,098	198,098	-
218	Clean Air Act	181,461	143,861	(37,600)
220	Business Improvement Tax	149,630	149,130	(500)
226	Mission Meridian Public Garage	(444,913)	(444,913)	-
228	Housing Authority	107,523	97,523	(10,000)
230	State Gas Tax	173,577	(116,423)	(290,000)
232	County Park Bond	360,069	360,069	-

<b>Fund</b>	<b>Fund Name</b>	<b>Finance Commission</b>	<b>City Council</b>	<b>Variance</b>
233	Measure R	389,635	1,060,235	670,600
236	Measure M	431,466	764,950	333,484
237	Road Maint. & Rehab. Acct.	466,429	466,429	-
239	Measure W	(147,806)	(157,806)	(10,000)
245	Bike & Pedestrian Paths	18,126	18,126	-
248	BTA Grants	(44,207)	(44,207)	-
249	Golden Streets Grant	(351,065)	(351,065)	-
255	Capital Growth	486,060	486,060	-
260	CDBG	341,496	121,246	(220,250)
272	Police Grants - State (COPS)	263,099	113,099	(150,000)
274	Homeland Security Grant	(9,167)	(9,167)	-
275	Park Impact Fees	501,586	501,586	-
277	HSIP Grant	(927)	(927)	-
295	Arroyo Seco Golf Course	1,223,766	1,210,824	(12,942)
310	Sewer Capital Projects	157,000	582,808	425,808
327	2000 Tax Allocation Bonds	(769,103)	904,238	1,673,341
500	Water	5,649,889	3,724,045	(1,925,843)
503	Water Efficiency Fund	(316,031)	(351,031)	(35,000)
505	2016 Water Revenue Bonds	(2,500)	897,500	900,000
510	Water & Sewer Impact Fees	523,000	523,000	-
550	Public Financing Authority	3,653	408,653	405,000
927	Redev. Obligations Trust Fund	-	-	-
227	Successor Agency to CRA	262,378	262,378	-

**From:** [Wendy Kerfoot](#)  
**To:** [Finance Commission Public Comment](#)  
**Subject:** Public Comment on 2020-2021 Budget  
**Date:** Wednesday, June 17, 2020 1:07:45 PM

---

**CAUTION:** This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

It is my understanding that some people would like the budget for 2020-2021 to be postponed until the 2018-2019 audit is completed. In the meantime they would like to move forward into 2020-2021 with spending based on the 2019-2020 budget. I think this is foolish as the 2019-2020 budget was created in a robust economy.

It is my understanding that city staff has been working on a budget that reflects our current economic challenges and updating with new information as it becomes available. We all know that spending needs to be decreased now. The budget should be based on amounts that reflect our current challenges and information. This budget can be revisited/amended when the 2018-2019 audit has been completed.

It is my understanding that Josh Betta is not a resident of South Pasadena, so why would he spend so much time on a 56 page document?

Wendy Kerfoot, CPA/SP Resident

I wish for this comment to be read during the meeting.

**From:** [D. Shane](#)  
**To:** [Finance Commission Public Comment](#); [Maria Ayala](#); [Karen Aceves](#)  
**Cc:** ["Bob Joe"](#); [WISPPA](#); [ezneimer](#); [Ben Tansey](#); [Bill Glazier](#)  
**Subject:** Finance Commission Meeting: June 18 2020: Public Comments (Agenda Item No. 1): KAREN: Please have this comment read out loud during the Commission Meeting. Thank you.  
**Date:** Wednesday, June 17, 2020 2:38:58 PM  
**Importance:** High

---

**CAUTION:** This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Finance Commission:

With regards to the Fiscal Year 2020-2021 budget draft, I support: the financial analyses done by Josh Betta and the Rossi Family; the petition prepared by William Kelly for the South Pasadena Budget Reform; a careful review in how the Police budget is funded as voiced recently by our own high school graduates; and the overall perspectives of the financial experts listed in the SouthPasadenan.com Newspaper who examined Mr. Betta's report and agreed that further review of the budget was needed.

Please make the following recommendations to the City Council:

- (1) Request more time for your commission to evaluate the budget and issues raised by the community and by the financial reviews, so that the Commission can provide thoughtful and transparent responses to the council and to the public;
- (2) Recommend that the budget and previous audited budgets/financial reports be analyzed by an independent state auditing department; and
- (3) Support Mr. Betta's suggestion that the City Council pass a Resolution of Continuing Appropriations.

Statements made by the City Manager and City Council about previous auditing failures without evidence is troubling and does not lead to trust by the residents that the budget is now fixed. We want full transparency and have an independent evaluation that can explain all the confusion, discrepancies, and omissions openly and frankly. What projects could have been funded in the past three years that were not because of the budget "mistakes?" This is a crisis that must be resolved and responsibility taken. Do the right thing!

Thank you.

Delaine Shane  
2003 Meridian Avenue

**From:** [eec@corey-corey.com](mailto:eec@corey-corey.com)  
**To:** [Finance Commission Public Comment](#)  
**Subject:** Finance Commission Public Comment  
**Date:** Monday, June 15, 2020 2:33:08 PM

---

**CAUTION:** This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

From: Edward Corey, Prospect Avenue  
To be read during meeting

As a former Finance Commission member, I urge you not to approve the budget presented to you. If we have learned anything in the last few days, there are a number of bona fide issues which need to be explained before any budget can be adopted. The ordinance establishing the Finance Commission makes no mention of recommending budgets and instead allows high-level oversight and advice to the Council. We can agree or disagree on the recent criticisms of the budget, but the issues need to be resolved and City leadership has not done that. The Finance Commission should insist the issues be answered and resolved and that the budget not be approved until answers are provided. The City's Advisory Body Handbook states that the Commission's role is to "encourage increased public input" and the commission is not a rubber stamp of the Council or City leadership.

Edward Corey



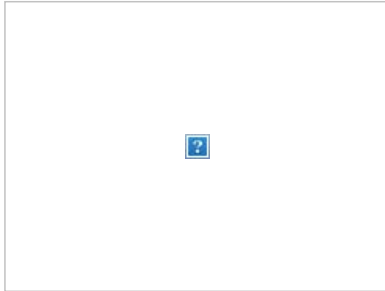
Edward Corey  
626-441-4353

From: [William Kelly](#)  
To: [Finance Commission Public Comment](#)  
Subject: Public Comment for June 18 Finance Commission Meeting  
Date: Saturday, June 13, 2020 1:09:26 PM

**CAUTION:** This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Please Read Aloud:

## South Pasadena Budget Process Reform (This Petition Remains Open for Signing & Will Be Presented as a Public Comment for the City Council's June 24 Budget Meeting)



**William Kelly** started this petition to **South Pasadena City Council** at **change.org**:  
[https://www.change.org/p/south-pasadena-city-council-south-pasadena-budget-process-reform?utm\\_content=cl\\_sharecopy\\_22641676\\_en-US%3Av1&recruiter=1080575581&utm\\_source=share\\_petition&utm\\_medium=copylink&utm\\_campaign=share\\_petition](https://www.change.org/p/south-pasadena-city-council-south-pasadena-budget-process-reform?utm_content=cl_sharecopy_22641676_en-US%3Av1&recruiter=1080575581&utm_source=share_petition&utm_medium=copylink&utm_campaign=share_petition)

Dear South Pasadena Finance Commission:

Discrepancies found by former City of South Pasadena Finance Director Josh Betta in [a critical examination](#) of South Pasadena's financial management require a time-out in the city's rush to adopt a 2020-21 budget. Betta's report finds some \$4.5 million of unexplained variances in fund balances presented in the budget from the last available city financial audit. Moreover, there is no explanation of how pension contributions and collective bargaining agreements impact planned spending increases, particularly for the police department.

Accordingly, we call on the city council to adopt a temporary resolution of continuing appropriations for the city to redo the proposed budget after a city financial audit, now months overdue, is completed and presented to the community.

In addition, we call for the budget to include full documentation of what are now single digit revenue shortfall projections that vary significantly with the recent Southern California Association of Governments' [outlook](#) for how the pandemic will affect local government revenues. SCAG's professional economists project substantially greater revenue shortfalls.

Accordingly, we also call on the city council to direct city staff to redo the budget to eliminate discrepancies and provide better documentation of fund balances, planned expenditures, and anticipated revenue and give the public more time to participate in the budget process in a more meaningful manner.

William J. Kelly,  
1852 Oxley Street  
South Pasadena, CA 91030

### South Pasadenans Signing This Petition as of 12:30 p.m., June 13, 2020:

Joanne Nuckols	South Pasadena	CA	91030 US	6/5/2020
Thomas Forman	South Pasadena	CA	91030 US	6/5/2020
Elizabeth Bagasao	South Pasadena	CA	91030 US	6/5/2020
Jan Marshall	South Pasadena	CA	91030 US	6/5/2020
Sheila Rossi	South Pasadena	CA	91030 US	6/5/2020
Ronald Rosen	South Pasadena	CA	91030 US	6/5/2020
Richard Marshall	South Pasadena	CA	91030 US	6/5/2020
Phillip Han	South Pasadena	CA	91030 US	6/5/2020
Barbara Eisenstein	SOUTH PASADENA	CA	91030 US	6/6/2020
Janet Marshall	South Pasadena	CA	91030 US	6/6/2020
Christopher Bray	South Pasadena	CA	91030 US	6/6/2020

**From:** [Ron Rosen](#)  
**To:** [Finance Commission Public Comment](#)  
**Subject:** Public Comment for June 18, 2020 meeting  
**Date:** Friday, June 12, 2020 11:45:02 AM

---

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Re: City Budget

Read aloud if there's time.

Dear Finance Commission:

I strongly support a complete audit of the City's budget by an independent outside auditor. The credibility of our city government is at stake. A full and complete audit, uninfluenced by political alliances, is necessary to preserve the integrity of city government.

Ron Rosen  
South Pasadena



**From:** [WISPPA](#)  
**To:** [Finance Commission Public Comment](#)  
**Subject:** Public Comment on budget  
**Date:** Wednesday, June 17, 2020 12:11:04 PM

---

**CAUTION:** This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Please read the following comment at the 6/18/20 Finance Commission meeting. It relates to item #1 on the agenda

Dear Finance Commission members,

WISPPA's mission is to actively encourage accountability, integrity, and transparency in South Pasadena government. WISPPA also provides information to the electorate to advocate for the wellbeing of South Pasadena. As noted by several financial experts and newspaper articles of late, the current budget and its process have been compromised. WISPPA is concerned that these issues have undermined community trust which is crucial for a well functioning city. We ask that the Finance Commission scrutinize the budget now before it and be certain that the critical concerns raised within the community have been addressed, answered, and conveyed publicly in a timely manner. We understand that the audit currently underway is being performed by a new outside company. Having the audit results before moving forward with approval of the budget is critical to restoring trust in our budgeting process so that South Pasadena residents can focus on such important issues as the General Plan, Housing Element and Climate Action Plan.

Thank you for your consideration,

Betty Emirhanian  
WISPPA President

**From:** [Joanne Nuckols](#)  
**To:** [Finance Commission Public Comment](#)  
**Subject:** Finance Commission Public Comment  
**Date:** Wednesday, June 17, 2020 4:55:29 PM

---

**CAUTION:** This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Finance Chairman and Commissioners,

You are aware of the different reports about the budget that have circulated in the community which have caused a lot of uncertainty. This is probably the most critical time in our city's history due to the pandemic and economic downturn and probably the most important budget the city has ever considered.

You must be certain of your actions and responsibilities. You are the citizens voice to the City Council and your recommendation is critical to the elected officials decision making and to our city's future.

You have the background and expertise to analyze the information before you. If you have any doubt whatsoever, the citizens of our city hope you ask for more time to be crystal clear about the budget and your recommendations.

I hope the commission seriously considers a recommendation to the City Council to pass a Resolution of Continuing Appropriations until all the questions, audits and confusion can be sorted out.

Thank you for your consideration and service to South Pasadena.

Joanne Nuckols  
1531 Ramona Ave  
South Pasadena, CA 91030

626 799-1014

**From:** [Chris Bray](#)  
**To:** [Finance Commission Public Comment](#); [Maria Ayala](#); [Karen Aceves](#); [D. Shane](#)  
**Cc:** ["Bob Joe"](#); [WISPPA](#); [szneimer](#); [Ben Tansey](#); [Bill Glazier](#)  
**Subject:** Re: Finance Commission Meeting: June 18 2020: Public Comments (Agenda Item No. 1): KAREN: Please have this comment read out loud during the Commission Meeting. Thank you.  
**Date:** Wednesday, June 17, 2020 2:53:55 PM

**CAUTION:** This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

I hope everyone has seen the message that Marina Khubesrian sent the Finance Commission, warning them to not listen to comments like this:

Forwarded message  
**From:** [Marina Khubesrian <mkhubesrian@southpasadenaca.gov>](#)  
**Date:** Fri, Jun 12, 2020 at 12:01 PM  
**Subject:** Re: Proposed Budget  
**To:** [Ellen Wood <faunwood@hotmail.com>](#), [FFindley <ffindley@pacbell.net>](#), [Zhen Tao <zhentao@gmail.com>](#), [Edwin Choi <edwinmchoi@gmail.com>](#), [Edward Eisner <edeisner44@gmail.com>](#)  
**Cc:** [Karen Aceves <kaceves@southpasadenaca.gov>](#), [Gary Pia <gpia@southpasadenaca.gov>](#), [Bob Joe <arroyorj@aol.com>](#)  
**Dear Members of the Finance Commission:**  
I want to make sure you are very clear on your charge in this matter.  
The memorandum below directing you to take a specific action is from a private citizen and does not reflect in any way the direction from the people's elected body, which is the body you are appointed to serve. The city council is the only body entrusted by voters to act in the public's best interest and held accountable at the ballot box.  
Your directive is to  
study the proposed budget carefully in the context of the history of the budget process and make your own independent diagnosis and recommendation - whether it be to 1) adopt a balanced budget by June 30th with quarterly reviews, or  
2) continue 2019/2020 allocations and do further audits. Please take into account the financial costs and benefits of each option.  
Please take into account that it was explained to the public at our meeting on Wednesday that a forensic audit was already done in 2017, no missing money was found, but there were many fund allocation errors made under previous finance directors and city managers showing an inaccurate and artificially bloated General Fund. Since then, many new safeguards and improvements have been put in place to ensure accuracy in fund allocations and accounting.  
The council has been abreast of all of this as was reported by the city manager at our last meeting. We have tread carefully on this matter so as not to breach sensitive personnel issues.  
Please feel free to reach out if you have further questions about your charge.  
Respectfully yours,  
Marina Khubesrian, M.D.  
Councilmember  
Former Mayor (2014, 2019)  
City of South Pasadena  
cell 626-437-3971  
On Jun 11, 2020, at 4:30 PM, [Mary Urquhart <maryurquhart@gmail.com>](#) wrote:  
Memorandum to the Finance Commission of South Pasadena  
You have the unenviable task of trying to make sense of what appears to be over two dozen abnormalities in our proposed City Budget. What troubles me most about this situation is that a budget that you approved was altered, without explanation, before it was sent to the City Council. There are only two ways to interpret this: extreme ineptitude or nefarious double dealing. Regardless of the reasons, I feel that you have been put in a terrible situation. You are volunteers

On Wednesday, June 17, 2020, 02:38:59 PM PDT, D. Shane <wehoa\_402@outlook.com> wrote:

Dear Finance Commission:

With regards to the Fiscal Year 2020-2021 budget draft, I support: the financial analyses done by Josh Betta and the Rossi Family; the petition prepared by William Kelly for the South Pasadena Budget Reform; a careful review in how the Police budget is funded as voiced recently by our own high school graduates; and the overall perspectives of the financial experts listed in the SouthPasadenan.com Newspaper who examined Mr. Betta's report and agreed that further review of the budget was needed.

Please make the following recommendations to the City Council:

- (1) Request more time for your commission to evaluate the budget and issues raised by the community and by the financial reviews, so that the Commission can provide thoughtful and transparent responses to the council and to the public;

(2) Recommend that the budget and previous audited budgets/financial reports be analyzed by an independent state auditing department; and

(3) Support Mr. Betta's suggestion that the City Council pass a Resolution of Continuing Appropriations.

Statements made by the City Manager and City Council about previous auditing failures without evidence is troubling and does not lead to trust by the residents that the budget is now fixed. We want full transparency and have an independent evaluation that can explain all the confusion, discrepancies, and omissions openly and frankly. What projects could have been funded in the past three years that were not because of the budget "mistakes?" This is a crisis that must be resolved and responsibility taken. Do the right thing!

Thank you.

Delaine Shane

2003 Meridian Avenue

June 17, 2020

To our Finance Commissioners,

"I believe that all of us have gangster proclivities and greedy orientations that need accountability. That's why democracies are necessary. We have to have institutions to try to curtail the use of arbitrary power so that our greedy orientations and gangster-like proclivities don't get out of hand." ~ **Cornel West**

"But history tells us that true progress is only possible where government exists to serve their people, and not the other way around." **President Barack Hussein Obama**

"Regard your good name as the richest jewel you can possibly be possessed of -- for credit is like fire; when once you have kindled it you may easily preserve it, but if you once extinguish it, you will find it an arduous task to rekindle it again. The way to a good reputation is to endeavor to be what you desire to appear."

— **Socrates**

**From:** [Jonathan Eisenberg](#)  
**To:** [Finance Commission Public Comment](#)  
**Subject:** Continuing Resolution Re: South Pasadena Budget  
**Date:** Wednesday, June 17, 2020 6:30:36 PM

---

**CAUTION:** This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear South Pasadena Finance Commission:

I am a 12-year resident of the city. Like many people in S.P., I am upset that there has been a delay in auditing the city's books. In principle, I favor waiting to finalize the new city budget until that audit is completed, and I signed the petition to that effect that went around. However, I have just learned of some likely negative consequences of having S.P.'s finances operate on a continuing resolution for the time being. My understanding is that last year's budget is no longer realistic, given the economic devastation caused by the COVID-19 pandemic. Furthermore, the economic situation in the near future seems unusually uncertain. If we run the city on last year's budget, then we may be generating a substantial deficit. I don't want that outcome. I suggest that S.P. move ahead with a new budget that reflects the best current estimates of city finances, with revisions to the budget to be made later if necessary.

Sincerely,

Jonathan M. Eisenberg

Dear Members of the Finance Commission:

I apologize for sending this directly to you, and on such short notice before your next commission meeting only a matter of hours from now. However, despite my best efforts to request agenda material information from City Staff with sufficient time to review the materials prior to the meeting as required under the Brown Act, Staff refused to respond to my requests and only saw fit to post the relevant budget materials extremely late in the day. As such, it was impossible to review the financial information provided and develop a coherent analysis prior to the public comment deadline. As a result, I am reaching out to you directly, as I believe the statements made in the Cover Letter in the Finance Commission Agenda Report dated 6/18/20 and provided by Finance Director, Karen Aceves, are materially misrepresentative of the true facts surrounding the financial information provided in both the 5/26 Draft Budget, the 5/29 Draft Budget, the budget presented to the City Council on 6/10 (which was neither the 5/26 nor the 5/29 drafts) and the information posted to the Agenda packet on 6/17 in advance of the 6/18 Finance Commission meeting.

As an overarching comment, the Cover Letter serves to understate the actual volume and magnitude of the changes made between the two drafts – only 3 days apart. In total there were at least 127 changes totaling \$14.3 million in adjustments...much more significant than the \$50K of “net” changes that Staff represents in the Agenda materials.

Further, without being presented with a full budget in the Agenda materials, it is impossible to tell if the numerous errors, omissions, and questionable assumptions surrounding the prior two drafts of the budget have as yet been corrected.

The only information that is known is this:

- On 5/26, Staff presented an incomplete and error riddled budget to the Finance Commission.
- On 5/29, Staff provided a vastly different budget in the City Council agenda packet for review, but still riddled with errors
- On 6/10, Staff presented a third, different budget. NOT the budget included in City Council Agenda packet, which raises additional Brown Act concerns
- On 6/17, Staff presented the Finance Commission with a cherry-picked “subset” of changes made between the 5/26 and 5/29 drafts...but again, has not provided a complete listing of the adjustments made, choosing instead to focus on hand selected changes that serve to minimize the appearance of changes made.
- As of 6/18 the 2018/19 audit is still not completed and is approximately six months late
- The best explanation Staff can come up with to date is that it’s the prior Finance Director’s fault. Nearly three years later and running the department as DeWolfe sees fit, with her own hires in charge of the department, and she is still blaming the prior administration for failures resulting from current day actions and decisions...hmm, seems that I’ve heard that somewhere before.

The City Council has put the Finance Commission in a tough position, and I respect the decision you are each faced with today. However, each of you took on an ethical, if not fiduciary, responsibility to the City when accepting appointments to the Finance Commission. That includes not serving as a rubber-stamp committee, and not blindly approving a budget that has been slammed together quickly, without

sufficient financial acumen, clearly without quality control checks or procedures, and without the benefit of a completed financial audit that is already inexplicably delayed.

Do the right thing and kick the budget back to Staff to await the completion of the 2018/19 audit.

Best,

**STEPHEN ROSSI**



E | [srossi@palmtreellc.com](mailto:srossi@palmtreellc.com)

O | +1 (424) 220 6800

M | +1 (626) 399 3349

**Please note** my new email address is [srossi@palmtreellc.com](mailto:srossi@palmtreellc.com) and our new website [www.palmtreellc.com](http://www.palmtreellc.com).