

**City of South Pasadena Finance Commission  
Minutes for Meeting of:  
April 27, 2017 6:30 p.m.**

**Location:** Burke Triolo Studio  
538 Mission Street  
South Pasadena, CA 91030

- I. Roll Call** Commissioner Chair Catania – Present  
Commissioner Adrian – Present (arrived 7:50 p.m.)  
Commissioner Burke – Present  
Commissioner Corey – Present  
Commissioner Wood – Present  
City Council Liaison Schneider – Present  
City Treasurer Pia – Present  
Staff Liaison / Finance Director Batt – Present

**II. Public Comment**

**Ellen Daigle, Public Safety Commission Chair, talked about the vacancies in the Fire Department and the difficulty in recruiting new employees due to the low benefits provided by the City in comparison to other agencies. She said we were facing a crisis situation, and she asked the Commission to consider increasing the health benefit from \$600 per month to \$1,200 per month for firemen with families.**

**III. Approval of Minutes of the August 24, 2016 Meeting**

Minutes of February 23, 2017 Approved 4-0 (Adrian Absent).

**IV. New Business**

**a. FY 2017-18 Budget Issues**

**Finance Director Batt gave an extensive presentation on the financial issues facing the City including the projected cash flow and reserve levels. He said that problems facing the General Fund are being driven primarily by the PERS rate increases, especially for public safety. Those costs will increase by \$1.7 million in five years even without any increase in salaries or other PERSable compensation, and the City needs to come up with ways e.g. new taxes to cover the upcoming deficits. He said the City is drawing down its reserves for supplemental capital projects, but that these funds can't be used for operations as that could lead to bankruptcy.**

**Commission Chair Catania said that with respect to Ms. Daigle's comments, salary negotiations are the purview of the City Council, and that the Commission has avoided becoming involved in such matters. Council Liaison Schneider said that the Council is in the midst of employee negotiations and that the issues raised by Ms. Daigle have been voiced many times in the past so the Council is very aware of the problems. He said that**

**the Council is asking the Commission to help find other sources of income to deal with the whole General Fund deficit issue, not the public safety benefits problem.**

**There was considerable discussion about employee costs, the unfunded liability for retiree health, the problems with raising new taxes, especially in light of the upcoming UUT ballot issue, and the funding for discretionary projects. While the latter are generally paid from special funds, there are questions in the community about why the City is spending large amounts of money for these projects while projecting deficits, and that this misunderstanding needs to be addressed.**

**Commissioner Burke made a motion that the Commission is concerned about the ability of the City to continue to provide a safe environment for its residents, and provide essential services at a time when it's needed most based on the forward-looking budget projections, and that the Commission intends to consider the question further in the future.**

**Motion passed 4-0 (Adrian absent).**

**Continued.**

**b. Tree Maintenance**

**Continued.**

**c. Review of City Investments**

**Continued.**

## **V. Continuing Business**

**a. Update on General Liability and Workers Compensation Insurance**

**Finance Director Batt said the City intends to stay with CESAC and adopt an SIR for workers' compensation, which would bring that premium down from \$1,000,000 per year to around \$478,000. That increases the risk, so he is proposing to increase the Insurance Fund balance in the next budget from \$290,000 to \$500,000.**

**Continued.**

**b. Update on Water Projects**

**Finance Director Batt said that the Garfield Reservoir project is nearing completion, and that the State is not going to require a rate increase as a condition of the new loan for the Graves Reservoir project. However, the cost of water is going to be increasing and that water rate increases are going to be necessary.**

**Continued.**

**VI. Commissioner Comments**

**None.**

**VII. Council Liaison Comments**

**Council Liaison Schneider said he appreciated that the Commission will be looking into new revenue streams for the City.**

**VIII. Staff Liaison Comments**

**Finance Director Batt said his new assistant will be starting on May 15, and that Public Works Director Toor would like to address the Commission regarding water rate issues.**

**IX. Next Meeting – May 24, 2017**

The meeting was adjourned at 8:05 p.m

Accepted:

  
\_\_\_\_\_  
Commission Chair

  
\_\_\_\_\_  
Date