

**City of South Pasadena Finance Commission
Minutes for Special Meeting of:
October 26, 2017 6:30 p.m.**

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

- I. Roll Call** Commission Chair Catania – Present
Commission Vice-Chair Adrian – Present
Commissioner Burke – Present
Commissioner Corey – Present
Commissioner Wood – Present
City Council Liaison Schneider – Present
City Treasurer Pia – Present
Staff Liaison / Finance Director Batt – Present
Asst. Finance Director Cruz – Excused

II. Public Comment

None.

III. Approval of Minutes

Minutes of August 24, 2017 Approved 4-0 (Catania Abstained).

IV. New Business

- a. Appointment to Ad Hoc Financial Sustainability Committee

Commission Vice-Chair Adrian was appointed to the Ad Hoc Financial Sustainability Committee. Commissioner Wood was appointed as an Alternate.

Closed.

V. Continuing Business

- a. FY 2017-18 Budget Issues

Finance Director Batt said this is tied in with the mission of the Ad Hoc Financial Sustainability Committee, and will be looking at the overall condition of the City as well as the challenges that are upcoming in this and future fiscal years. These will include PERS rates, and other personnel issues, and also issues like bond issuances for a new community center.

Finance Director Batt gave a report on the City's PERS audit. Like most cities, So. Pasadena did not separate special compensation, e.g. longevity from regular pay when reporting income to PERS. However, PERS is now requiring

that this be done, which involves a great deal of work not only from staff, but also from the City's fund accounting software provider.

Continued.

b. Review of City Investments

City Treasurer Pia reported our portfolio continues to perform as expected.

Continued.

c. Update on Water Rates

Finance Director Batt said that there is a Public Hearing scheduled for November 1, 2017 to set new water and sewer rates. The water rates are projected to increase by an average of 9% the first year, 7% the year after that, and then 6% for the next three years. The third tier rates are actually going down because of the court decision requiring that rates be set in proportion to the cost of delivering water. Sewer rates will decline slightly for residential customers, and increase for commercial customers. The rates are increasing primarily to cover debt service and future capital projects.

Commissioner Burke asked if a report had been done on rates in comparable cities, as requested at the prior Commission meeting. Council Liaison Schneider said there aren't comparable cities because the components going into the rates are different. He said he had asked Public Works Director Toor about this, and that is the answer he received, but he will ask for an official response be presented at the Nov. 1 Hearing.

d. Update on Business License Tax Modernization Program

Finance Director Batt said that the Program was established to overhaul the existing outdated Business License Ordinance and make it more equitable and easier to administer. Letters were sent out notifying people that the City had received information from the Franchise Tax Board that they might be doing business in the City. The City intends to use the responses to determine what the true revenue should be, which is necessary in order to establish a benchmark for calculating any rate changes. A consultant would then prepare options for a new tax structure, and also rewrite the code to eliminate the administrative problems.

The Amnesty Program has also been changed slightly so that back taxes are not going to be required. There will be a Community Meeting on October 30, 2017 at 5:30 p.m. in the City Council Chambers to discuss and clarify all these issues.

Closed.

VI. Commissioner Comments

Commissioner Corey reported that the San Pascual Stables Subcommittee has concluded its process, which involved preparation and distribution of an RFP, and made a recommendation to the City Council on a proposed concessionaire.

City Treasurer Pia reported that the financial statements provided to the Arroyo Seco Golf Course Subcommittee show the bar and grill are losing money.

VII. Council Liaison Comments

None.

VIII. Staff Liaison Comments

Finance Director Batt announced that he is planning to retire in the summer of 2018.

IX. Next Meeting – January 18, 2018

The meeting was adjourned at 7:45 p.m

Accepted:



Commission Chair

1-18-18

Date