



**CITY OF SOUTH PASADENA
FINANCE COMMISSION
SPECIAL MEETING AGENDA
WEDNESDAY, NOVEMBER 29, 2023 at 6:30 p.m.
FIRE DEPARTMENT – EMERGENCY OPERATIONS CENTER
817 MOUND AVE, SOUTH PASADENA, CA 91030**

South Pasadena Finance Commission Statement of Civility

As your appointed governing board, we will treat each other, members of the public, and city employees with patience, civility, and courtesy as a model of the same behavior we wish to reflect in South Pasadena for the conduct of all city business and community participation. The decisions made today will be for the benefit of the South Pasadena community and not for personal gain.

NOTICE ON PUBLIC PARTICIPATION & ACCESSIBILITY

The South Pasadena Finance Commission Meeting will be conducted in-person from the Fire Department – Emergency Operations Center, located at 817 Mound Ave., South Pasadena.

The Meeting will be available:

- In Person Hybrid – Fire Department - EOC, 817 Mound Ave.
- Via Zoom – **Webinar ID: 823 9818 8830**

To maximize public safety while still maintaining transparency and public access, members of the public can observe the meeting via Zoom in one of the three methods below.

1. Go to the Zoom website, <https://zoom.us/join> and enter the Zoom Meeting information; or
2. Click on the following unique Zoom meeting link: <https://us06web.zoom.us/j/82398188830>
3. You may listen to the meeting by calling: +1-669-900-6833 and entering the Zoom Meeting ID.

CALL TO ORDER

Chair

Peter Giulioni Jr.

ROLL CALL

Chair

Peter Giulioni Jr.

Vice Chair

Sheila Rossi

Commissioner

Cynthia Quade

Commissioner

Ed Elsner

Commissioner

Frederick A. Findley

COUNCIL LIAISON:

Councilmember

Janet Braun

PUBLIC COMMENT GUIDELINES

The City welcomes public input. If you would like to comment on an agenda item, members of the public may participate **by means of one of the following options:**

Option 1:

Participants will be able to “raise their hand” using the Zoom icon during the meeting, and they will have their microphone un-muted during comment portions of the agenda to speak for up to 3 minutes per item.

Option 2:

Email public comment(s) to fcpubliccomment@southpasadenaca.gov

Public Comments received in writing will not be read aloud at the meeting, but will be part of the meeting record. Written public comments will be uploaded online for public viewing under Additional Documents and available at the City Clerk’s Counter for viewing. There is no word limit on emailed Public Comment(s). Please make sure to indicate:

- 1) Agenda item you are submitting public comment on.
- 2) Submit by no later than November 29 at 12PM

NOTE: Pursuant to State law, the Commission may not discuss or take action on issues not on the meeting agenda, except that members of the Commission or staff may briefly respond to statements made or questions posed by persons exercising public testimony rights (Government Code Section 54954.2). Staff may be asked to follow up on such items.

1. Public Comment – General (Non-Agenda Items)

General Public Comment will be limited to 30 minutes at the beginning of the agenda. If there are speakers remaining in the queue, they will be heard at the end of the meeting. Only Speakers who sign up in the first 30 minutes of public comment will be queued up to speak.

INTRODUCTIONS

- 2. Introduction of Finance Manager, Terry Kim**
- 3. Introduction of Accountant, Yana Pedan**

INFORMATIONAL

- 4. Insurance Fund Sub-Committee Report**

ACTION/DISCUSSION

- 5. Quarterly Budget Update July – September 2023**

Recommendation

It is recommended that the Commission receive and file the Quarterly Budget Update

6. Finance Commission July – December 2024 calendar and Work PlanRecommendation

It is recommended that the Commission review and approve the July through December 2024 calendar and work plan.

COMMUNICATIONS**7. City Council Liaison Communications****8. Staff Liaison Communications****9. Commissioner Communications****ADJOURNMENT****UPCOMING REGULAR FINANCE COMMISSION MEETINGS**

January 24, 2024 Regular Finance Commission Meeting 6:30 p.m.
February 29, 2024 Regular Finance Commission Meeting 6:30 p.m.

PUBLIC ACCESS TO AGENDA DOCUMENTS

The complete agenda packet may be viewed on the City's website, www.southpasadena.gov.

Meeting recordings will be available for public viewing after the meeting. Recordings will be uploaded to the City's YouTube Channel no later than the next business day after the meeting.

The City's YouTube Channel may be accessed at:

https://www.youtube.com/channel/UCnR169ohzi1AlewD_6sfwDA/featured

ACCOMMODATIONS

The City of South Pasadena wishes to make all of its public meetings accessible to the public. If special assistance is needed to participate in this meeting, please contact the Finance Department at (626) 403-7250 or FinanceDepartment@southpasadenaca.gov. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. 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).

CERTIFICATION OF POSTING

*I declare under penalty of perjury that I posted this notice of agenda for the meeting to be held on **November 21, 2023**, 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, on the date listed below.*

11/21/2023

Stephanie Pinto

Date

Stephanie Pinto, Management Analyst



Finance Commission Agenda Report

DATE: November 29, 2023

FROM: John Downs, Director of Finance
Hsiulee Tran, Deputy Finance Director/ Controller

SUBJECT: **July 2023 – September 2023 Budget Update**

Recommendation

It is recommended that the Commission:

- 1) Staff recommends that the Finance Commission receive and file the July 2023 – September 2023 Budget Update Report

Executive Summary

As part of the Finance Department's on-going improvements based on best practices and direction from the City Council and Finance Commission, Finance staff will shift from monthly updates to quarterly budget updates to both bodies. These reports will provide the timely and ongoing opportunity for financial oversight, timely proactive recommendations, and regular discussion on the City's budget and related elements.

Background

On June 21, 2023, the City Council adopted the Fiscal Year (FY) 2023-24 Operating and Capital Improvement Program (CIP) budgets. The FY 2023-24 budget is the City's financial operating plans that establishes the City's goals, budget priorities, and desired service levels for the fiscal year, as well as identifies the fiscal resources necessary to achieve them. The adopted budget was based on certain assumptions, which met expenditure and revenue projections.

To align with our Finance Department Operational Assessment and manage timely responses to changes in the City's financial position, a quarterly budget update report on the City's fiscal performance through September 2023 (July through September), comparing all general fund revenues and expenditures incurred during the FY 2023-24 to the same period in FY 2022-23 has been completed.

As customary, the Quarterly Financial Review primarily focuses on the General Fund since this is the fund that supports traditional municipal services the City provides for residents, such as law enforcement, fire protection, public works services, parks, and recreation.

Discussion/Analysis

Revenue Report

Percentage of Fiscal Year Complete: 25% (3 of 12 months)

General Fund Revenue Summary 3 of 12 months 25% of Fiscal Year Complete					
Description	FY 2024 Budget	Jul-Sep 2023	Jul-Sep 2022	Difference	Projected Revenue
1 Property Taxes	19,700,384	-	-	-	19,700,384
2 Assessments & Special Taxes	375,150	-	-	-	375,150
3 Sales Taxes	6,478,033	470,312	463,234	7,077	6,007,721
4 Utility Users Taxes	4,352,462	478,446	731,938	(253,492)	3,874,016
5 Franchise Fees	1,271,478	207,493	185,061	22,432	1,063,985
6 Licenses & Permits	803,700	241,514	225,640	15,873	562,186
7 Fines, Forfeitures & Penalties	58,000	16,165	20,711	(4,546)	41,835
8 Use of Money & Property	1,345,014	100,459	89,721	10,738	1,244,555
9 Other Agencies	475,500	6,096	64,597	(58,501)	469,404
10 Charges for Current Services	4,141,020	1,028,751	1,238,357	(209,606)	3,112,269
11 All Other Revenues	79,108	48,293	9,705	38,588	30,815
12 Reimbursement From Other Funds	488,077	483,384	483,384	-	4,693
Total General Fund Revenues	39,567,926	3,080,911	3,512,349	(431,438)	36,487,015

Fund Type	FY 2024 Budget	Jul-Sep 2023	Jul-Sep 2022	Difference
General Fund	39,567,926	3,080,911	3,512,349	(431,438)
Internal Service	3,703,883	63,230	373,786	(310,556)
Special Revenue Funds	10,725,025	814,152	3,852,083	(3,037,931)
Enterprise Fund	23,418,342	4,439,735	4,262,374	177,361
Capital Projects Fund	16,706,691	-	-	-
Fiduciary Fund	58,560	-	(82,823)	82,823
Successor Agency	393,200	-	-	-
Grand Total	94,573,627	8,398,028	11,917,769	(3,519,741)

July 2023-September 2023 Revenue Performance

Overall, revenues for the City are down \$431k for the FY 2023-24 compared to FY 2022-23. Outlined below is a summary of the general fund revenue performance for the City's revenues by categories:

Property Tax

For the FY 2023-24, the City's largest revenue, Property Tax, we start seeing revenues in December and April of each year. For the first quarter of FY 2023-24, no revenue has been received.

Sales Taxes

For the first quarter of FY 2023-24, we are seeing a slight increase in sales taxes from prior year. According to HdL, our sales tax consultant, steady household spending, despite historically low unemployment, has shielded the economy from recession, a

unique situation even as inflation exceeded Federal Reserve targets and interest rates and credit cards rose. In California, sales tax performance for fiscal year 2022-23 grew by 2.1%, but it lags far behind the double-digit growth seen during the pandemic recovery. Looking ahead, households face tight budgets, and various industries grapple with challenges like labor costs, inventory issues, and competition. Spending generating sales taxes is expected to dip slightly in fiscal year 2023-24, with limited expansion anticipated in the following year.

Utility Users Tax (UUT)

UUT revenues are seeing a significant decrease, down 34.63% (\$253,492) in FY 2023-24 from prior year. UUT revenues for electric, gas, cable, telephone, and water are all down.

Business License & Permits

Licenses and Permits are up by 7.03% (\$15,873) from prior year. There was a decrease in parking permits (\$12,339) and filming permits (\$17,942) due to the Writers and Actors strike, but we do project filming permits to pick back up again once negotiations are settled. Business licenses revenue had an increase of \$33,651 due to the City Staff working with HdL, our business license specialist, on bringing businesses into compliance. As more businesses comply, we expect the business licenses revenues to increase.

Fines, Forfeits, & Penalties

Fines, Forfeitures, and Penalties decreased by 21.95% (\$4,546) from last year. The biggest decrease is due to decrease in parking citations.

Use of Money & Property

Use of Money & Property includes rental of facilities and interest income. We saw an increase of 11.97% (\$10,738), mostly due to increase in rental of Stables and Library Community Room.

Charges for Current Services

Charges for Services decreased by 16.93% (\$209,606) compared to the same time frame from the prior year. Majority of the decrease are derived from Filming and Plan Check fees. In FY 22-23, we saw increases in plan check fees, and as those plans are approved, we will start to see decreases in plan checks and increases in building permits. We saw an increase of \$29,933 in building permits as compared to prior year. As for filming, we saw a decrease due to the strike during the first quarter. We hope that as negotiations are settled, the filming permits will pick up, therefore, requiring assistant from our Fire and Police Department. Charges for Services include various fees such as Plan Check Fees, Paramedic Fees, Filming, Planning Fees, Building Permits, Inspection and Recreation Fees. As we advance out of the Covid-era, the charges for current services revenue will continue to increase as the City is opening more programs and activities for the public. We expect to see this increase continue in

FY 23-24.

Other Revenues

Other Taxes and Revenue increased by \$38,588 from last year. This increase is due to miscellaneous reimbursements, grants, and credit card transactions fees. In FY 23-24, we increased our credit card transaction fee to 3% as compared to 0.25% in prior year. This revenue helps us cover the increase cost in credit card transaction fees billed to us by the credit card vendors.

July-September 2023 General Fund Expenditure Performance by Department

The tables below is a summary of expenditures by department as of September 30, 2023.

General Fund Expenditure Summary 3 of 12 months 25% of Fiscal Year Complete					
Department	FY 2024 Budget	Jul-Sep 2023	Jul-Sep 2022	Difference	% Expended
1. City Council	118,902	17,950	4,803	13,147	15.10%
2. City Manager	1,747,786	433,683	641,807	(208,124)	24.81%
3. Management Services	2,936,547	497,768	351,212	146,556	16.95%
4. City Clerk	63,900	-	1,972	(1,972)	0.00%
5. Finance	3,589,917	499,204	657,590	(158,385)	13.91%
6. City Treasurer	9,239	2,310	2,310	-	25.00%
7. Police	11,510,345	3,321,197	3,569,587	(248,390)	28.85%
8. Fire	7,355,603	2,416,064	2,460,335	(44,271)	32.85%
9. Public Works	3,771,411	568,286	423,274	145,012	15.07%
10. Community Development	4,156,141	662,771	474,092	188,679	15.95%
11. Library	2,211,233	608,216	550,344	57,872	27.51%
12. Community Services	1,896,681	447,364	449,975	(2,611)	23.59%
Total General Fund Expenditures	39,367,705	9,474,813	9,587,301	(112,488)	24.07%

The City's expenditures for this period were \$112,488 lower than the previous year. Several departments demonstrated increased spending compared to the prior year, including City Council, Management Services, Public Works, Community Development, and Library.

City Council directed a direct contribution of \$12,000 to the South Pasadena Rose Float Association instead of routing the contribution through the Chamber of Commerce, as done in previous years. Management Services expanded their staff compared to the prior year, resulting in increased personnel costs. Public Works experienced an increase in expenditures due to the timing of invoice payments and personnel costs. The current year saw higher citywide landscape maintenance expenses due to increased costs associated with a new vendor. Previously, Public Works had engaged a vendor for many years without adjusting their rates. However, due to escalating costs, the vendor had to increase their rates, prompting the City to seek new rates from other vendors. Community Development's increased expenses were attributable to engaging consultants for Community Engagement in urban design, urban planning, and projects related to the

general plan and downtown specific initiatives. Library’s increase is due to personnel costs and increase costs in e-books, library cards, and CD/DVDs covers.

The table below shows the reconciliation from the adopted budget to the current budget. The changes are Council approved changes.

Total Adopted Budget Expenditures FY 23-24		39,147,992
<i>Updates:</i>		
	7/19/23 Item #24 Raftelis Financial	10,000
	7/19/23 Item #28 Crossing Guards	101,367
	8/16/23 Item #9 Akins Gump	53,000
	8/16/23 Item #14 Moffat Street	29,146
	9/18/23 Item #5 Rangwala Contract	26,200
	<i>Budget Adjustments</i>	219,713
Current Updated Budget		39,367,705

The Finance Department will continue to monitor spending, address unanticipated needs for the current year, and help ensure that departments are adhering to the approved budget.

Personnel Update

An update on personnel numbers and vacancies is provided as Attachment 2 for your review. This information will continue being updated and provided on a quarterly basis moving forward.

Fiscal Impact

In the fiscal year 2023-24, current year-to-date actual General Fund expenditures amount to \$9,474,813, surpassing current actual revenues of \$3,080,911 by \$6,393,902. It's important to consider that certain revenues and expenditures are not consistently received throughout the year. Revenue streams follow a cyclical pattern, whereas expenditures tend to occur more regularly on a monthly basis. Projections for the fiscal year end take into account the anticipated remaining revenue. The Finance team will continue to monitoring both revenues and expenditures and will furnish updated information as it becomes accessible.

Key Performance Indicators and Strategic Plan

This item is in line with the Finance Department’s Key Performance Indicators related to timely budget preparation and updates to the Commission and Council. The quarterly report is being presented in order to improve financial processes and provide a more transparent Budget update report.

Commission Review and Recommendation

This matter was discussed with the Finance Commission on November 29, 2023 Commission meeting prior to City Council meeting in December. This matter will be forwarded to the City Council thereafter.

Attachments

- 1) Finance Department Performance Measures through September 2023
- 2) Personnel Vacancy Report through September 2023

South Pasadena Finance Department

PERFORMANCE MEASUREMENTS- November 29, 2023

Measurement	Unit of Measure	Type of Indicator	Status
Accounting Management			
Complete Bank Reconciliations by 20th Day of Month	%	Effectiveness	Completed September 2023 and October 2023 in progress.
Cash Bank Deposit 1x or 2x Per Week	%	Effectiveness	Current
Electronic Bank Deposit Every Day	%	Effectiveness	Current
Unmodified or "Clean" Audit Opinion Obtained for CAFR	Yes/No	Effectiveness	Currently in progress
Number of Audit Findings	#	Efficiency	Reduction of findings from four to three
Award Received for ACFR Reporting Excellence	Yes/No	Effectiveness	Received GFOA award for June 30, 2022 Reporting
State Controller's Report Filed on timely basis (1/31)	Yes/No	Effectiveness	Current
Metro, Gas Tax Audits Completed on Schedule	Yes/No	Effectiveness	Currently in progress of MTA audit
Payroll tax quarterly reports timely filed for State (DE9/DE9C)/Federal (941)	%	Effectiveness	Current
Financial Reporting to Decision Makers			
Distribute Monthly GL Revenue/Expenditure Reports to depts. by 15th of month	%	Effectiveness	Monthly assignment
Present Monthly Financial Reports to City Council and Finance Commission	Yes/No	Effectiveness	Jul – Sept 2023 Quarterly Report presented Nov 29, 2023
Present Midyear Report to City Council in March	Yes/No	Effectiveness	Will present in Feb 2024
Include 5-Year General Fund Financial Projection in Midyear Report	Yes/No	Effectiveness	A consultant has been engaged and in progress of 5-year projection
Treasury Management			
Present City Treasurer's Monthly Investment Report to City Council every month	%	Effectiveness	Last presented Jul-Sep on Nov 8, 2023, will present Oct & Nov in Jan 2024
Present City's Investment Policy to City Council in November 2023	Yes/No	Effectiveness	Done and approved
Average Portfolio Par Balance	\$	Workload	Included in Investment Report
Variance Between City Portfolio and LAIF Book Rates of Return <i>City Higher or (City Lower)</i>	%	Effectiveness	Included in Investment Report
Budgetary Management			

Track Refunds of Insurance Claims	\$	Effectiveness	In Progress
Adopt Annual Budget in June	Yes/No	Efficiency	Adopted FY 23-24 June 21, 2023
Include 5-Year General Fund Financial Projection in Proposed and Adopted Annual Budget	Yes/No	Effectiveness	A consultant has been engaged and in progress of 5-year projection
Information Technology			
Complete Implementation of TCP Third-Party Electronic Timecard System by November 30, 2022	Narrative	Effectiveness	Pivoting to a new integrated software system. Currently testing out Employee Self Service Portal through Springbrook.
Attendance at Spring brook Annual Conference by 2 Department Employees Each Year	Yes/No	Efficiency	Planned and attended for 23-24
Contracts and Purchase Orders Management			
Electronic Encumbrances Established for All Contracts and Purchase Order Having Value Greater than current policy limit	Yes/No	Efficiency	Already implemented
Payroll Management			
Annual Covered Payroll *	\$	Workload	Stated in budget.
Distribute W2s per IRS guidelines	Yes/No	Effectiveness	Successfully completed in January 2023
Accounts Payable			
Complete Warrant Register With Inclusion of All Properly Prepared Payment Requests	%	Effectiveness	Bi-monthly task
Business Licensing			
Number of Licensing Accounts	#	Workload	In Progress
Percentage of Licensing Accounts Paid Electronically	%	Efficiency	In Progress
Utility Billing			
Number of Water Accounts	#	Workload	To be stated in budget
Percentage of Water Accounts Paid Electronically	%	Efficiency	In Progress

* = Detailed in Annual Budget

Budget Authorized Positions vs. Filled Positions

As of September 30, 2023

Department	Budget Authorized Positions			Filled Positions			Number of Unfilled Positions	% of Positions Filled	% of Positions Unfilled
	Full Time	Part Time	Total	Full Time	Part Time	Total			
City Manager's Office	5	1	6	5	1	6	0	100.00%	0.00%
Community Development	13	0	13	12	0	12	1	92.31%	7.69%
Community Services	9	44	53	9	30	39	14	73.58%	26.42%
Finance	9	0	9	7	0	7	2	77.78%	22.22%
Fire	23	0	23	21	0	21	2	91.30%	8.70%
Library	10	32	42	9	27	36	6	85.71%	14.29%
Management Services	8	0	8	6	0	6	2	75.00%	25.00%
Police	55	6	61	42	3	45	16	73.77%	26.23%
Public Works	41	2	43	35	1	36	7	83.72%	16.28%
Totals:	173	85	258	146	62	208	50	80.62%	19.38%



**CITY OF SOUTH PASADENA
FINANCE COMMISSION MEETING SCHEDULE**

Meetings are usually the last Thursday of the month at 6:30 p.m.

January	24	2024	Regular Meeting
February	21	2024	Joint Meeting with City Council Mid Year
February	29	2024	Regular Meeting
March	28	2024	Regular Meeting Budget Kick Off Meeting
April	25	2024	Regular Meeting
May	15	2024	Joint Meeting with City Council 1st Budget Meeting
May	27	2024	Regular Meeting 2 nd Budget Meeting
June	5	2024	Joint Meeting with City Council 3rd Budget Meeting
June	19	2024	Joint Meeting with City Council 4th Budget Meeting
June	27	2024	Regular Meeting
Aug	29	2024	Regular Meeting
Sept	26	2024	Regular Meeting
Oct	31	2024	Regular Meeting Propose change to Oct 28?
Nov	28	2024	Regular Meeting

2024 Work Plan



Objective	Tasks and Activities	Target Date	Purpose	Status
Understand Water & Sewer	Understanding water and sewer operations	Jan/Feb	Financial Oversight	
ACFR/ Audits	Review results of annual audits	January (annual)	Financial Oversight	
Mid-Year Budget	Review Mid-year budget	February (annual)	Financial Oversight	
Understand Actuaries Report	Gain a better understanding of City expenditures	March	Financial Oversight	
Master Fee Schedule	Review fee schedule for annual CPI adjustments	June (annual)	Financial Oversight	
Development Impact Fees	Receive and file report on impact fees	June (annual)	Financial Oversight	
Budget and CIP	Review fiscal year budget and Capital Improvement Program	June (annual)	Financial Oversight	
*Investment Performance	Review investment Portfolio and update Policy as needed	September (annual)	Financial Oversight	
Budget Status Update	Compare Budget to Actuals	Quarterly	Financial Oversight	
Monthly Investment Reports	Review monthly investment report	Monthly	Financial Oversight	
Property/Sales Tax Revenues	Review quarterly reports on sales and property tax revenues (from HdL)	Quarterly	Financial Oversight	
Financial Policy Review	Review of Financial Policy during mid-year and Budget	Bi-Annually	Financial Oversight	

Contingent on City Council approval of the Work Plan for Fiscal Year 2024-2025