

The current annual cost of the position is \$112,995 including benefits. The prorated cost for the balance of the fiscal year is \$75,330. A total of \$150,000 has been included in the current operating budget to support the First Source Hiring Program. Staff is requesting that \$91,830 of this amount be transferred to the City Manager's Office to cover the cost of the position as well as related materials and supplies including rent and one time expenses such as equipment. Additionally, staff is requesting that \$12,500 be transferred to the Department of Finance to cover the cost of auditing program compliance.

In addition to mandating local hiring for construction projects that include City financial assistance, the First Source Hiring Program also includes a voluntary program for projects without City financial assistance. Pursuant to the voluntary portion of the program, participants may receive a partial rebate of construction tax for each resident employed on a qualifying project. Pursuant to the proposed ordinance, the amount of construction tax rebate is to be established by a resolution of the City Council.

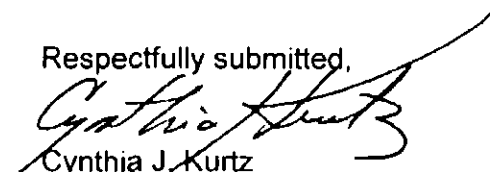
The proposed resolution sets the rebate at one-half the actual salary and benefits paid to each resident employee working on a qualifying project, not to exceed seventy-five percent of the Construction Tax paid pursuant to Section 4.32 of the Pasadena Municipal Code.

FISCAL IMPACT

As discussed above, a total of \$150,000 has been included in the non-departmental portion of the General Fund budget; consequently, the addition of the Project Manager position, related expenses and funds for auditing will not increase overall appropriations.

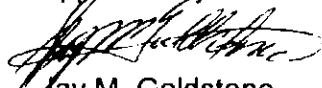
The implementation of the Construction Tax rebate is expected to reduce General Fund revenues, however, the extent to which has yet to be determined as there has been no practical experience with the program. Staff will closely monitor the program and report the fiscal impact as a part of the operating budget process.

Respectfully submitted,



Cynthia J. Kurtz
City Manager

Approved by:



Jay M. Goldstone
Director of Finance

Prepared by:



Steve Mermell
Budget Administrator

RESOLUTION NO

A RESOLUTION OF THE CITY OF PASADENA ESTABLISHING THE AMOUNT OF CONSTRUCTION TAX REBATE FOR THOSE VOLUNTARILY PARTICIPATING IN THE CITY'S FIRST SOURCE HIRING PROGRAM

WHEREAS, the City of Pasadena has experienced a significant increase in construction activity in recent years, which has raised concerns about the employment opportunities created for local workers, and;

WHEREAS, the availability of sufficient employment opportunities is essential to the economic and social well-being of the City. As such, workforce development must be a component of the City's economic development planning, and;

WHEREAS, new development and construction of commercial projects tend to increase property values which in turn can displace low-income residents and place a greater burden on the City to assist economically disadvantaged individuals, and;

WHEREAS, the City seeks to promote the hiring of local residents by establishing a voluntary First Source Hiring Program for Private Development Projects, which provides as an incentive a rebate of the Construction Tax required by Section 4.32 of the Pasadena Municipal Code for those participants entering into a First Source Hiring Agreements:

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena as follows:

1. Private developers participating in the City's First Source Hiring Program shall enter into a First Source Hiring Agreement with the City of Pasadena, in order to receive a rebate of Construction Tax.
2. At the time of hire and throughout the construction of the project, a Developer seeking a Construction Tax rebate shall provide documentation to the City, including certified payroll records, to support the claim of resident hiring. Additionally, the Developer shall allow the City to undertake on-sight inspections and interviews in order to validate the Developer's claims of resident hiring.
3. For each resident employed on the project prior to the issuance of a certificate of occupancy the Developer shall receive a rebate of Construction Tax equal

to one-half the actual salary and benefits paid to each resident employee, not to exceed seventy-five percent of the Construction Tax paid pursuant to Section 4.32 of the Pasadena Municipal Code.

Adopted at the regular meeting of the City Council on the ___ day of _____, 2004, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JANE L. RODRIGUEZ, CITY CLERK

Approved as to Form:


MICHELE BEAL BAGNERIS
CITY ATTORNEY