

Agenda Report

TO: CITY COUNCIL
THROUGH: Finance Committee

DATE: DECEMBER 10, 2007

FROM: CITY MANAGER

SUBJECT: UNFUNDED PRIORITIES

RECOMMENDATION

It is recommended that the City Council direct staff to develop more detailed cost estimates and specific proposals for funding those Unfunded Priorities described in detail in the attached report relating to:

- 1) Purchase of Open Space and Park Land
- 2) Improving Parks and Facilities
- 3) Managing Traffic
- 4) Affordable Housing
- 5) Rose Bowl Renovation

In addition to these five, the Finance Committee has requested the inclusion of two additional priorities, which are both included as projects in the Capital Improvement Program Budget:

- 6) Fire Station #33 Replacement/New Fire Administration Building
- 7) Civic Center/Mid-Town Public Improvements and Related Components

BACKGROUND

Over the course of the last two budget cycles staff, with input from the Finance Committee, has developed a list of projects and priorities that would be of significant benefit to the community, but would only be possible, given the City's current and projected financial position, through the identification of a new revenue source(s). These "Unfunded Priorities" encompass ten broad categories including: Public Safety, Infrastructure Improvements, Park and Facility Improvements, Open Space, Affordable Housing, Traffic Management, Utility Undergrounding, Installation of Freeway Soundwalks, and Renovation of the Rose Bowl Stadium.

Recently, staff returned to the Finance Committee with a recommendation as to which priorities to consider further beyond the conceptual phase. These include: Purchase of

Open Space and Park Land, Improving Parks and Park Facilities, Managing Traffic, Affordable Housing, and Rose Bowl Renovation.

In determining which priorities to recommend for further study, several factors were considered. As discussed above, one of the main principals underlying the concept of Unfunded Priorities is the assessment that new revenues would be required to fund their implementation. Fortunately, as it relates to the City's number one priority, public safety, it has been possible to expand services within existing budget parameters. Over the past two years the City has added 13 police officers to patrol including creation of a School Safety Team; police dispatch has added four new positions, and a new rescue ambulance staffed 24-7 has been placed in service. By continuing adherence to prudent financial management there is every reason to believe that Pasadena will continue the expansion of public safety services. This would require that new resources, such as Transient Occupancy Tax from a new hotel, not be reserved for specific or new projects, but be used to fund the cost of new demands on basic services.

Similarly, earlier versions of the Unfunded Priorities report included creation of an urgent care center. Working with potential partners, Huntington Hospital and Community Health Alliance of Pasadena, the opportunity to open such a facility with a limited financial contribution from the City, for which funds have been identified, appears possible. As such this project has been removed from the report. Community members have asked that an urgent care facility also be included in the development plan for the St. Luke's property. Staff has had discussions with the new owner of the property about including this in their planning. Since actual operation of urgent care at this location would be five or more years into the future, it is not included in this report.

Of the remaining categories not recommended for further analysis, some such as sidewalk repair under Infrastructure Improvements, Freeway Soundwalls and Utility Undergrounding were considered less advantageous to the community as a whole from a cost-benefit perspective. For example, the cost associated with repairing city sidewalks is estimated at \$15 million, however, based on two years of recent data the average number of trip and fall claims per year is estimated to be between 13 and 15, with the average annual cost of settlements being between \$180,000 and \$200,000.

The categories recommended for further analysis represent areas of considerable community-wide concern for which the potential means of funding bear either a direct or indirect relationship. For example, the proposed improvements to Traffic Management could be funded through a combination of a parking tax and a real property transfer tax as it is recognized each of these are tied in a way to economic development.

Staff is recommending a focus on Open Space and Park Land, Parks and Facilities, Traffic Management, Affordable Housing, and Rose Bowl Renovation. Each of these areas is summarized below with greater detail provided in the attached report.

Purchase Of Open Space And Park Land

<u>Elements</u>	<u>Estimated Cost</u>
New Park Land in Central District	\$17.4 m*
Pocket Parks Citywide	\$21.7 m**
Eastside Green Belt	\$5 m to \$10 m
Westside Green Belt	\$15 m to \$20 m
*based on cost of \$400 per sq. ft. with total size of one acre	
**based on cost of \$100 per sq. ft. with total size of four acres.	

Improving Parks and Facilities

<u>Elements</u>	<u>Estimated Cost</u>
ADA Improvements at Libraries and Community Centers	\$4.1 m
Robinson Park Master Plan (Minus Phase I of \$5.5 m)	\$14 m
Athletic Field Lighting	\$3 m
Multi-purpose field at Hahamongna	\$2.5 m
Allendale Park Expansion (assumes no land cost)	\$1.3 m
City/School Parks – seven identified sites	\$1.4 m
Other Unfunded Arroyo Projects (Lower, Central, Brookside and Hahamongna projects)	\$80 m
Other Unfunded Park Improvements Citywide	\$15 m

Managing Traffic

<u>Elements</u>	<u>Estimated Costs</u>
ARTS Expansion	\$4.6 m/year
ARTS Maintenance Yard	\$28 m
Build out General Plan Projects - detailed below	\$25 m

Intersection Improvements/Street Extensions	Right of Way Costs	Construction Costs	Total Project Costs
Arroyo Pkwy and Del Mar Blvd.	\$2,645,000	\$500,000	\$3,145,000
Arroyo Pkwy & California Blvd.	\$3,105,000	\$1,000,000	\$4,105,000
Del Mar Blvd. & Hill Ave.	\$2,875,000	\$456,250	\$3,331,250
Foothill Blvd. & Rosemead Blvd.	\$1,610,000	\$750,000	\$2,360,000

Lake Ave. & Maple St.	\$0	\$1,125,000	\$1,125,000
Lake Ave. & Walnut St.	\$8,510,000	\$875,000	\$9,385,000
Total			\$24,681,250

Affordable Housing

<u>Elements</u>	<u>Estimated Cost</u>
Acquiring/Rehabilitating/Preserving additional affordable housing units	
130 units	\$19.5 m
65 units	\$9.75 m
32 units	\$4.8 m

Rose Bowl Renovation

A process is currently underway to identify, in detail, potential improvements that will improve public safety and fan experience at the Rose Bowl Stadium. Additionally, discussions have begun with the two major tenants, UCLA and the Tournament of Roses, regarding the means of funding such a project. While the precise details have yet to emerge, a financial commitment on the part of the City would be required in order for the project to be viable. As is the case with the other Unfunded Priorities, at this time the City's General Fund is not able to support any significant expenses associated with a Rose Bowl Renovation without the identification of a new revenue source.

FISCAL IMPACT

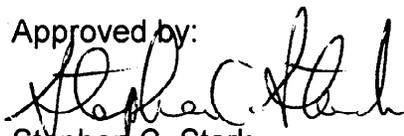
Funding for the initiatives outlined in this report would be expected to result from a voter approved measure. Staff has recommended that a property tax assessment and or parcel tax could be used to fund the development of Open Space and Park Land, as well as Park and Park Facilities. A combination of a parking tax and an increase in the real property transfer tax could fund the Traffic Management initiative. The real property transfer tax could also be pursued as it relates Affordable Housing.

Respectfully submitted,



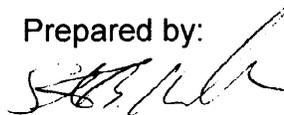
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OFFICE OF THE CITY MANAGER
November 19, 2007

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: UNFUNDED PRIORITIES - UPDATE

In June 2006, staff presented the City Council a list of unfunded priorities. The matter was referred to the Finance Committee which has since considered the information on two occasions, most recently July 23, 2007. At that time the Committee asked staff to group the proposals into categories and to update the cost estimates as may be appropriate. Accordingly, these requests have been incorporated into the following update as well as a new priority, a Public Safety Training Facility, added to the Public Safety category.

CATEGORY 1 – PUBLIC SAFETY

Expansion of police patrol and traffic enforcement. There are a growing number of emergent issues which policing has had to address (e.g. juvenile violence, homelessness, gang crime, traffic management, unconditioned liquor stores, the potential for terrorism). These issues have impacted the Police Department's ability to provide an appropriate level of service to the community, most notably in the area of patrol services. Specifically, in recent years a total of twenty-three officers have been reassigned from regular patrol to other duties.

Consequently, the first priority would be to increase the number of police officers assigned to patrol, with the goal of providing more timely responses, proactive crime suppression, and enhanced community policing initiatives. Additionally, there are other services the Department has identified which would benefit the safety of the community. The following are in priority order:

- A. Hire 11 new Police Officers and two Sergeants and assign them to the Field Operations Division. This would increase responsiveness and provide greater crime control. Foot patrols in business districts throughout the City would increase. Approximate annual cost \$2,153,017.
- B. Expand the Traffic Enforcement Section by one Sergeant and six Police Officers. One of the greatest concerns for Pasadena residents is

increasing traffic congestion on city streets. The expansion of the Traffic Enforcement Section would help mitigate traffic issues and improve safety. Approximate annual cost \$1,155,684.

C. Expand Financial Crimes Unit. With an increase in Internet-based crimes and identity theft, the community would benefit by the expansion of this unit, consisting of two Police Officers, to focus primarily on financial crimes. This would provide a more proactive approach to investigations and provide victims greater service. Approximate annual cost \$227,000.

D. Expand the HOPE team. The Department's HOPE team consists of a police officer and a clinician from the Los Angeles County Department of Mental Health. The team provides intervention, referral and/or placement services to protect the community from those, who as a result of a mental disorder are a danger to themselves or others. At present the team is partially funded by grants; however, this funding source will end this year. This proposal would replace the funding that will be lost and expand the team by one officer in order to provide seven day per week coverage. Approximate annual cost \$454,000.

E. Establish a Registered Sexual Offender Tracking Unit. The proposed unit, consisting of two Police Officers would monitor and investigate the City's registered sexual offenders, thus providing for a safer community. Approximate annual cost \$227,000.

F. Establish a Cold Case Homicide Unit, consisting of two Police Officers. With advances in forensic technology, currently unsolved homicide cases have the potential for solution and prosecution. Approximate annual cost \$227,000.

G. Expand the Special Enforcement Section by one Sergeant and six Police Officers. The Special Enforcement Section initiates gang and street level narcotic investigations, along with providing resources to proactively target the City's most violent criminals for arrest. This proposal would expand the section sufficiently to provide for 7-day per week coverage. Approximate annual cost \$1,155,684.

Traffic Signal Preemption. Response time is critical for public safety, particularly as it relates to emergency medical response. Increased traffic as a result of building activity and population growth negatively impacts response in that apparatus and paramedic ambulances are forced to navigate traffic and proceed with caution at intersections. Technology exists that can preempt traffic signals along arterial streets thus allowing traffic to clear intersections prior to fire apparatus reaching that point. As a result, fire apparatus may proceed to the scene of an incident with fewer impediments. Approximate one-time cost \$2,500,000 with annual maintenance costs of approximately \$10,000.

Fire Department Operations Center at the Site of Fire Station 33. Fire Station #33 on Lake Avenue at Villa Street is a 33 year old facility which is not seismically sound, lacks proper facilities for a mixed gender workforce and is not energy efficient. Moreover, the Fire Department's administrative offices and Operations Center are currently located in leased office space, at a cost of \$215,000 per year. This location is not easily accessible for Fire personnel driving large apparatus as well as the public in general. Most critically, because it is in an office building, this location may not be available for Fire Department use in the event of a disaster such as an earthquake. Reconstructing Fire Station #33 including administrative offices and an Operations Center would both improve the efficiency of operations and ensure the survivability of the facility in the event of an earthquake. Construction cost of approximately \$15 to \$20 million with undetermined ongoing maintenance costs which would be offset by the elimination in lease payments and operating expenses on the existing Fire Station #33, which currently total approximately \$200,000 per year.

Public Safety Training Facility. The Police and Fire Departments have identified a critical need for a joint Public Safety Training Facility to accommodate the training needs of both departments. While an estimated cost for such a facility is not available, the Capital Improvement Program Budget does include an unfunded project in the amount of \$11 million for a Fire Department training facility. Expanding the project to include Police and adjusting for inflation in construction costs since the time of the original estimate, some five years ago, the cost of a joint facility is most likely in the range of \$15 to \$20 million.

CATEGORY 2 – INFRASTRUCTURE IMPROVEMENTS

Seismic Retrofit and Preventative Maintenance of City Bridges. This proposal would result in the seismic retrofit and preventative maintenance of the following historically significant bridges:

- La Loma Bridge (one-time cost of \$11.5 million of which \$10.5 has been funded, the remaining \$1 million is unfunded)
- San Rafael Bridge (one-time cost of \$2.8 million)
- Holly Street Bridge (one-time cost of \$7.6 million)
- Arroyo Boulevard Bridge (one-time cost of \$1.3 million)

These bridges were constructed between 1913 and 1927 prior to the development of seismic design criteria for bridges. Retrofit measures on these bridges would minimize the probability of the bridges collapsing during a moderate earthquake while bringing them to current earthquake and safety standards.

Sidewalk Repair Program. According to a recent comprehensive inspection report, the City has over 10,000 separate locations with sidewalk damage. Much of this damage is caused by tree roots raising and displacing the concrete sidewalk. Damaged sidewalks pose a safety hazard for pedestrians and if the

situation is dramatic, may make it difficult for individuals with wheelchairs and walkers to use the sidewalk. This proposal would involve the pruning of tree roots and the repairing of displaced concrete. Approximate one-time cost \$15 million.

Council has also request information regarding the number and cost of trip and fall cases. Staff has reviewed two years of claims. Based on this data the average number of claims per year is estimated to be between 13 and 15, with the average annual cost of settlements being between \$180,000 and \$200,000. Repair of sidewalks would not eliminate all trip and fall cases as some are related to curbs not sidewalks as well as other causes such as lighting conditions rather than raised sidewalks.

CATEGORY 3 – PARK AND FACILITY IMPROVEMENTS

Americans with Disabilities Act (ADA) Improvements At City Libraries, Community And Recreation Centers. This proposal would address accessibility issues at City Libraries, community and recreation centers, which are used daily by a significant number of residents. The ADA improvements would include installation of automatic door openers; disabled access lifts, ramps and handrails; modification of restrooms; installation of accessible drinking fountains; and, upgrading elevators and widening doorways and hallways.

The total one-time cost of this proposal is \$4,125,300; \$2,801,767 for libraries and \$1,323,533 for community and recreation centers. The following facilities would be affected:

Libraries

- Central Library
- Allendale Library
- Hastings Branch Library
- Linda Vista Library
- San Rafael Library
- Santa Catalina Library
- Hill Avenue Library
- La Manda Park Library
- La Pintoresca Library

Community/Recreation Centers

- Jackie Robinson Center
- Robinson Park Center
- Victory Park Center
- Villa Parke Center

Robinson Park Master Plan (CIP project 78034). Robinson Park is one of the most utilized facilities in the city, serving approximately 400 users per day. The existing recreational center is a former mortuary building that was adapted for reuse. The size, layout and functionality of the interior spaces are inadequate to meet the needs of the community. This proposal would include a new recreation center, a regulation-sized football field and swimming pool as well as enlarging the park by 2.5 acres. Approximate one-time costs \$19.5 million with undetermined annual operating costs which would be offset by the elimination of maintenance and operating expenses on the existing facility.

Construction and implementation of the new Robinson recreational facility and fields would be a major step forward in promoting positive recreational activities citywide, with a particular focus and immediate access in a densely populated neighborhood with limited green space and community facilities. Further, the new facility would bring significant educational improvements to this community. The new facility would allow significant expansion of activities like the BRITE after school educational program, which has a proven success record in improving school performance and attendance among local elementary school-age children. Such facilities as a computer lab, nature and science multipurpose room, and performing arts space will address the gap in the local availability of technology, science and arts programs. Linking the recreational and educational facilities in a single site allows better linkage of programs addressing both needs, such as after school basketball leagues where youth not only shoot baskets but learn math skills by calculating field goal percentages in the adjacent learning lab. Summer day camp programs can integrate academics into the recreation program, promoting learning and positive behavior beyond the traditional classroom.

Citywide Park Improvements and Arroyo Projects. Parks, recreation facilities, programs and open space are important resources within the City of Pasadena, enhancing community health, enriching the lives of residents, and contributing to a unique community identity and quality of life. This proposal would provide improvements to parks throughout the city. Approximate one-time cost \$15 million Citywide; \$80 million for the Arroyo.

Athletic Field Lighting. Proper field lighting enhances park safety, discourages negative activity in parks, and improves safety for players, spectators and other casual park users. Existing athletic field lights have deteriorated over time, and many are not providing adequate lighting required for athletic programs such as little league and AYSO. This proposal would upgrade the lighting at the following locations: Villa Parke soccer field; Brookside Park's Jackie Robinson Field and Fields 2 and 3; Jefferson Park; Robinson Park and Victory Park. Approximate one-time cost \$3 million.

Multipurpose Field at Hahamonga. Three multipurpose fields are included in the Hahamongna Park Master Plan. One is complete, another is fully funded through County park bond funds and a state grant, and the remaining field could be constructed at a one-time estimated cost of \$2.5 million.

Adding this facility would address the current problem where demand for field time exceeds the available supply, which has resulting in limiting or denying permits for field use. Further, new fields will improve the condition of other City park fields, as it expands the number of fields and seasonal rotation for maintenance and recovery time.

City/School Parks. One of the most cost-effective ways of expanding public parks and improving school grounds is to partner with PUSD. By improving these school-owned facilities and opening them for public use during non-school hours, both the schools and the community benefit. Seven schools have been identified as priorities for developing school/parks:

- Cleveland Elementary
- Marshall high School
- Longfellow Elementary
- McKinley Elementary
- Muir High School
- Washington Middle School
- Linda Vista Elementary

The estimated cost of upgrading these sites to make them suitable for non-school hour public use is \$1.4 million.

Allendale Park. As a result of declining enrollment, the Pasadena Unified School District recently undertook a review of several school sites. The District has determined that the Blair High School “C” Campus, a two acre site on the corner of Marengo and Allendale across from Allendale Park, is no longer needed as a school campus. And while the District has not made a final determination as to the disposition of the property, there is a proposal to construct a cultural arts complex at the site, the demolition of the facilities on the site present at a minimum, an opportunity to develop interim uses to serve the community. Specifically, this site could be developed into a park site with a large open turf space for use as a sports practice area, thus forming a natural extension of Allendale Park. There is also potential to construct two lighted tennis courts on site. The estimated cost of constructing a park at the site is approximately \$1,100,000 which includes turf, two lighted tennis courts, and parking lot. Lighting for a sports field could be added at an approximate additional cost of \$200,000, thus bringing the total project cost of \$1,300,000.

CATEGORY 4 – OPEN SPACE

New Parkland in the Central District. Recent studies indicate a deficiency of parkland within the Central District when compared to other areas of the City. Staff has identified several parcels in the district with potential for development of parks or open space. Cost to acquire the land is estimated at \$400 per square foot. Acquisition of one acre would result in a one-time cost of approximately \$17.4 million plus ongoing maintenance costs.

Pocket Parks. There is an interest in neighborhoods citywide for small, neighborhood accessible green spaces to breakup paved surfaces, reduce summer heat and provide areas for relaxing passive uses. The ability to provide these spaces could be made available if a source of funding was readily available when opportunities arose. It is estimated that a fund of \$21.7 million could purchase enough property to provide between ten to 20 pocket parks throughout the city.

Eastside/Westside Greenbelts. Recently, the idea of establishing green belts along the eastside and westside of the City has been voiced. On the west, much of the Arroyo land is already held in public ownership. It is estimated that \$15 to \$20 million would enable the City to protect other lands through a combination of title purchases, easements and conservation tax credits.

Property on the eastside of the City suitable for a greenbelt is primarily owned by Edison Power. While outright purchase is not a likely option, due to Edison's needs, a sum of \$5 to \$10 million may allow for the purchase of easements as well as improvements for open space and some recreation.

CATEGORY 5 – AFFORDABLE HOUSING. The City's Affordable Housing Task Force has recommended that the City set a goal of producing 130 new affordable housing units and acquiring/rehabilitating/preserving another 260 units annually, as a means of addressing the current lack of affordable housing in Pasadena. It is estimated that production of the new units will be achieved as a result of the City's Inclusionary Housing Ordinance.

Acquiring/Rehabilitating/Preserving another 260 units would require significant funding, which has yet to be identified. Assuming an estimated subsidy level of \$150,000 per affordable unit, the following table illustrates the number of units that could be added or preserved in the City's affordable housing stock at various funding levels.

Annual Funding Level	Number of Affordable Units
\$19.5 million	130
\$9.75 million	65
\$4.8 million	32

CATEGORY 6 – CULTURAL FACILITIES AS IDENTIFIED BY CULTURAL NEXUS. Although Pasadena has impressive major cultural facilities, the Cultural Nexus Plan identified the need for additional small and mid-sized facilities. Specifically, the plan calls for a permanent arts/culture space in Northwest Pasadena; at least two 99-seat Equity-waiver theatres and one 300-400-seat theatre; additional high-quality exhibition space (intended primarily for Pasadena artists); shared administrative, meeting, teaching, work and storage space for organizations; and artist live/work and teaching space.

To address some of these priorities, an arts/culture center in the Northwest could include a large gallery for local artists, a 99-seat theatre space, artist studios, teaching studios, and administrative space for non-profit arts groups. Using the model of what is currently called the Armory Northwest, this building could house artists and organizations who work with community, thus providing guaranteed neighborhood arts services, creating neighborhood jobs, employing artists, and creating mentor opportunities. The arts/culture center could be managed and maintained by an existing non-profit or by one formed for this purpose. The facility could be new or renovated construction, or shared space. Approximate one-time cost of \$10 million. Annual operating costs would be determined by ownership and management partnerships.

The Cultural Nexus identified the Playhouse District as a performing arts cultural district. Creation of a small performing arts center comprised of a 350-seat theater and a 150-seat theater could house two additional mid-size theater companies in this district. In addition, the facility could support the space needs of the existing theater companies in the district. This clustering (including the Civic), could potentially provide administrative efficiencies through collaborative box office activities, staffing, parking, marketing, vendor contracts, etc. Approximate one-time cost is \$6 million, plus undetermined annual operating costs.

CATEGORY 7 – TRAFFIC MANAGEMENT

ARTS BUS EXPANSION. This proposal would expand the current ARTS bus system from 60,000 annual hours of operation to approximately 90,000 annual hours as detailed in Table 1, Service Plan Comparison. Service frequency on the ARTS major routes would be improved on weekdays during the entire span of operation. This improvement is accomplished by increasing the number of buses operating on the routes. The proposed improvements also include operating service on Route 51 through the Rose Bowl area on Saturdays and operating Route 60 in east Pasadena all day on the weekdays rather than just during peak morning and afternoon periods. The proposed service improvements will increase current cost of the ARTS system by \$5,086,220 annually. This total would be partially offset by additional fare revenues projected at \$508,000, making the net additional operating cost \$4,578,220 per year. A breakdown of expenses may be found in Table 2, Proposed Service Plan Costs.

ARTS MAINTENANCE YARD. Before a major expansion of the ARTS system can proceed, the City needs a maintenance and parking facility of its buses. A study to review the cost, potential locations and possible funding sources is currently underway and will be available for the City Council soon, but preliminary results suggest the cost could be as high as \$28 million.

GENERAL PLAN TRANSPORTATION PROJECTS. The General Plan identified nine street improvements that would make significant difference in the level of congestion within Pasadena and in some instances allow development to occur in specific plan areas. The Kinneloa Street Extension and the Walnut Street Extension have been funded from a variety of private and public sources including future traffic impact fees. The other projects have priority for traffic impact fees not used for ARTS expansion. The City could accelerate the construction and the congestion relief by funding some or all of the projects now.

Intersection Improvements/Street Extensions	Right of Way Cost \$	Construction Cost \$	Total Project Costs \$
Arroyo Pkwy & Del Mar Blvd.	2,645,000	500,000	3,145,000
Arroyo Pkwy & California Blvd.	3,105,000	1,000,000	4,105,000
Del Mar Blvd. & Hill Ave.	2,875,000	456,250	3,331,250
Foothill Blvd. & Rosemead Blvd.	1,610,000	750,000	2,360,000
Foothill Blvd. & Sierra Madre Villa Ave.	517,500	712,500	1,230,000
Lake Ave. & Maple Street	0	1,125,000	1,125,000
Lake Ave. & Walnut Street	8,510,000	875,000	9,385,000
Total Intersection costs \$			24,681,250

CATEGORY 8 - CONVERSION OF OVERHEAD UTILITIES, (POWER, PHONE, AND CABLE) TO UNDERGROUND. The City currently assesses a utility surtax, which is based on a customer's electric service and collected as part of the City's municipal services bill. The Underground Surtax generates approximately \$4 million per year. The revenue received from the surtax is placed in a separate fund, which is used to fund the conversion of overhead power lines to underground. Additionally, when an underground utility district is established, any other affected utilities, such as telephone or cable, are also required to participate in the underground conversion. The initial underground priority selected for the use of utility surtax was arterial and collector streets, which are classified as Category 1. As of June 2005, the City has completed the undergrounding of approximately 63 miles of overhead lines on Category 1 streets. The remaining 39 miles of Category 1 streets is estimated to cost approximately \$138 million.

The current cost to underground one mile of street is \$3.53 million. If the city undertook the undergrounding of four miles of street per year it would cost \$14.12 million per year. This would require an additional \$10.12 beyond what is currently collected through the underground surtax. This level of funding would

net 20 miles of undergrounding at the end of five years at a total cost of \$70.6 million.

CATEGORY 9 - SOUNDWALLS ALONG PORTIONS OF THE 210 FREEWAY.

Soundwalls do much to insulate neighborhoods from the noise of adjacent freeways, which exceed 67 decibels. This project would construct a wall along the east portion of the 210 Freeway between Fair Oaks and Wilson Avenue and the northern section between Orange Grove and Arroyo Boulevard/Windsor Avenue. Approximate one-time cost need is \$38.5million (\$1.5 million of federal funding already secured).

CATEGORY 10 - RENOVATION OF THE ROSE BOWL STADIUM.

The Rose Bowl stadium is nearly 90 years old and has suffered from deferred maintenance for a number of years due to a lack of funding. The needs of the stadium include implementing improvements related to public safety such as exiting and security enhancements, as well as those aimed at improving the overall experience of users. A process is currently underway to determine in greater detail the needs of the facility and its users and to identify costs associated with meeting those needs.

POTENTIAL FUNDING SOURCES

The following is a discussion of various potential funding sources that may be available to fund the priorities identified above as well as others that may be identified through the process recommended by staff.

Property Tax

The California Constitution, as a result of the passage of Proposition 13 in 1978, limits property taxes to 1 percent of the value of property. Property taxes may only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The following table illustrates the amount of revenue that would be generated by various levels of property tax assessment, as well as the value of those revenues capitalized for 20 years at current interest rates (4.5%). The figures below assume a tax-exempt usage.

\$ Amount per \$100,000 of assessed value	Amount \$ Generated per year	\$ Value if Capitalized for 20 years at current interest rates (4.5%)*
9	1,184,988	15,414,248
19	2,501,642	32,541,200
29	3,818,296	49,668,152
39	5,134,950	66,795,103
49	6,451,604	83,922,054
59	7,768,257	101,048,993
69	9,084,911	118,175,945

*Based on total assessed value of \$13,166,538,030. Gross amount. Reserve requirements and cost of issuance would reduce net amount approximately 10%.

Parcel Tax

The origins of the parcel tax can also be traced to Proposition 13; however, parcel taxes differ from property taxes in two significant ways. First, parcel taxes are a tax on real estate parcels, not the value of those parcels. For example, all property zoned single family residential would pay the same amount, regardless of size or value of the lot or improvements.

The City's Library Special Tax is a parcel tax, which like many other parcel taxes has a different rate for differing types of property usage i.e., single family, multi-family and commercial/industrial use. The following table contains current information on the Library Special Tax:

Parcel Type	# of Parcels	FY08 Rate \$	Revenue \$
Residential	29,930	28.63	856,896
Multi Family	4,088	18.60	437,249
Non-residential	2,865	210.41	602,825
Total \$			1,896,969

*For Multi Family Residential the basis is the number of residential units of a multi-unit building which is not a condominium, e.g. apartments. The total number of such units is 23,508.

The second manner in which parcel taxes differ from property taxes is that they may be used for operating expenses, as is the case with the Library Special Tax. Nevertheless, as with property taxes, two-thirds voter approval would be required to implement a parcel tax. The following charts illustrate how much revenue could be generated at various rates.

Parcel Type	# of Parcels/Units	Rate \$	Revenue \$
Residential	29,930	25	748,250
Multi Family*	23,508	15	352,620
Non-residential	2,865	190	544,350
Total			1,645,220
Residential	29,930	45	1,346,850
Multi Family*	23,508	25	587,700
Non-residential	2,865	210	601,650
Total			2,536,200
Residential	29,930	65	1,945,450
Multi Family*	23,508	45	1,057,860
Non-residential	2,865	230	658,950
Total			3,662,260
Residential	29,930	85	2,544,050
Multi Family*	23,508	65	1,528,020
Non-residential	2,865	250	716,250
Total			4,788,320

*Number of assessable units. Total parcels is 4,088

Utility User Tax

Utility User Tax (UUT) is a percentage tax based on the consumption of the utility. For example, in Pasadena the current tax rate on telephone (including cellular) use is 8.28% of the gross bill. Consequently, on a \$50 phone bill the tax paid would be \$4.14. The City's UUT rates vary by utility type and are as follows:

Telephone	8.28%
Electric	7.67%
Water	7.67%
Cable	9.40%
Gas	7.90%

If every UUT rate were increased one full percentage point, the total annual revenue generated, based on fiscal year 2005 actual, would be approximately \$3.3 million. A two-thirds majority vote would be required to increase any of the UUT rates.

Real Property Transfer Tax

The State of California Revenue and Taxation Code authorizes the imposition of a fee (\$0.55 per \$500 of sale value) on the transfer of real property. Through the adoption of Pasadena Municipal Code Chapter 4.36, the City of Pasadena receives half of this amount, or \$0.275 per \$500 of sales value. Over the last four fiscal years the Real Estate Transfer Tax has generated an average of \$1.2 million per year for the City.

Cities are permitted to levy their own transfer taxes. The City of Los Angeles has a transfer tax of \$2.25. However, if a city implements a transfer tax which exceeds the \$0.275 rate it must forfeit its current share to the county which would then receive the full \$0.55.

Using current averages a rate of \$1.055 per \$500 of sale value would be expected to net the City an additional one million dollars over the current level of receipts. Increases in increments of \$0.23 would be expected to generate an additional million dollars.

Rate	Gross Revenue	County Share	City Share	Less Current Revenue	Net Additional to City
0.01055	4,621,017	2,409,061	2,211,956	1,204,531	1,007,426
0.01285	5,628,443	2,409,061	3,219,382	1,204,531	2,014,851
0.01515	6,635,868	2,409,061	4,226,807	1,204,531	3,022,277
0.01745	7,643,294	2,409,061	5,234,233	1,204,531	4,029,702

If the proceeds from a real estate transfer tax are used for general purposes, then a simple majority of voters would be needed to approve it. If the proceeds were used for a specific purpose, it is a "special tax" pursuant to Proposition 218 and subject to a two-thirds voter approval requirement.

Sales Tax

Based on receipts for fiscal years 2004 and 2005, were the City to impose a local sales tax of 0.25% it could be expected to generate approximately \$8 million per year. As with the real estate transfer tax, if the proceeds were use for a specific purpose i.e., a special tax, a two-thirds voter approval would be required.

Parking Tax

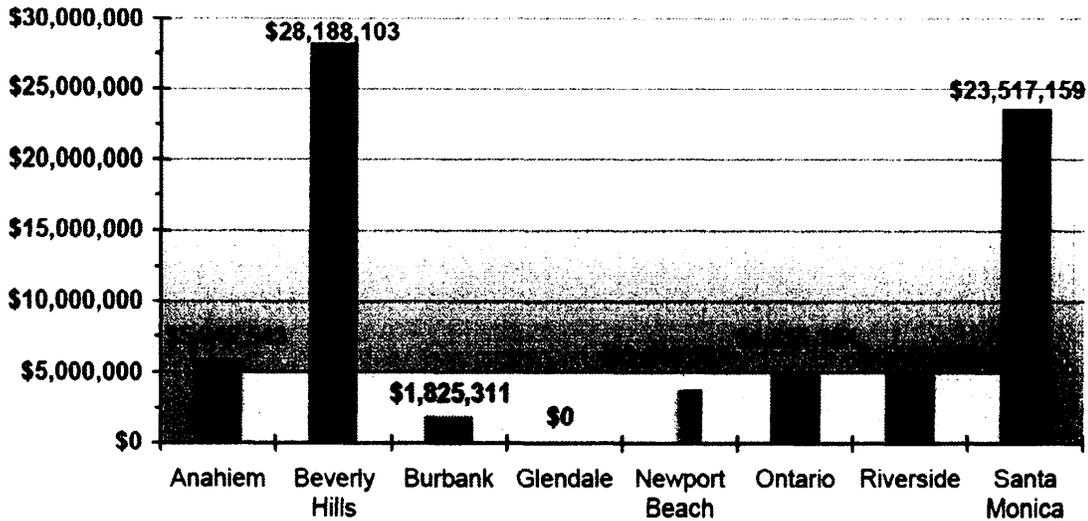
Another possibility is the imposition of a tax on every paid parking space in public and privately owned or operated parking garages and lots, somewhat akin to the Transient Occupancy Tax on hotel rooms. The city of Los Angeles currently has a 10% parking occupancy tax. This tax would not be imposed on parking meters and thus would not impact parking meter rates. The city currently operates eight garages and three surface lots with a total number of 7,000 spaces. It is estimated that there are approximately 11,000 privately controlled spaces that would be subject to the tax, for a combined total of approximately 18,000. Using actual revenue figures for City controlled spaces and projections for privately controlled spaces a tax rate of 10% would be expected to generate between \$2.5 and \$3 million annually. Should the Council wish to explore this potential revenue source further staff would seek to gather additional data in order to develop more precise estimates.

Business License Tax

The City's Business License tax is levied on one or more factors e. g. number of employees, number of units, square footage, based on type of business. The City's business license tax currently generates in excess of \$5 million annually. Recently, MuniServices, the City's tax consultant compared Pasadena's business license tax system to that of several other cities: Anaheim, Beverly Hills, Burbank, Glendale, Newport Beach, Ontario, Riverside and Santa Monica. The analysis examined total revenues received in fiscal year 2006 by agency, as well as the average business license fee paid in five major categories of business: Professional, Service, General Business, Specialty Contractors and Residential Rental.

The cities of Santa Monica and Beverly Hills generate considerably more revenue than each of the other survey cities, based on the nature of their tax structures, as illustrated on the chart on the following page.

Business License Revenue – FY 2005-06



□ Pasadena - Total License Paid Revenue = \$5,051,038

The following table provides information on the average amount paid for a business license in each of the survey cities by category. As expected, Beverly Hills and Santa Monica are consistently the highest. Excluding these two, Pasadena's existing business license tax rates appear to be generally consistent with those of the other cities who levied a tax.

City	Average License Amount by Category \$				
	Professional	Service	General	Specialty Contractor	Residential Rental
Santa Monica	2,513	1,301	1,601	255	278
Beverly Hills	2,322	408	2,456	572	3,486
Pasadena	583	255	273	249	266
Anaheim	360	150	422	137	220
Burbank	125	100	100	230	77
Ontario	95	80	80	65	80
Glendale	0	0	0	0	0
Riverside	0	0	0	0	0
Newport Beach	0	0	0	0	0

A change in the basis of applying Business License taxes or an increase in the tax rate beyond that provided by changes in the consumers' price index would require voter approval consistent with the requirements of proposition 218.

Table 1
SERVICE PLAN COMPARISON

Proposed ARTS Interim Expansion Service Plan	FY2007	Proposed
Route 10		
Weekday Service Span	6am to 8pm	6am to 8pm
Late Friday & Saturday Night Service	N/A	8pm to Midnight
Service Frequency	15 min	10 min
Peak Buses	3	4
Route 20 Clockwise		
Weekday Service Span	6am to 8pm	6am to 8pm
Service Frequency Off Peak	30 min	23 min
Peak Buses	2	3
Route 20 Counter Clockwise		
Weekday Service Span	6am to 8pm	6am to 8pm
Service Frequency Off Peak	35 min	18 min
Service Frequency Peak	23 min	
Peak Buses	3	4
Route 30		
Weekday Service Span	6am to 8pm	6am to 8pm
Service Frequency Off Peak	35 min	18 min
Service Frequency Peak	23 min	
Peak Buses	3	4
Route 40		
Weekday Service Span	6am to 8pm	6am to 8pm
Service Frequency Off Peak	-30 min	18 min
Service Frequency Peak	20 min	
Peak Buses	3	4
Route 50		
Weekday Service Span	6am to 8pm	6am to 9pm
Service Frequency Off Peak	60 min avg	40 min avg
Service Frequency Peak	40 minm avg	
Peak Buses	2	2
Saturday Service	N/A	11am to 8pm
Route 60		
Weekday Service Span	6am to 10am 3pm to 8pm	6am to 8pm
Service Frequency Peak	35 min	35 min
Peak Buses	1	1
Route 70		
Weekday Service Span	6am to 9am 3pm to 8pm	No Change
Service Frequency	35 min	No Change
Peak Buses	1	1
Total Peak Bus Requirement	18	23
Spare Bus Requirement	5	7
Total Buses	23	30

Table 2
PROPOSED SERVICE PLAN COSTS

Proposed ARTS Interim Expansion Service Plan	Estimated Revenue Hours	Estimated Annualized Costs
Interim Plan	90,000	
FY07 ARTS Service	60,000	
Bus Requirement:		
FY07 ARTS Service	24	
Proposed Service	31	
Increase Program	7	\$2,625,000
Contract Services		
FY07 ARTS Service		\$3,286,643
Proposed Service		<u>7,843,500</u>
Increase Program Cost		\$4,556,857
Administrative Costs		
FY07 ARTS Service		\$153,627
Proposed Service		450,000
Increase Program Cost		\$296,373
Fuel Costs		
FY07 ARTS Service		\$408,710
Proposed Service		<u>641,700</u>
Increase Program Cost		\$232,990
Total Estimated Operating Costs		
FY07 ARTS Service		\$3,848,980
Proposed Service		<u>8,935,200</u>
Increase Program Cost		\$5,086,220
Off-setting Farebox Revenue		\$508,000
Adjusted Program Cost		\$4,578,220
Current Cost Per Hour	\$64.15	
Proposed Cost Per Hour	\$99.28	