

# Agenda Report

May 10, 2010

**TO:** Honorable Mayor and City Council  
**THROUGH:** Finance Committee (May 10, 2010)  
**FROM:** City Manager  
**SUBJECT: PUBLIC HEARING – CITY MANAGER’S RECOMMENDED FISCAL YEAR 2011 OPERATING BUDGET AND FISCAL YEAR 2011-2015 CAPITAL IMPROVEMENT PROGRAM**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Open the public hearing and receive public comment on the City Manager’s Recommended Fiscal Year 2011 Operating Budget and Fiscal Year 2011-2015 Capital Improvement Program;
2. Continue this public hearing to each subsequent regular meeting of the City Council until June 21, 2010 or such other later date as the City Council may determine, and at which time the City Council will be asked to close the public hearing and formally adopt the Fiscal Year 2011 Operating Budget and Fiscal Year 2011-2015 Capital Improvement Program; and
3. Refer the City Manager’s Recommended FY 2011 Operating Budget and FY 2011-2015 Capital Improvement Program budgets to the Finance Committee and direct the meetings be noticed as joint meetings between the Finance Committee and the City Council from May 10, 2010 to June 21, 2010.

## **BACKGROUND:**

The City of Pasadena Charter requires that the proposed Operating Budget for the upcoming fiscal year be submitted to the City Council on or before the third Monday in May. Through the above recommendation, the Council is requested to formally open the public hearing on the Recommended Operating Budget and Capital Improvement Program (CIP) and refer it to the Finance Committee. Attachment A reflects the current schedule for departmental budget reviews.

05/24/2010

MEETING OF ~~05/10/2010~~ ~~05/17/2010~~

AGENDA ITEM NO. ~~19-10~~ 6

The Recommended Operating Budget and Capital Improvement Program will be presented simultaneously at the Joint Finance Committee/ City Council meetings. Each City department will present their Operating Budget to Council and will also discuss CIP projects managed by the department. Appropriations for both the Operating Budget and the CIP will be made in the Operating Budget. In this way approvals for all recommended spending for the City will be made in one budget document. Following the review by the Joint Finance Committee/City Council, a final Recommended Operating Budget will be presented to the City Council for adoption. Copies of the Recommended Budgets have been placed in all the public libraries and in the City Clerk's office.

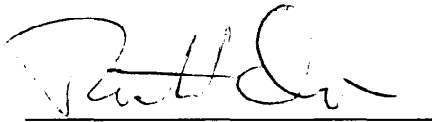
**COUNCIL POLICY CONSIDERATION:**

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through the development of a fiscally responsible spending plan.

**FISCAL IMPACT:**

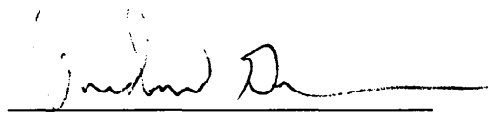
The fiscal impact for the fiscal year 2011 Operating Budget and Fiscal Year 2011- 2015 Capital Improvement Program is detailed in the budget documents.

Prepared by:



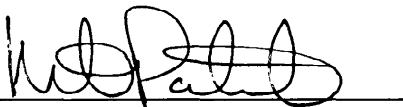
Richard Davis  
Budget Administrator  
Department of Finance

Respectfully submitted,



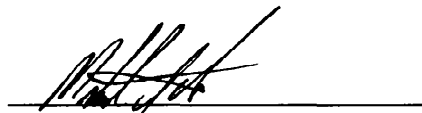
ANDREW GREEN  
Director of Finance  
Department of Finance

Concurred by:



MARTIN PASTUCHA  
Public Works  
Department of Public Works

Approved by:



MICHAEL J. BECK  
City Manager

**Fiscal Year 2011**  
**Recommended Operating Budget Review Schedule**

*Unless indicated otherwise, all meetings will begin at 3:00 p.m., and held in the Council Chambers*

**(Pasadena City Hall, 100 N Garfield Avenue, Pasadena, CA)**

May 10, 2010 – Special Joint Finance Committee/City Council Meeting

Opening Statements  
Operating & Capital Budget Overview

May 17, 2010 – Special Joint Finance Committee/City Council Meeting

Fire Department  
Human Resources  
Finance

May 24, 2010 – Special Joint Finance Committee/City Council Meeting

Police Department  
Public Works  
Transportation  
Water & Power

June 7, 2010 – Special Joint Finance Committee/City Council Meeting

Department of Information Technology  
Planning & Development  
Housing  
Public Health  
Department of Libraries and Information Services  
Human Services & Recreation

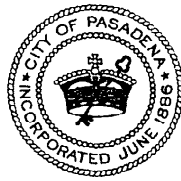
June 14, 2010 – Special Joint Finance Committee/City Council Meeting

Pasadena Center Operating Company  
City Manager  
City Attorney/City Prosecutor  
City Council  
City Clerk

Budget Wrap Up

June 14, 2010 – City Council Meeting

Adopt FY 2011 Operating Budget



OFFICE OF THE CITY MANAGER

May 10, 2010

**Honorable Mayor and City Council Members:**

It is my pleasure to submit the City of Pasadena's Recommended Operating Budget for Fiscal Year 2011. This Budget represents the City's financial plan for FY 2011 and addresses the fiscal challenges facing the City of Pasadena as a result the most significant economic recession in nearly 80 years and the previously reported structural budget imbalance in the City's General Fund.

The City's overall FY 2011 recommended budget is \$725.4 million, which includes an operating budget of \$615.5 million and a capital improvement program budget of \$109.9 million. The operating budget contains a General Fund budget of \$217.5 million. General Fund revenues are estimated at \$211.8 million requiring the use of available fund balance which are in excess of Pasadena's reserve policy minimum. The use of \$5.7 million of available fund balance is consistent with the 2014 Financial Plan.

The following tables provide a comparison of the budgets for the General Fund and all City Funds, as well as a summary of full-time equivalent positions for the City. The information is provided for the adopted FY 2010 budget, the revised FY 2010 budget that reflects budget amendments approved by the City Council, and the FY 2011 recommended budget.

**Total Appropriations (\$'s in millions)**

Budget	Adopted Fiscal Year 2010	Revised Fiscal Year 2010	Recommended Fiscal Year 2011
All Funds	\$680.9	\$709.2	\$725.4
General Fund	\$225.9	\$225.0	\$217.5

**Total Full-Time Equivalent Positions**

Budget	Adopted FY2010	Revised FY2010	Recommended FY2011 (includes defunded)
All Funds	2,239	2,241	2,223
General Fund	1,050	1,048	1,030

## **The Fiscal Climate**

The American economy is slowly emerging from the worst economic recession in roughly 80 years. While the recession has technically ended and the economy is once again growing, it has been tepid and many of the effects of the recession persist, including high unemployment, particularly in California which stands at 12.6% against a national average of 9.7%, home foreclosures, and reduced consumer spending which normally accounts for about 70% of the economy. Despite massive economic stimulus at the Federal-level, projected economic growth remains low and fears of a double-dip recession or other events such as a foreclosure crisis in the commercial property market remain.

School districts, state and local governments across the nation have felt these effects in dramatic fashion. The reduction of services to the public has become common place, as have layoffs, furloughs and wage concessions on the part of public employees. An unprecedented number of agencies, including Pasadena's largest neighbor, the City of Los Angeles, appear to be teetering on bankruptcy and the recent failure of measure CC will further exacerbate Pasadena Unified School District funding.

In California, additional uncertainty remains as a result of the State's continued unwillingness or inability to properly address its own budget problems. Rather than match expenditures to revenues, the State continues the practice of shifting local revenues away from their intended purpose for its own use. Recent efforts to prevent the state from taking more than \$2 billion from redevelopment agencies appear to have failed as a result of a ruling by a Sacramento Superior Court. For Pasadena, this will mean the loss of \$10.8 million in the current fiscal year (FY2010) and \$2.2 million in Fiscal Year 2011. Local gas tax revenues also remain under threat.

In hopes of ending these raids on local revenue once and for all, a coalition of local government, transportation, business, public safety, labor and public transit leaders have gathered over one million signatures to qualify the Local Taxpayer, Public Safety and Transportation Protection Act of 2010 for the November ballot. If approved by voters the measure would prevent the state from taking, diverting or borrowing local government, transportation, and public transit funds.

It is against this backdrop that Pasadena continues with its 2014 Financial Plan, initiated in mid-fiscal year 2009 and incorporated into the Fiscal Year 2010 budget, to address its own financial challenges and eliminate the structural deficit in the General Fund by the close of Fiscal Year 2014. As adopted, this five year plan projected that through a combination of cost reductions, such as the elimination of vacant staff positions and the deferral of salary increases, as well as the use of virtually all General Fund reserves (approximately \$25 million) over and above the 10% reserve policy level, the General Fund operating budget would be brought into balance by the end of Fiscal Year 2014.

Unfortunately, and as reported during the numerous budget updates presented over the past year, many key revenue sources have continued to fall short of original estimates,

thus widening the gap that must be closed. As an example, sales tax revenue could be as much as \$4 million below original budget estimates for Fiscal Year 2010 if current trends continue.

The following table provides a comparison of the General Fund's three largest revenue sources: Sales Tax, Property Tax and Utility Users Tax, which in combination account for 46% of total General Fund revenues:

	<b>FY10 Adopted Budget</b>	<b>FY10 Current Estimate</b>	<b>FY11 Estimate as of Adopted FY10 Budget</b>	<b>FY11 Current Estimate</b>
Sales Tax	\$33.5 M	\$30.0 M	\$34.1 M	\$30.0 M
Property Tax	\$39.9 M	\$38.2 M	\$41.1 M	\$38.3 M
Utility Users	\$33.1 M	\$30.2 M	\$34.0 M	\$31.7 M

The City's ability to maintain fiscal discipline and achieve the strategic 2014 Financial Plan to balance the budget in light of the continuing decline in revenues will require deeper than previously anticipated cost reductions.

In preparing the Recommended Operating Budget for Fiscal Year 2011 all City departments have scrutinized their anticipated expenditures. To achieve this outcome the strategy has been primarily to freeze, eliminate, or hold open employee vacancies, curtail or eliminate all non-essential spending, reduce overtime, delay projects and examine programs and services to determine whether low participation warrant elimination.

The approach to budget reductions during Fiscal Years 2009 and 2010 was to avoid noticeable impacts to City services. As the financial pressures have forced amplified cost reductions, service impacts will become more noticeable, such as temporary library branch closures on Fridays and Sundays, elimination of ARTS Route 70, longer service counter lines, longer tree trimming cycles, and delays in responding to service requests.

Personnel-related expenses account for more than 75% of all General Fund operating expenditures and the Fiscal Year 2011 Recommended Operating Budget does not include salary increases for the second year in a row. By foregoing 4% increases in 2009, the city saves approximately \$8.2 million every year in all funds. The savings from foregoing increases are enormously helpful in reducing the growth in our personnel costs and holding open positions has helped reduced our costs. However, these strategies may not be sufficient to offset the revenue reductions the City is currently facing.

Departments will continue to work hard to achieve additional reductions through natural attrition but given the reductions that have already been made, layoffs may be unavoidable. Moreover, to the extent that previously negotiated salary increases are provided to various bargaining units per contract, reductions to offset those costs will be necessary.

Another element of the budget strategy is to consider revenue enhancements while being respectful of the economic challenges our customers are also facing. Increasing fees to the public and business community during a down economic time is not to be taken lightly. However, in some cases, as the cost of providing services have increased it is appropriate to pass the cost of service along to those who receive the benefit. The Recommended Budget includes a 1.44% increase in general fees and charges and the implementation of the next year's rate increase in water rates as proposed in the financial plan presented to Council last year.

As a municipal utility the Pasadena Water and Power Department does not pay property taxes or franchise fees to the City. Instead, the Water and Power Funds make an annual transfer to the General Fund pursuant to City Charter Sections 1407 and 1408. The transfer from the Water Fund is fixed at 6% of gross revenue and the transfer from the Power Fund shall not exceed 16% of gross revenue not to exceed net income. With few exceptions the transfer from the Power Fund has historically been 8.0%, which is equivalent to \$13.5 million. The FY 2011 Recommended Budget assumes the historical 8.0% transfer. It should be noted that in FY 2010 the City Council approved a one-time transfer from the Power Fund in the amount of \$2.0 million to help mitigate the General Fund deficit. The FY 2011 Recommended Budget incorporates a similar supplemental transfer but at only \$500,000 as to not overburden the Power Fund.

As the municipal organization adjusts to new economic circumstances, what some have called the "new normal", the City Council's Strategic Plan Goals provide guidance as to where to focus limited resources. These Goals are:

- Maintain fiscal responsibility and stability
- Improve, maintain and enhance public facilities and infrastructure
- Increase conservation and sustainability
- Improve mobility and accessibility throughout the city
- Support and promote the local economy
- Ensure public safety

The City Council and the Executive Leadership Team review these goals every six months and establish objectives based on available resources, to further these ends. Status reports on the objectives are prepared monthly. This process will take on even greater significance as resources continue to be constrained and the City considers what programs and initiatives may have to be scaled back or discontinued for budgetary reasons. Attached is the most recent Strategic Planning document which includes a SWOT analysis (strengths, weakness, opportunities and threats), anticipated outcomes for the next six months, and a list of accomplishments since the last Strategic Planning session of December 2009 (Attachment A). This long list of accomplishments illustrates that while the City is experiencing a particularly difficult period, it continues to further its mission to provide exemplary municipal services responsive to our entire community.

Although the City's General Fund, which pays for most City services, is the main focus of the budget, other City operations/funds are also of significant importance to the community and are facing their own particular challenges.

Pasadena is one of only three cities in California with its own Public Health Department (PPHD). The Department provides numerous services that are vital to the health and wellbeing of the community including epidemiological investigations and outbreak control for known and suspected cases of communicable diseases; immunizations; prenatal care for at-risk populations and planning/response for bioterrorism and emergencies. The value of these services was on display this past fall during the H1N1 epidemic.

PPHD receives the majority of its funding from the State Department of Health Services. Over the past several years this funding has been significantly reduced. To offset the reduction, PPHD has prudently and strategically made a number of reductions including the elimination of limited term staff positions. Over the past three years the Department has gone from a budget of \$13.2 million with 109 FTEs to a recommended budget for FY2011 of \$11.7 million and 97 FTEs. In addition, for the past two years the General Fund has provided support to the Health Fund. The recommended operating budget anticipates a General Fund contribution of \$400,000, down from a \$1 million contribution in FY 2010.

The Water and Power Department operates as an enterprise with the ability to generate revenue for the commodities it provides its customers. Nevertheless, the Department faces significant challenges related to the cost and availability of clean, renewable energy resources. Pasadena's groundwater and purchased water supplies are restricted due to contamination, ongoing drought conditions and judicial rulings that limit the amount of water available from northern California. Despite very successful conservation efforts by Pasadena water customers and an aggressive program to treat perchlorate contamination in local groundwater with the construction and operation of the Monk Hill treatment facility during calendar 2010, the Department expects to remain dependent on the Metropolitan Water District (MWD) for approximately 65% of its water supply.

Recently MWD approved a 7.5% increase (effective January 2011) in the price for water supplied to Pasadena and other member agencies to be followed by another 7.5% increase in January 2012. Increases to the fixed portion of the water rates were approved by the City Council in June 2009. As a result, the Water Fund is expected to experience some improvement in financial results for fiscal year 2011, but unfortunately is expected to end the 2010 fiscal year with yet another operating deficit. Further rate adjustments are proposed for October 2010 and October 2011 to offset the increased cost of water purchased from MWD and other operating and capital costs. In addition, prudent spending practices will be continued to further improve the financial results of the Water Fund.



The Water and Power Department is in the process of implementing the Power Integrated Resource Plan (IRP) for energy, which calls for procurement of increased amounts of renewable energy at significantly higher costs and limited availability. The IRP includes goals for Pasadena to increase its renewable energy mix (wind, solar and geo-thermal projects) to 15% by 2010, 33% by 2015 and 40% by 2020. Although the Department has been actively pursuing a number of projects both independently and through the Southern California Public Power Authority (SCPPA), there are many significant challenges surrounding securing delivery of renewable energy from these projects, including availability and increased costs related to generation and transmission.

A Federal energy policy has not yet been developed, so the Department continues to be governed by various State legislative mandates. There is still pending Federal legislation to develop a cap-and-trade policy which would potentially increase the cost of all fossil-fueled energy resources, especially coal, by capping emissions and forcing utilities to pay for emissions above the cap. Although the Power Fund continues to be healthy today, the future will bring higher cost renewable energy mandates and other challenging state and federal legislative initiatives. The Department is actively managing the increasing costs for energy while at the same time trying to minimize rate impacts to its customers.

#### **Reinvestment Through Capital Projects**

The current economic climate has resulted in devastating reductions in revenue, but has generated an optimal construction market with lower bids and record low interest rates. The recommended FY 2011 Budget includes capital appropriations as detailed in the Capital Improvement Program (CIP), totaling \$109.9 million. This is an increase of \$45.5 million over from the FY 2010 Capital Budget of \$64.4 million.

The most significant increase in appropriations relates to the proposed Rose Bowl Stadium renovation project. The Rose Bowl Stadium is an integral part of the City's character and an important component of the economic vitality of Pasadena.

After a number of years, a realistic plan to substantially renovate the Rose Bowl Stadium has been developed in order to ensure it retains its vital role within our local economy. As proposed, the approximately \$170 million construction project would be completed in three phases over three years starting in January 2011. Completion of the project will require the financial cooperation of the primary partners, the Tournament of Roses and UCLA. The project would be the largest public works project in the City's history. The current project funding plan anticipates the issuance of City guaranteed bonds that would be issued in December 2010. No direct outlays from the General Fund are anticipated. An initial appropriation of \$41.1 million in bond proceeds, to complete design work and begin initial construction, is included in the recommended CIP for Fiscal Year 2011.

The Capital Improvement Program for Fiscal Year 2011 reflects a decline of \$5.8 million of one-time funding provided in Fiscal Year 2010 from the American Recovery and

Reinvestment Act. These funds were used to resurface approximately 14 miles of City streets and roads and to replace existing high wattage light bulbs with energy efficient LEDs. Other decreases are the result of declining park funding from Residential Impact Fees and lower Sewer Fund revenue.

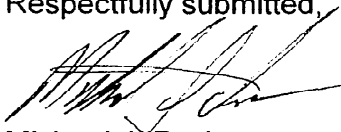
Capital appropriations for the Department of Water and Power are recommended at \$55.3 million, reflecting an increase of \$22.4 million from FY 2010. The increased appropriation is primarily attributed to additional work on the City's water distribution system master plan and construction of the distribution system for reclaimed water from the plant located in Glendale.

**Conclusion**

Throughout the nine month General Plan update outreach process, time and time again community members stressed that Pasadena is a unique community; A place with a small town feel and urban amenities; a place where great neighborhoods; historic architecture, arts and culture blend with science and technology in a beautiful natural setting.

These are in fact difficult times and the coming year will continue to put pressure on city staff to meet the needs of our community and maintain the service quality the staff takes such pride in providing. The Recommended Operating and Capital Budgets for Fiscal Year 2011 represents a spending plan that realistically addresses the issues facing Pasadena during these difficult economic times while at the same time promoting what has made this City so great. Unlike other communities where the current economic climate is tearing apart the fabric of the organization, Pasadena will prevail as a result of the strong and harmonic leadership of its elected officials, the understanding of its citizens, and the dedication and cooperation of its employees.

Respectfully submitted,



Michael J. Beck  
City Manager

Attachment A: Strategic Planning Retreat Summary

ATTACHMENT A

C I T Y O F P A S A D E N A

**STRATEGIC PLANNING RETREAT**

**30 April 2010 \* Pasadena Conference Center**

Marilyn Snider, Facilitator – Snider and Associates (510) 531-2904  
Gail Tsuboi, Recorder – Tsuboi Design (925) 376-9151

MISSION STATEMENT

The City of Pasadena is dedicated to delivering exemplary municipal services responsive to our entire community and consistent with our history, culture and unique character.

VISION STATEMENT

Pasadena will combine world class events, science and technology, arts and culture, history and architecture with great neighborhoods and opportunities for all.

CORE VALUES

not in priority order

The City of Pasadena values . . .

- *Responsiveness*
- *Honesty and Integrity*
- *Accountability*
- *Excellence*
- *Open, clear and frequent communication*
- *Innovation*
- *Diversity and Inclusiveness*

THREE-YEAR GOALS

2009-2012 - not in priority order

- ▶ **Maintain fiscal responsibility and stability**
- ▶ **Improve, maintain and enhance public facilities and infrastructure**
- ▶ **Increase conservation and sustainability**
- ▶ **Improve mobility and accessibility throughout the city**
- ▶ **Support and promote the quality of life and the local economy**
- ▶ **Ensure public safety**

## **S.W.O.T. ANALYSIS**

Strengths – Weaknesses - Opportunities - Threats

### **ACCOMPLISHMENTS OF THE CITY OF PASADENA SINCE THE DECEMBER 2, 2009 STRATEGIC PLANNING RETREAT**

#### Brainstormed List of Perceptions

- We adopted new 10-year goals for energy efficiency and reduction of electricity use
- Took action to preserve the YWCA building
- Successful Rose Bowl and BCS events
- Received a \$250,000 grant for a juvenile delinquency program
- Submitted a proposal for an ultra high speed fiber network to the home that works collaboratively with businesses, the school district and non-profits
- Coordinated an Employee Wellness Program where 150 employees walk 10,000 steps per day for 10 weeks
- Launched construction of the urgent care center
- Held the first of three city workshops on water conservation
- Initiated online sign-ups for utilities
- Accessed \$6 million of county housing dollars
- Renegotiated with a vendor to reduce their costs by \$1.2 million
- Completed a fire station needs assessment
- Received \$114,000 for pedestrian safety at signalized intersections
- Launched a housing search website
- Won a wrongful death and other cases, avoiding \$2 million in liability
- Increased youth outreach and the Explorer Program by 37% in the Fire Dept.
- Developed and implemented a new Black Infant Health Program that has become a model and has captured a \$172,000 grant
- Enhanced the city Council agenda format for better public clarity and efficiency
- Initiated a Substance Abuse Prevention Program reaching 5,000
- Completed the Fire Department's Five-Year Strategic Plan
- Showcased Pasadena's best practices at a national conference for libraries
- Completed the Council Crisis Communications training
- Initiated an e-policing forum, increasing information from the Police Dept. to the public
- Completed General Plan outreach activities
- Implemented FBI background checks on employees
- Decreased crime approx. 6% in 6 out of 8 categories
- Adopted the Hahamongna Annex Plan
- Adopted MOUs for POA and PFMA for 0% in 2010
- Reorganized the Police Dept. to put more officers on the street
- Served 1200 kids after school every day on 14 school playgrounds
- Completed the Los Robles Ave./Elizabeth St. Neighborhood Management Program
- Received \$550,000 from a Homeland Security grant
- Implemented an integrated voice and web response system that allows citizens to do business with the city 24/7
- Over 200 residents trained in PERT
- Approved a Master Joint Use Agreement with the school district
- Provided 60,000 food vouchers to WIC clients, exceeding case load by 10%
- Completed the library's One City, One Story Program with 1500 participants
- Put into service the city's new helicopter that is quiet
- Achieved HUD "High Performer" status
- Installed 3 new traffic signals
- Began consolidation and reorganization of the library for greater efficiency

## ATTACHMENT A

- Avoided massive layoffs and bankruptcy
- Completed Phase I of Robinson Park
- Adopted a red flag parking ordinance
- Began consolidation of citywide IT
- Completed the Lake Ave. bridge enhancement
- Implemented electronic medical billing
- Efficient and timely H1N1 response; administered 8,700 doses of vaccine and distributed 41,000 doses to other providers
- Adopted a water efficient landscape ordinance
- Implemented the Rose Bowl Loop Program
- Increased community outreach by police officers
- Developed a program for managing traffic speeds on major streets
- Received federal Stimulus dollars to subsidize short-term employment for 35 employees
- Created a new model to handle the parole integration situation we'll be facing
- Received input from our ad hoc Housing Group for permanent sources of housing funding
- Deployed a new City Council district mapping tool
- Placed two new fire engines into service
- The community reduced water consumption by 13%
- Initiated actions to eliminate packrat conditions
- Made a presentation on a budget-based water rate structure
- Made presentations on a street classification system and transportation performance measures
- Provided rebates for 27 energy efficient projects for PUSD
- Defined issues surrounding Fire and Police Retirement Systems
- Initiated the stakeholder meetings for the Water Integrated Resource Plan
- Exceeded our overall ride sharing targets by 10%
- Renegotiated a \$1.1 million computer replacement program (CADRMS) in the Police Dept.
- Completed a preliminary plan for "Pasadena First" to help stimulate the local economy
- Completed CUP approval for the La Pintoresca Teen Education Center
- Increased training for police officers
- Selected a coordinator for youth development programs for violence prevention

## THE CITY OF PASADENA'S CURRENT INTERNAL WEAKNESSES/ CHALLENGES

### Brainstormed List of Perceptions

- Insufficient funding and budget constraints
- Reduction in the number of employees
- Organizational concern for organizational change
- Perception of inadequacy of the city's planning process
- Lack of consistent, coordinated communication
- Police chief search as a polarizing issue
- Lack of coordinating purchasing resulting in increased costs
- Concerns with the high cost of parking citations
- Perception that the city is not taking advantage of the down economy to streamline, reduce processes and improve
- Not replacing or upgrading software applications
- Entitlement mentality among employees
- Impact on employees of the negative press about the city's leadership
- High level of staff doing more with less
- Skill level challenges with staff
- Department head/division head vacancies
- Inability to focus enough time on issues
- Employee morale is low due to PMA reduced hours
- Longer response time for customer service
- Disconnect between demand for services vs. our fiscal reality

## ATTACHMENT A

- Frustration with lack of resources to complete projects
- Lack of access to city services on a 24/7 basis
- Unequal application of PMA reductions
- Concerns with the expense and efficiency of city and PUSD elections
- Disconnect of increased rates with reduced services
- Insufficient community outreach

### **EXTERNAL FACTORS/TRENDS THAT WILL/MIGHT HAVE A POSITIVE IMPACT ON THE CITY OF PASADENA IN THE COMING YEAR**

#### Brainstormed List of Perceptions

- Greater opportunity for broadband development
- Access to Tier II funding from metro for ARTS
- Multi-jurisdictional collaboration in lots of areas
- Federal Housing Trust Fund
- Availability of Stimulus funding
- HUD, EPA, DOT, and Sustainable Communities funding
- Healthcare reform to keep awareness at the forefront
- New governor
- Possible passage of Measure CC
- Increased retirement of employees
- Completion of the Water IRP
- Competitive bidding environment
- Migration to self-service models
- Increased access to technology
- Agreement with Rose Bowl partners, UCLA and the Tournament of Roses
- One West Bank Foundation
- Greater awareness of fiscal responsibility, both personally and professionally
- California Endowment's Ten-Year Initiative, with funding, to deal with the whole community
- Expansion of CHAP
- Roll out of electric vehicles
- Continued economic recovery
- Greater use of non-profits to provide the services we're no longer able to provide
- Groundbreaking for the Gold Line Foothill extension
- Completion of our water treatment plant
- Opening of the urgent care center
- End of economic freefall
- Passage of the federal jobs bill
- Lower interest rates

### **EXTERNAL FACTORS/TRENDS THAT WILL/MIGHT HAVE A NEGATIVE IMPACT ON THE CITY OF PASADENA IN THE COMING YEAR**

#### Brainstormed List of Perceptions

- Passage of Prop 16
- Earthquake
- Early prisoner release
- Lack of jobs
- Increased homelessness
- Lack of consumer confidence
- Increase in interest rates
- Lack of community confidence in government
- Health Records Act
- Arizona's new immigration law

ATTACHMENT A

- Increase in the uninsured population
- No summer school
- CBRNE incidents; bioterrorism
- Possible failure of Measure CC
- Outcome of the water bond election
- Proposed federal legislation regarding employee relations
- Baby boomer bubble
- Increase in the incidence of HIV infections, especially among young people
- Greenhouse gas regulations
- Loss of retailers
- Defaults on commercial property
- Higher residential and commercial property vacancies
- Increased rates of substance abuse and addiction
- Hillside fire
- Proximity to Los Angeles and its problems
- State budget deficit
- Electronic publishing
- New governor
- Multi-drug resistant communicable diseases
- Failing non-profit partners
- Healthcare reform
- Aging infrastructure
- Increasing cost of pensions and health benefits
- Fewer public college spaces available
- Declining foundation and other funding sources
- Losing the CRA lawsuit on Redevelopment funds
- Downturn in bordering communities
- Drought
- Loss of the Pasadena Playhouse
- Greater demand for recreation facilities and space and open space
- Continued delay in commercial lending
- Lack of state and federal funding for after-school programs
- Unwillingness of unions to 'get real'
- Increased demand for all city services
- Increase in filing of lawsuits



**OPTIONS TO ADDRESS THE BUDGET SHORTFALL**

**SUMMARY OF OPTIONS TO EXPLORE TO ADDRESS THE BUDGET SHORTFALL**

To be reflected in the Three-Year Goal "Maintain Fiscal Responsibility and Stability"  
not in priority order

- Reduce benefits for new hires
- Solicit ideas from the community
- Establish an administrative citation and resolution program, starting with adopting a vehicle code into the municipal code
- Full enforcement of business license fees, with a one-time amnesty period
- Consider the sale of surplus city property

**IDENTIFY OPTIONS TO ADDRESS THE BUDGET SHORTFALL**

Brainstormed list of options from which the Options to Explore were selected

- Increase filming income
- Examine parade cost reimbursements from the Tournament of Roses
- Bring in advertising signage revenues
- Reduce benefits for new hires
- Ensure full compliance with business license fees
- Sell surplus city property
- Eliminate or reduce fee waivers
- Suspend donations to non-profits
- Solicit ideas from the community
- End subsidization of fees
- Enterprise for fiber optics
- Improve towing franchise
- Decertify PMA based on a lack of a community of interest
- Contract fire services for other agencies
- Use the Rose Bowl more often
- Extend TOT to parking spaces
- Establish an administrative citation and resolution program (i.e., bypass the courts)
- Review UUT treatment for alternative energy suppliers
- Install souvenir penny machines
- Rent ARTS buses for private events
- Implement vehicle boots
- Increase admission tax to Rose Bowl events
- Arroyo users fee for non-residents
- Approve special events based on revenue brought into the city
- Consider revenue opportunities from the airport
- Door-to-door canvassing for animal licenses, including cats
- Business license tax based on gross receipts
- Modify participation in transit services
- Bring workers comp legal services in house
- Charge more for air support
- Sell our services to other jurisdictions
- Eliminate construction tax to spur redevelopment and the use of vacant buildings



ATTACHMENT A

- Print Pasadena Bucks
- Adopt a vehicle code into the Municipal Code; fines could be reduced, but come directly to the city
- Consider transfer of the Health Dept. to the county
- Increase the property transfer tax
- Reduce City Council meetings to twice a month
- Implement a mandatory retirement age and hire back annuitants
- Give one-time amnesty in business licensing and aggressively enforce business licenses
- Increase civilianization in Fire and Police
- Have the school district pay for crossing guards
- Reduce the number of commissions
- Sell property and lease it back