

Agenda Report

July 16, 2018

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: CITY MANAGER AND CITY CLERK

SUBJECT: ADOPTION OF RESOLUTIONS RELATED TO THE CALLING OF A GENERAL MUNICIPAL ELECTION OF THE CITY OF PASADENA CONSOLIDATED WITH THE STATEWIDE GENERAL ELECTION HELD ON TUESDAY, NOVEMBER 6, 2018, TO SUBMIT A LOCAL $\frac{3}{4}\phi$ SALES TAX BALLOT MEASURE AND A RELATED ADVISORY BALLOT MEASURE

RECOMMENDATION:

It is recommended that the City Council:

- (1) Find that the proposed action is not a project subject to California Environmental Quality Act (CEQA) as defined in Section 21065 and Section 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project;
- (2) Adopt a resolution of the City Council of the City of Pasadena calling and giving notice of a General Municipal Election of the City of Pasadena on Tuesday, November 6, 2018, for the submission of a local $\frac{3}{4}\phi$ sales tax ballot measure and a related advisory ballot measure;
- (3) Adopt a resolution of the City Council of the City of Pasadena requesting the Board of Supervisors of the County of Los Angeles authorize and order the consolidation of the City of Pasadena General Municipal Election with the Statewide General Election to be held on Tuesday, November 6, 2018, and requesting the Los Angeles County Registrar-Recorder/County Clerk to administer said election on behalf of the City;
- (4) Adopt a resolution of the City Council of the City of Pasadena setting priorities for the filing of written arguments pertaining to a proposed local sales tax measure and related advisory ballot measure; and directing the City Attorney to prepare an impartial analysis for each measure; and
- (5) Adopt a resolution of the City Council of the City of Pasadena providing for the filing of rebuttal arguments.

Proposed Ballot Measure Language

Following, is the full text of the local sales tax ballot measure question:

Pasadena Infrastructure/Community Essential Services Protection Measure Shall an ordinance be adopted to maintain essential City of Pasadena services such as fire, police, paramedics, emergency service/response times; keep fire stations open; improve neighborhood and school safety; repair streets/sidewalks; address homelessness; maintain after-school programs/senior services, and other general fund services, by establishing a $\frac{3}{4}\%$ sales tax providing approximately \$21,000,000 annually until ended by voters; requiring audits and all funds locally controlled?	YES	
	NO	

Following, is the full text of the advisory ballot measure question to support Pasadena public schools:

ADVISORY VOTE ONLY: If Pasadena voters approve a local sales tax measure, should the City use 2/3rds of the measure’s annual revenue to maintain essential City of Pasadena services such as fire, police, paramedics, emergency service/response times; keep fire stations open; improve neighborhood and school safety; repair streets/sidewalks; address homelessness; maintain after-school programs/senior services; with the remaining 1/3rd of the measure’s revenue going to support Pasadena public schools?	YES	
	NO	

Adoption of Resolutions

Adoption of the three resolutions will accomplish the following: (1) formally call the City of Pasadena General Municipal Election for the submission of a $\frac{3}{4}\%$ sales tax measure to City voters, along with a related advisory ballot measure to support Pasadena public schools; (2) request the Board of Supervisors to order the consolidation of the Pasadena General Municipal Election with the Statewide General Election on Tuesday, November 6, 2018 and direct the Los Angeles County Registrar-Recorder/County Clerk to conduct the election on behalf of the City; (3) set priority order for the filing of written arguments for the two measures, and direct the City Attorney to prepare an impartial analysis for each measure; and (4) authorize the filing of rebuttal arguments.

BACKGROUND

The City of Pasadena provides a variety of essential municipal services including fire, police, and emergency 911 medical response; after-school programming for youth; and senior services. In recent years, the City’s ability to maintain these services has become more difficult as a result of reduced revenues and increased operating costs. As a result, the City has had to make significant budget reductions that negatively impact services to the community. Based on current projections, unless a new source

of revenue is identified, the City will have to make even more significant budget reductions next year and in future years, that will surely jeopardize the essential services the City provides.

Moreover, as was highlighted in the Transmittal of the 2019 – 2023 Capital Improvement Program Budget, the City has millions of dollars in identified, but unfunded capital needs, including:

- Upgrading Fire Stations to current operational and safety standards
- Replacing obsolete 911 emergency response communications
- Replacing 17,000 street lights on old, failing high-voltage circuits to safer, more reliable low-voltage
- Repair of 670,000 square feet of damaged sidewalk
- Bringing over 4,000 curb ramps in compliance with the Americans with Disabilities Act standards
- Upgrading aging libraries, community centers, bridges and emergency shelters

Addressing aging and inadequate infrastructure in our 132-year-old City has consistently been identified as a top priority by our public, rather than letting conditions worsen and costing residents more in the long-term.

In order to maintain essential services and reinvest in critical infrastructure, the City must secure a reliable, locally-controlled source of funding that cannot be seized by the State or federal governments. A local sales tax funding mechanism, which has been enacted by scores of other communities throughout California, allows out-of-town visitors spending money in Pasadena to share significantly in the cost. Sales tax is not levied on food purchased as groceries or prescription medication, and it is not a tax on one's home or property.

Another major benefit of adopting a local sales tax is that it will ensure that all funds are controlled and spent locally. The importance of keeping funds local is illustrated in the following chart. Pasadena voters have in recent years, approved several L.A. County-sponsored sales tax measures; however, as indicated below, Pasadena is contributing far more in revenue than it is receiving in return.

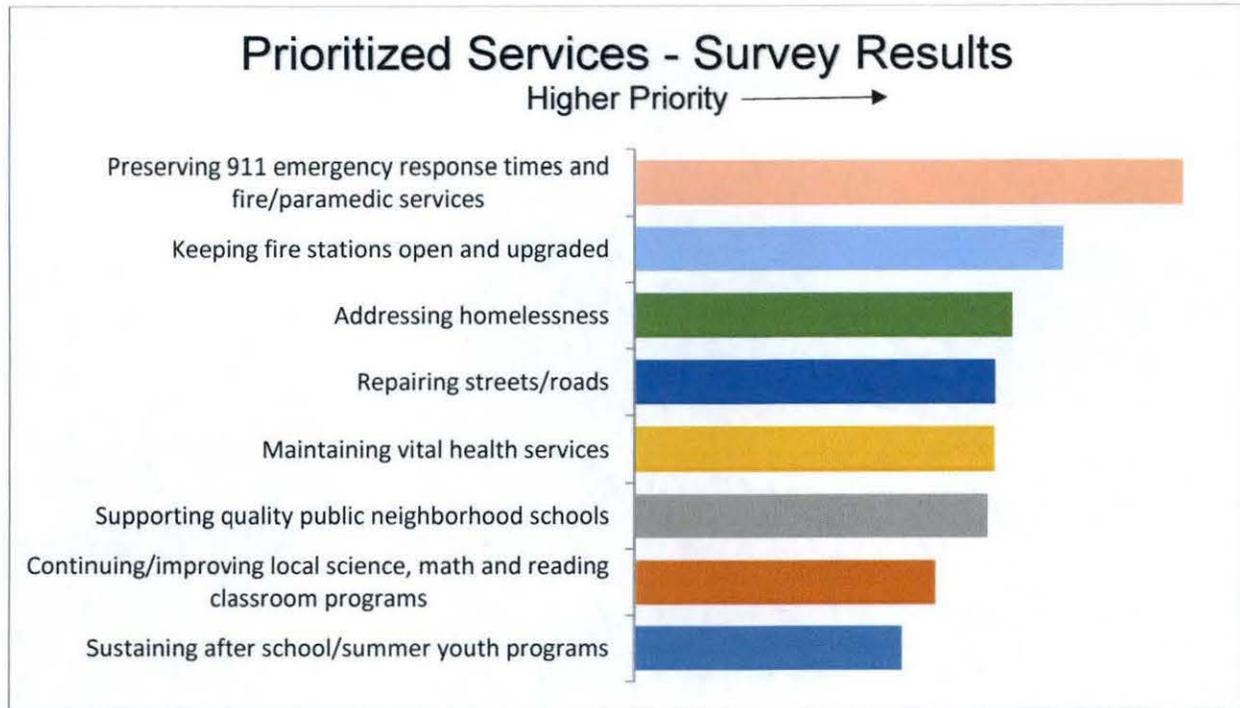
LA County Sales Tax Comparison to Local Return			
Tax Measure	Tax Rate	Approximate	
		Annual Amount Contributed by Pasadena \$	FY19 Amount to be Returned to Pasadena \$
Prop A	1/2 cent	14,000,000	3,782,244
Prop C	1/2 cent	14,000,000	2,327,023
Measure R	1/2 cent	14,000,000	1,745,304
Measure M	1/2 cent	14,000,000	1,977,970
Measure H	1/4 cent	7,000,000	750,000
		63,000,000	10,582,541
		Return rate to Pasadena	17%

Moreover, unless Pasadena acts now, it is highly likely that the ability to establish a local sales tax will be foreclosed with the November, 2020 election. Under State law, based on existing voter approved sales taxes, the maximum amount of local sales tax that can be implemented by voters in any Los Angeles County city is $\frac{3}{4}\phi$. This past February, the South Coast Air Quality Management District released a draft proposal to pursue a local sales tax of its own at the 2020 election. And the Los Angeles County Board of Supervisors could act to place a measure on the same ballot. Either one of these actions could reduce or eliminate Pasadena’s ability to establish a locally-controlled sales tax revenue.

Community Engagement and Identification of Priorities to be addressed by the Measure

Pasadena is a community where active citizen engagement is welcomed and encouraged. To continue the City’s tradition of strong fiscal management and planning that addresses community priorities, the City has routinely conducted community satisfaction surveys over the years -- involving thousands of respondents -- to assess how the City is doing in providing services to our customers and to continue to query the public on the priorities they value.

As part of this year’s budget process, City staff initiated a robust public engagement process to solicit input on the community’s key service priorities, entitled “Join the Conversation”. This effort included dozens of presentations to various community and business groups supported by an on-line survey that has been widely promoted through social media and other communication outlets. Hundreds of responses were received indicating support for the priorities as follows, which the City foresees addressing through new, locally-controlled revenue to be generated by the proposed measure:



Advisory Measure to Support Pasadena Public Schools

The staff recommendation includes a separate non-binding measure that asks voters to advise whether they believe supporting Pasadena public schools should be included as a priority for expenditures of funds generated by the proposed tax should it be approved.

As has been discussed with the City Council previously, helping to support quality public schools promotes the overall quality of life in Pasadena and is in keeping with the recommendations of the City's adopted Economic Development Strategic Plan.

FISCAL IMPACT:

The total cost for submitting two City ballot measures to voters as part of the November 2018 Statewide General Election is estimated at \$143,000. The following chart provides a breakdown of these projected election expenses:

Resolutions Calling Election – 2018 General Municipal Election

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<i>Voter Count</i>		CITY OF PASADENA
Registered Voters (RV)		81,784
Permanent Vote By Mail (PVBM)		39,598
Processing Fees	Fee Breakdown	
Election Operations (<i>fees * (RV - PVBM)</i>)	\$1.9804 * 42,186	\$83,545.15
Vote By Mail Processing (<i>fees * PVBM</i>)	\$0.9889 * 39,598	\$39,158.46
Processing Fees Subtotals		\$122,703.62
Sample Ballot Processing and Printing Fees		
Measures(s) (<i>fees * No. of Measures * (RV - PVBM)</i>)	\$0.0088 * 2 * 42,186	\$742.47
Measure Text (<i>fees * No. of Text Pages for all measures *(RV - PVBM)</i>)	\$0.0352 * 10 * 42,186	\$14,849.47
TOTAL (without Election Preparation Cost)		\$15,591.95
Election Preparation Cost (One time per jurisdiction)		\$4,703.93
TOTAL PER JURISDICTION		\$142,999.49
TOTAL ESTIMATED ELECTION COST		\$142,999.49

Sufficient funds are available in the City Clerk's Fiscal Year 2019 Operating Budget, Account No. 10113002-811400, to cover these expenses.

Respectfully submitted,


 Steve Mermell
 City Manager


 Mark Jomsky, CMC
 City Clerk

Resolutions:

- Calling and Consolidating Election
- Requesting Election Services from County of Los Angeles
- Setting Priorities for Filing Arguments and Rebuttals