

Agenda Report

June 1, 2020

TO: Honorable Mayor and City Council

FROM: Director of Finance

**SUBJECT: PUBLIC HEARING AND ADOPTION OF THE FISCAL YEAR 2021
RECOMMENDED SCHEDULE OF TAXES, FEES, AND CHARGES**

RECOMMENDATION:

It is recommended that the City Council:

1. Find the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b)(3)(Common Sense Exemption); and
2. Open the public hearing for the Fiscal Year 2021 (FY 21) Recommended Schedule of Taxes, Fees, and Charges; and
3. Close the public hearing and formally adopt the FY 21 Recommended Schedule of Taxes, Fees, and Charges.

BACKGROUND:

As part of the annual budget adoption process, the City Council reviews and adopts the Schedule of Taxes, Fees, and Charges. Established by ordinance, this schedule includes items such as Residential Impact Fees, Utility User Taxes, Construction Tax, Business License Taxes, and Animal License Fees. This schedule includes charges that are not based on cost-recovery and are more accurately described as taxes and impact fees.

Pasadena Municipal Code Section 1.08.060 states that taxes, fees, and charges referenced in the code be adjusted on July 1st, of each year to reflect changes in the Consumer Price Index (CPI) for the year ending March 1st. Pursuant to California Government Code Section 53750, the City Council has the authority to increase taxes, fees, and charges pursuant to a CPI adjustment formula that was in place prior to November 6, 1996. The City's CPI formula was adopted in 1978. The municipal code requires the Director of Finance to compute the changes and submit them for adoption

by the City Council. The CPI for All Urban Consumers in the Los Angeles, Long Beach, and Anaheim metropolitan areas increased by 3.3564% between March 1, 2019 and March 1, 2020.

The public notices published in the Pasadena Journal on April 9, 16, and 23 of 2020 reflected staff's original recommendation to increase the current rates by 3.3564%. Given the unprecedented challenges facing the City, its residents, and business community, the Department of Finance has reevaluated and recommends keeping the schedule unchanged for FY 21. As proposed, the schedule will not increase nor add new taxes, fees, or charges in FY 21. In addition, there are no changes necessary to the FY 2021 Recommended Operating Budget as the additional revenue is not included.

Attachment A shows the current rates of taxes, fees, and charges that will remain in place on July 1, 2020, if adopted by the City Council. Staff is not recommending changes to any tax rate, which is based on a percentage because, under Proposition 218, these changes are subject to electoral approval. Furthermore, the FY 21 Grandstand Permit Application Tax, the Rose Bowl Admission Tax, and the Grandstand Seat Surcharge rates were approved by the City Council on December 9, 2019 and therefore, not subject to change at this time.

Pursuant to Government Code Section 54954.6, the City shall provide at least 45 days public notice of the public hearing at which the City Council proposes to increase the taxes, fees, and charges. The City shall also provide, in the same public notice, a notice of public meeting; the public meeting shall occur prior to the public hearing.


COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced by annually updating the Schedule of Taxes, Fees, and Charges.

FISCAL IMPACT:

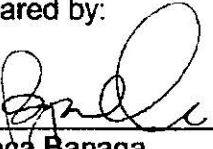
Upon adoption, the Schedule of Taxes, Fees, and Charges are expected to remain flat, as in FY 2020. There are no additional changes necessary to the current FY 2021 Recommended Operating Budget.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance
Department of Finance

Prepared by:



Byanca Banaga
Administrative Analyst
Department of Finance

Approved by:



STEVE MERMELL
City Manager

Attachments: (1)

1) Attachment A –Recommended Fiscal Year 2021 Schedule of Taxes, Fees, and Charges