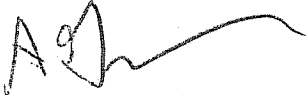


MEMORANDUM

CITY OF PASADENA

Department of Finance

DATE: June 1, 2009
TO: City Council/City Council Finance Committee
FROM: Andrew Green, Director of Finance 
SUBJECT: Budget Follow-up Questions and Answers

The items below and attached are the follow-up materials for the Recommended Fiscal Year 2010 Operating Budget. Included are responses to questions posed at the Finance Committee budget meetings.

1. Please provide a brief summary or comparison of other cities on 4/10 work schedule reflecting the pros and cons of 4/10 work week. Include information on any savings related to green initiatives.

Response: Please see attachment A.

2. Please provide a status on the Transient Occupancy Tax (TOT) litigation related to the Internet.

Response: The Online Travel Companies (OTCs) exist in four groups: Expedia (Expedia, Hotels.com, Hotwire); Priceline; Orbitz; Travelocity. The OTCs enter into contracts with hotels which allow the OTCs to rent hotel rooms to consumers over the Internet. The OTCs collect all of the money from consumers for the hotel room rentals. The OTCs rent the room to the consumer at a retail price and collect a sufficient amount in "taxes and fees" to fully pay TOT on the retail price. The OTCs, however, pay the hotel a discounted, wholesale price for the room and pay the hotel TOT on the wholesale amount and not on the retail amount. The hotel, in turn, remits this TOT to the City. The City, therefore, does not receive TOT on the margin between the retail price and the wholesale price. The OTCs keep this amount of TOT as extra profit for themselves.

The City of Anaheim recently completed an administrative tax hearing against the OTCs for this unpaid TOT plus penalties and interest. The administrative hearing officer ruled that Anaheim was due \$21.3 million from the OTCs. The OTCs have filed lawsuits challenging the hearing officer's decision.

In addition to Anaheim, the cities of Los Angeles, San Diego and San Francisco are involved in lawsuits in the Superior Court against the OTCs. Also, many other California cities and counties are in the process of obtaining data from the OTCs for assessments. A class action has not been certified in California. The actions of Anaheim, Los Angeles and San Diego have been coordinated before a judge in Los Angeles. The OTCs are also trying to coordinate the San Francisco action before the same judge, but this has not yet occurred. On June 15 there will be a status conference before this judge. The City of Anaheim will request a briefing schedule at that time to bring dispositive motions to confirm its right to the \$21.3 million awarded by the administrative hearing officer.

In Pasadena, we are monitoring the situation to determine how the City should proceed given the status of the other lawsuits and any possible determination of class action status. The City Attorney's Office will update the City Council in the future with recommendations regarding the City's options in this matter.

3. Provide guidance about whether an ordinance needs to be prepared to allow the City Council to forego salary increases.

Response: An ordinance would be necessary to forego the salary increases scheduled to take effect July 1, 2009. Municipal Code Section 2.05.210 would need to be suspended by ordinance approved by the City Council.

4. City Attorney to provide report regarding department expenditures for litigation. Has research been done to charge departments directly for any involvement in lawsuits?

Response: The costs of the City Attorney's Office are allocated to funds other than the General Fund through abatements. These abatements recover the cost of administrative functions as determined by an indirect cost study. Additionally litigation costs that are directly related to the Water and Power, RBAC, PCOC, PCDC and other non-general funds are transferred to those funds quarterly. A report regarding department expenditures will be provided at the June 8 budget hearing.

5. Please provide a list of items that could be added back to the budget should funds become available, such as code compliance officers, City Attorney position, Police Officers.

Response: This item to be provided prior to presenting the budget for adoption.

6. Provide a list to select from should Tier 2 cuts need to be made. (ARTS busses.)

Response: This item to be provided prior to presenting the budget for adoption.

7. Provide a survey on ridership on the ARTS buses on weekends.

Response: Please see Attachment B.

8. How many youths will be effected by direct service cuts in Human Services?

Response:

- After School Playground programs will be capped at the currently registered capacity of 1,200 students among the existing 14 PUSD sites; if demand exceeds 1,200 or PUSD requests to open an additional site, staff would have to return to City Council to request an additional appropriation. Depending on the size of the site, number of attendees, hours of operation requested, etc. the cost could range from \$15,000 per year to add recreation staff to serve more children at an existing site to \$80,000 to open an additional school location serving 65 children.
- Approximately 35 fewer school-age children will be served in the after school programs among the community centers (Villa, Victory and Robinson collectively).
- Specialized programs or activities for after school programs (e.g. one-time or short-term instructors in earth science, music, dance, woodworking, etc.) will be reduced by 12 to 15 sessions for the year. Approximately 600 youth will have between one and five fewer specialized program sessions.
- Robinson Park will offer a drop-in summer weekday teen program rather than the limited-attendance teen day camp, with about 5 fewer off-site summer field trips or special events for teens. Approximately 120 teens will have one to five fewer summer special events (including off-site field trips).
- Two summer aquatics jobs for youth (2 Junior Lifeguard positions) will not be filled.

Pros & Cons of 4/10 work schedule

Cities/Countries/Agencies	Number of Employees	On 4/10	Pros	Cons
County of Riverside Source - May 29, 2008 County of Riverside study and direct phone Inquiry	18,162 FTEs, 170 PT	Some Depts	Savings on fuel/mileage Air Quality (AQMD Emission Reduction) & Alleviate Traffic Congestion Good recruitment & retention tool	Higher utility costs for longer hours Need to ensure productivity is maintained at the same level
<p>Note: Employees have the option to go on the 4/10, 9/80. The option is set at the Discretion of the Department.</p>				
County of LA Source - LA County 9/25/08 Memo and direct phone inquiry	100,744 FTEs	Some Depts	Estimated annual savings of \$100,000 for each Building For Utilities Savings on custodial and janitorial services varies Savings of security services varies Cut Travel cost Cut transportation cost for employees	Since it is not mandatory, Departments can opt out and not participate in the 4/40 schedule if they view it as being negative.
<p>Note: 22 of the 39 total LA County Departments have the option to go on the 4/10 schedule. 8 offices are completely closed on Fridays, but most departments have more than one office. Discretion for work schedule is set at the department level. The County has various work schedules including 9/80, 4/40 synchronized (closed on Fridays), 4/40 non-synchronized (not closed on Fridays), etc.</p>				
City of Azusa Source - Cal Society of Municipal Finance Officer website and direct phone inquiry	250 FTEs, 150 PT	Yes	High employee moral Savings on gas	None

Pros & Cons of 4/10 work schedule

Cities/Counties/Agencies	Number of Employees	On 4/10	Pros	Cons
South Orange County Wastewater Authority Source - Cal Society of Municipal Finance Officer website and direct phone inquiry	63 FTEs	Seven months of the Year	Encourage employees to commute to improve air quality Good recruiting tool Savings on fuel/mileage on company vehicles for 1 day	Higher utility costs for longer hours
<p>Note: 48 of the 63 employees are on the 4/10 schedule for 7 months (Nov 1 to May 31). During the summer and remaining months, those employees are on the 9/80 schedule (June 1 to Oct 31).</p>				
Fontana Source - Cal Society of Municipal Finance Officer website and direct phone inquiry	602 FTEs	Yes	Employees Like it Get more work done	None
Montebello	500 FTEs	Yes	Not Available	Not Available
Parlier Source - Cal Society of Municipal Finance Officer website and direct phone inquiry	52 FTEs	Yes	Utility bill savings of 20% Good Employee Retention	None
Rancho Cordova Source - Cal Society of Municipal Finance Officer website and direct phone inquiry	69 FTEs	No	Save Gasoline	Reduction in service levels to Citizen Concerned with impact to work flow or rush of customers after 5:00pm
Morgan Hills	202.75 FTEs	No	Good for employees	Concern with availability of staff during crunch time

Pros & Cons of 4/10 work schedule

Cities/Counties/Agencies	Number of Employees	On 4/10	Pros	Cons
Source - Cal Society of Municipal Finance Officer website and direct phone inquiry			Allow employees to have quality work and home life	No benefit to customers
Lawndale	55 FTEs, 43 PT	Yes	Employees will not have to fight traffic	None
Source - Cal Society of Municipal Finance Officer website and direct phone inquiry			Almost no complaints from customers	
Lynwood	162 FTEs, 80 PT	Yes	Less traffic for employees	None
Source - Cal Society of Municipal Finance Officer website and direct phone inquiry			Employees are happy Help relieve traffic congestion on Fridays Good recruitment tool	
Stanton	50 FTEs	Yes	Good for employees	Initially thought the Public may not like it.
Source - Cal Society of Municipal Finance Officer website and direct phone inquiry			City Council considered it as a form of compensation in lieu of raises during the recession back in the early 90s	The citizens got used to it and the schedule didn't present any problems.
Foothill Transit	75 FTEs	Some	Work schedule allows a lot of flexibility	Can have reduction in output if assigned to the wrong department.
Source - Cal Society of Municipal Finance Officer website and direct phone inquiry				
<p>Note: 9 employees are on the 4/10 schedule, 5 employees are on the 4/10 schedule for 7 months and 9/80 on the other 5 months, 61 employees are on 9/80 schedule. Discretion for work schedule is set at the department level.</p>				
Reno	1500 FTEs	No	Energy Efficiency Savings: \$25,000 to \$30,000	Balancing customer service needs and operating schedules of departments

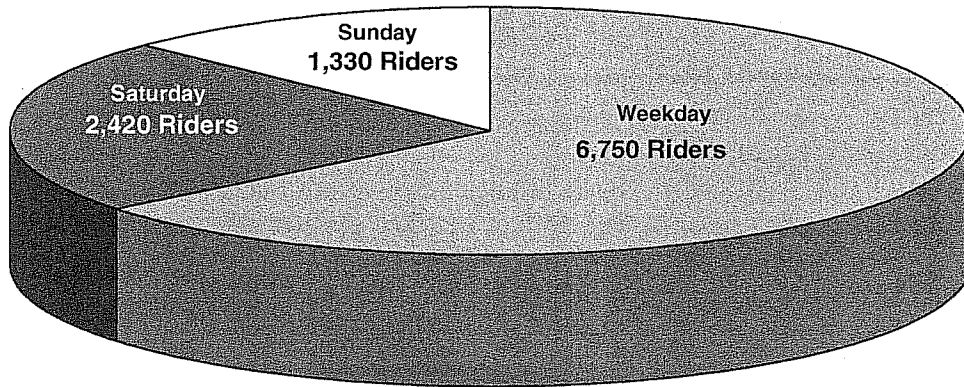
Pros & Cons of 4/10 work schedule

Cities/Countries/Agencies	Number of Employees	On 4/10	Pros	Cons
Source - December 3, 2008 & November 13, 2008 Reno Analysis. Direct phone inquiry			Fleet Fuel Savings: \$115,000 to \$120,000 Overtime Reduction: \$30,000 to \$35,000 Sick Time Reduction: \$100,000 to \$125,000 Energy Efficiency Savings: \$25,000 to \$30,000 Compensatory Time Savings: Extend operating hours Promote sustainability goal Non-financial benefit for employees	Day care issues Ensuring seamless transition to new schedule.
Pasadena Source - October, 1996 Pasadena Customer Service Report. October 13, 1992 agenda report.	2426.545 FTEs	No	Meet AQMD obligations Utilities, Houskeeping, and rideshare incentives savings - \$277,200 Annually on 9/80 schedule	Produce fatigue and results in reduction of productivity Employees working outdoors are unable to put in full 10 hour periods in the field during short daylight winter days. Adult and child care pick up problems 4/10 schedule had less employee support since it can prevent staff from participating in personal evening activities.

Attachment B

At the May 18 budget session for the Department of Transportation the Council requested information regarding ridership on the Pasadena ARTS for the weekend. Attached for review is a bar chart that shows ridership by fare category for a typical weekday, Saturday and Sunday in October 2008; and a pie chart that compares the total ridership for these days. The weekday ridership for all fare categories was 6,749; the Saturday ridership was 2,423 and the Sunday ridership was 1,327.

Pasadena ARTS
Daily Ridership - All Fare Categories
October 2008 Typical



Pasadena ARTS
Daily Ridership by Fare Category
October 2008 Typical

