



July 16, 2012

Mayor Bill Bogaard
Pasadena City Council
100 North Garfield Avenue
Pasadena, CA 91109
VIA E-MAIL

Re: Proposed Bond Measure and Sales Tax Increase

Dear Mayor Bogaard and City Council Members,

I understand you will consider placing one of two funding mechanisms for infrastructure and other programs on this evening's agenda. Please consider very carefully what the impact either of these two increases may mean for your business community, residents and city finances.

Raising the sales tax .25% may seem inconsequential, and for a \$5 item it may be a difference of only one cent, but for those retailers who sell expensive items, it could be the difference between a sale in Pasadena and a customer going to a competitor in a nearby community. For a \$50,000 item, for example, that difference is \$125. For today's cost conscious consumers, that \$125 savings may be enough to drive 10 miles for. Also, sellers in neighboring communities will likely advertise that their sales tax is lower than that in Pasadena, using our sales tax increase to lure potential buyers before they even price an item in Pasadena.

As you are aware, we have lost several new car dealerships in the past few years, is increasing the sales tax by .25% worth risking the loss of one or more of our existing new car dealers? With competition from nearby municipalities, is it worth risking sales at our luxury goods purveyors when less than 10 miles away are the same brands being sold at the same retail price but will a lower sales tax rate?

Los Angeles recently suspended collection of its gross receipts tax on new car sales specifically because they were losing new car dealerships to other cities that do not have a similar levy? Adding .25% to the cost of any item sold in Pasadena has the potential to drive not only customers, but our businesses, to neighboring communities where their products are less expensive, especially expensive luxury goods.

If you do decide to pursue a sales tax increase, please put an end date to that increase and, please contain your expenditures to items that are necessary to the safety of your residents and businesses.

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The Pasadena Chamber of Commerce is very wary of any funding mechanism that would bear heavily on your commercial sector that could translate into raising costs to customers, at further risk to Pasadena's competitiveness. Even a bond measure will increase the cost to do business in Pasadena. As you now, we have a very high commercial vacancy rate in Pasadena right now, as a result of, among other things, the higher costs to do business here already. Adding to those costs could risk even further business closings, companies moving to neighboring communities or downsizing to maintain profitability.

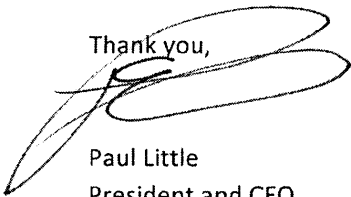
As you are considering raising funds for retrofit and rebuilding of Pasadena's fire stations, I would certainly hope you consider all options to reduce those costs before asking taxpayers and businesses to fund them. Please perform your value engineering before you put a price tag on the work. Also, please consider what other options may be available to reduce the costs. Have you asked your fire department leadership to identify potential savings opportunities? Have they been asked to identify savings that could offset some portion of these costs? Could staffing or shift changes result in lower costs for firehouse infrastructure? Rather than simply maintain a status quo, perhaps some creative thinking about the future could yield cost savings.

Also, what will the department be contributing to the renovation and rebuilding costs? It seems only fair that, if the costs are to be \$70 million, for example, that the Pasadena Fire Department be asked to come up with savings measures and funding for 25% those costs, perhaps in savings on pension, overtime or equipment costs? Have there even been discussions with your Fire Department about savings they could identify that could go toward funding some portion of these capital costs.

Finally, why not take the time to carefully consider impacts of either of these proposals and place your preferred funding option on the March city council ballot, or decide that now is not the time to ask for either.

I am sorry I am unable to attend the meeting. (I am spending the afternoon at the dentist and will be in no condition to address you later this evening.)

Thank you,

A handwritten signature in black ink, appearing to read 'Paul Little', written over the typed name.

Paul Little
President and CEO

Cc: M. Beck, M. Jomsky

Martinez, Ruth

From: Victoria Pearson <vrusnak@rusnakgroup.com>
Sent: Monday, July 16, 2012 4:39 PM
To: city_council@pasadena-chamber.org
Cc: Paul Rusnak; Beck, Michael; Martinez, Ruth
Subject: Sales Tax Increase

Dear City Council Members:

On behalf of the Rusnak Auto Group and Paul Rusnak, I am writing to voice our strong opposition to the proposed increase in the City sales tax. During the slow economic recovery retail businesses such as ours would feel devastating effects by such an increase. As one of the City's largest sales tax generators, we believe these taxes cause long term economic consequences for businesses and residents of the City.

At a minimum we request the City refrain from taking action in the upcoming election and follow a more open, transparent and inclusive process specifically relating to this issue.

We look forward to the Council contacting me or Mr. Rusnak to discuss this and any other important business decisions the Council is considering. Obviously as a long standing business in the City we would appreciate the ability to have more input.

Respectfully,
Victoria

Victoria Rusnak
President/General Counsel
Rusnak Group

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