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CITY OF PASADENA

April 17, 2020

Mayor Tornek and Pasadena City Council
100 North Garfield Avenue
Pasadena, CA 91109
VIA EMAIL

Re: Agenda Item 25c – Financial Impact of COVID-19 Pandemic *+ CONSENT CALENDAR*

Dear Mayor Tornek and City Council members,

Thank you for your service to Pasadena. I understand that you care deeply for the City, its residents, workers and businesses.

From your agenda, it really looks as if the City of Pasadena is operating business as usual. You have more than \$11.3 million of expenditures on your Consent Calendar to do everything from purchase trucks and issue parking tickets to pour concrete for art installations and security camera totaling approximately \$11.3 million. And yes, you are receiving grants from METRO and CALTRANS, but not funds that can put Pasadenans to work or support our local small businesses. If there are 30% fewer retail and restaurant businesses open in Pasadena, do you really need to collect parking ticket revenue. Are parking restrictions even necessary at that point?

I appreciate very much Mr. Hawkesworth's thoughtful analysis of funding losses to the City of Pasadena. I do think his assumption, that Pasadena business will reset at somewhere near the February 15, 2020, level is not accurate. All indications are that State of California restrictions will have a serious impact on sales volume from retailers and restaurants. If a restaurant can only operate with 75% of the tables previously allowed because of distancing requirements, its income and the resulting sales tax will be impacted. Likewise, will customers really consider purchasing a new car when they have just experienced the most significant financial loss of income in their lifetimes?

We are all making similar calculations, every business in Pasadena (including the Chamber), though I would love to have my revenues down only 7% for FY 2022.

The reality for Pasadena may be very different. We can anticipate a 20% closure rate among small retailers and restaurants, if we are lucky. After two months of zero income, many traditional retailers may look at their existing liabilities and decide lease default and closure is the preferred option. Our restaurants are facing a very different future, with potential distancing regulations cutting down on available sales space. Do we really expect the new retail reality (whatever that might be) to not impact sales at Sears, Best Buy, our grocery stores, or even the Apple Store? Realistically, the City of Pasadena should anticipate a 25% overall reduction in retail generated revenues for FY 2021 and likely closer to 15% reduction for the following year. The reality is Pasadena is not likely to return to the tax levels seen previously for five years, if ever.

You can do something to help forestall the financial impacts.

Pasadena can alter this fiscal reality with some meaningful and dramatic action in terms of financial support for those businesses that are so integral to the City's financial health as well as the character and attractiveness of our Crown City.

As I have previously suggested, if the City Council wants to retain as many of our local small businesses as possible, you should consider and implement the following programs to support local small businesses:

- Direct financial support for impacted businesses who need funds now to maintain payroll and keep their doors open or to reopen once the crisis passes.
- Additional financial support for impacted workers and employees who may not be able to wait for unemployment checks to arrive before suffering irreversible financial damage.
- Rebate of all sales tax collected by the City from January 1, 2020, to the small businesses that generated that sales tax in the amount they paid.
- Rebate of all utility user taxes paid by local small businesses beginning January 1, 2020.
- Cessation of collection of utility and other City fees throughout the duration of the Safer at Home order.
- Restructuring local purchasing requirements to provide more opportunity for local businesses to participate in City of Pasadena procurement.

While I appreciate very much the swift action the Federal government took to institute the Paycheck Protection Program, those funds have already been exhausted. With 30 million small businesses in the US, even the addition of \$250million to the fund will not last long.

If we want Pasadena to retain its small businesses and the character and attractiveness they provide, we need immediate and significant financial intervention on the local level from the City of Pasadena.

I know you are taking this crisis seriously and appreciate your efforts to protect Pasadena residents and workers.

Thank you for considering our comments.

All the best,



Paul Little
President and Chief Executive Officer

Cc: S. Mermell, M. Hawkesworth, M. Jomsky