



Agenda Report

May 20, 2024

TO: Honorable Mayor and City Council

FROM: Department of Finance

SUBJECT: FISCAL YEAR 2025 RECOMMENDED SCHEDULE OF TAXES, FEES, AND CHARGES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the action proposed herein is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges); and
2. After conducting a public hearing on June 3, 2024, adopt the Fiscal Year (FY) 2025 Schedule of Taxes, Fees, and Charges.

BACKGROUND:

Each year, 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; therefore, are more accurately described as taxes and impact fees.

Government Code Section 54954.6 states that before adopting any new or increased general tax or assessment, the City Council must conduct at least one public meeting before the public hearing. As such, staff is presenting the Recommended FY 2025 Schedule of Taxes, Fees, and Charges before City Council on May 20, 2024. Staff will then move to open and close the public hearing on June 3, 2024, and formally adopt the Schedule of Taxes, Fees, and Charges.

Pasadena Municipal Code (PMC) 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 to the City Council. The CPI for All Urban Consumers in the Los Angeles, Long Beach, and Anaheim metropolitan areas increased by 3.3570% between March 1, 2023, and March 1, 2024. The notice of public meeting for this item was published in the Pasadena Press on March 25, April 22, and May 2 of 2024.

Attachment A shows the current rates of taxes, fees, and charges affected by these provisions and the proposed rates that would take effect July 1, 2024, if adopted by the City Council. Staff is recommending an increase of 3.3570% to the flat amount rates to reflect the change in the most recent CPI data. Staff is not recommending changes to any tax rate, which is based on a percentage; under Proposition 218, these changes are subject to electoral approval.

The FY 2025 Grandstand Permit Application Tax, the Rose Bowl Admission Tax, and the Grandstand Seat Surcharge rates were approved by the City Council on December 11, 2023; therefore, not subject to change at this time.

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.

ENVIRONMENTAL ANALYSIS:

The adoption of the City's FY 2025 Schedule of Taxes, Fees, and Charges is statutorily exempt from CEQA pursuant to State CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges), which states that: CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies, which the public agency finds are for the purpose of:

- (1) Meeting operating expenses, including employee wage rates and fringe benefits,
- (2) Purchasing or leasing supplies, equipment, or materials,
- (3) Meeting financial reserve needs and requirements,
- (4) Obtaining funds for capital projects, necessary to maintain service within existing service areas, or
- (5) Obtaining funds necessary to maintain such intra-city transfers as are authorized by city charter.

The subject Schedule of Taxes, Fees, and Charges includes items such as Residential Impact Fees, Utility User Taxes, Construction Tax, Business License Taxes, and Animal License Fees. The City finds that the subject taxes, fees, and charges are for the above listed purposes. The subject taxes, fees, and charges would not include rate increases to fund capital projects for the expansion of a system.

FISCAL IMPACT:

Upon adoption, the amendments to the Schedule of Taxes, Fees, and Charges are expected to increase revenues in FY 2025 by approximately \$155,500 in the General Fund, \$3.9 million in the Sewer Fund, and \$264,200 in other funds.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance

Prepared by:



Timothy Park
Budget Administrator

Approved by:



Miguel Márquez
City Manager

Attachments: (1)

- 1) Attachment A – Recommended Fiscal Year 2025 Schedule of Taxes, Fees, and Charges