

FY 2027 Operating Budget Continued Public Hearing

Item 25

June 8, 2026





Discussion Agenda

Part I – Revenue Opportunities

- Full Cost Recovery
- New Revenues Options

Part II – Enhancements

- Available Funding
- Enhancement Requests

Part III – Potential Reductions or Provide Services Differently

- Options for Approach



Full Cost Recovery

- In progress:
 - > Video UUT on Over-the-Top (OTT) streaming services
 - > Fire inspection and planning fees. – Bldg & General Fund
 - > Off street parking – Parking Fund
 - > PRCs programs and field usage – General Fund
 - > Merchant Fees – Various Funds

Not proposing to use any of these funds during the budget adoption as approval and timing are uncertain.



Full Cost Recovery

- Planned:
 - > Planning & Construction related fees – Building and General Fund
 - > Animal Licensing – Pasadena Humane
 - > PW Infrastructure/Street fees – General Fund
 - > PRCs cost of service study – General Fund



Local Funding Options

Local Fees	Estimated Annual Revenue
Payment In Lieu of Taxes (PILOT)	Negotiated through DA
Electronic Billboards along Freeways	\$250,000 per billboard
Paid Parking in the Arroyo	\$400,000 to \$1.2M
Use Tax (0.25%)	\$11M
Parcel Tax	\$20M+
Benefit Districts	\$1M to \$20M (requires assessment study)
Real Property Transfer Tax	\$1M to \$4M
Parking Tax	\$1M to \$5M
Business Tax	\$1M to \$10M
Retail Vacancy Tax	\$1M to \$5M
Development Impact Fee	Varies on infrastructure identified and pace of development



Local Funding Options – Non-Tax

- Payment In Lieu of Taxes (PILOT)
 - > Typically done for tax-exempt developments through a Developer Disposition Agreement (DDA)
- Electronic Billboards along Freeways
 - > Estimate of minimum \$250k annual revenue per site
- Paid Parking in the Arroyo
 - > Could focus on certain areas/lots.
 - > Importance of not pushing cars into neighborhoods and consideration of existing uses (RBAC & Kidspace)
 - > Could offer residential permits



Local Funding Options

- Use Tax like Measure I – general or special tax
 - > Current capacity of quarter-cent - \$11m annually
 - > Capacity depends on County measure and AB 1768
- Parcel Tax – special tax
 - > Could fund priorities around Fire and/or Streets
 - > Can be assessed on a variety of factors: parcel size, parcel use type, developed square footage, etc.
- Benefit Assessment district – special tax
 - > Likely Fire specific
 - > Could be a district of all or part of the City
 - > Requires a benefit assessment study



Local Funding Options

- Real Property Transfer Tax – likely a special tax
 - > Tax on real estate sales transactions
 - > **Expected statewide November ballot measure to prohibit local transfer tax**
 - > Revenue can be volatile based on economic climate
- Parking Tax – general or special tax
 - > Similar to TOT in terms of percentage tax charged on parking rates
 - > Generally, applies to all paid parking
 - > Limited revenue growth over time



Local Funding Options

- Business Tax
 - > Shift to a model based on gross receipts rather than employee count or square footage
- Retail Vacancy Tax
 - > EdTech to discuss potential opportunities.
 - > Ideally would focus on long-term vacant properties/locations
- Development Impact Fee
 - > Public Safety: facilities, equipment, technology to meet demands created by residential and commercial growth



Local Funding Options

- November 2026 Election
 - > Would need to place an item by early August
 - > Expect a constitutional amendment on the statewide ballot regarding voter-initiated measures and real estate transfer taxes
 - Require all special taxes to receive 2/3 approval
 - Prohibit all existing and future local transfer taxes
- Fiscal Emergency
 - > Can conduct a stand-alone election
- Benefit Districts
 - > Could follow various timelines not tied to a general election



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ENHANCEMENT REQUESTS



Enhancements Funded

- Public Health

- > PORT, including Firefighters and \$227,000 in motel vouchers has been funded using grant funds through the Housing Department.
- > Community Engagement – Promotores: Fully funded \$560,000 through PWP, DoT, and RSD work in lieu of contracting out for community engagement.



Enhancement Requests

- Recommendation to fund increased Health Officer from 0.75 FTE to 1.0 FTE, and Comm. Service Rep. III for Long-term Care Facility support - \$195,000
- Recommendation to fund Parking Enforcement ramp-up costs of about \$600,000 across FY 2027–FY 2028 and body-worn cameras for would require \$90,000 ongoing.



Available General Fund Funding

- All available funding is one-time funding as the ongoing forecast still projects deficits.
 - > \$1.2m presented at the opening of the budget.
 - > Additional \$1.78m use of surplus debt service reserves for FY 27 debt service payments.
 - > Balance of \$2.0m after funding PPHD & DoT.
- **Recommend to reserve the balance of \$2m for the Year-Round shelter.**
- Exploring an additional debt service reserve use that may reduce debt service payments in FY 27 by \$3m.



Year-Round Shelter – Work Plan FY 2027

■ Determine Shelter Details

- > Population served (e.g., single adult vs. families)
- > Number of beds (tied to the site selection but also economies of scale and site management)
- > Congregate vs. non-congregate (e.g., separate rooms or a tiny homes village)
- > Services provided on-site (e.g., Will walk up services be available for non-shelter residents? Will we be co-locating other services such as mental health services?)

■ Complete Site Evaluations

- > Review of potential locations (including Rose Palace)
- > Proximity to transit and/or in a high resource area
- > What would be needed to ready the site
- > Some sites might provide for faster stand up vs. balancing overall goals for the shelter

■ Conduct Cost Evaluations

- > Assessment of capital costs and on-going operational costs
- > Identify what studies might be needed to determine costs
- > Review of potential funding sources

■ Establish Timing

- > Target date for opening of shelter



Enhancement Requests

Department	Amount	Description
Fire	\$96,000	Fire Inspector Trainee to improve inspection rate. Cost increase to \$157k over time. May be offset by fee increases.
Transportation	\$240,000	Fund local match of CicLAvia grant for two events; one-time expense.
Housing	\$345,000	Buildout costs to develop satellite office at Heritage Square. Could consider office in Public Health bldg. as alternative.
Police	\$360,000	Annual lease and start-up costs for two Drone as a First Responder program. Ongoing costs of \$260,000 would increase projected deficit.
Police	\$300,000	Software platform to centralize data from CAD, RMS, and other PD databases. Ongoing costs of \$200,000 would increase projected deficit.



Enhancement Requests

Department	Amount	Description
Police	\$250,000	Real time intelligence platform. Ongoing costs of \$150,0000 would increase projected deficit.*
PRCS	TBD	Re-establish the Youth Council. Brought up during PRCS Budget presentation.
Risk Mgmt/CAO	\$2.5m	Additional funding for outside legal
Housing	TBD	Set aside funds for initial work to establish a year-round homeless shelter.
Public Works	TBD	Use funds to additional street resurfacing or sidewalk repairs.
Fire	TBD	Use funds for additional station repairs.
Various	TBD	Set-aside funds for LA 28 events.

- PD willing to evaluate vacant non-sworn FTE's to offset costs for requests.



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REDUCTION OPTIONS



Approach to Reductions

- Use Fund Balances to reduce General Fund transfers temporarily
 - > Library fund
 - > 311/City Service Center Fund
 - > Computing & Communications Fund
 - > Postpone vehicle replacement schedules
- Consider reductions to events or programs
 - > Turkey Tussle, AmericaFest, one-off sponsorships.
 - > Re-imagine communications funding and strategy
 - > Evaluate long-term leases and should we consider selling certain properties?



Approach to Reductions

- Operational changes to reduce overhead
 - > Eliminate or hold vacant FTEs
 - > Reduce meetings (internal & external) and trainings
 - > Implement hoteling/shared-desk model for appropriate positions, requiring increased remote work
 - > Alternate work schedule model such as 4/10 and closing every Friday
 - > Mandate centralized print management, eliminate all personal printers
 - > Require each department to present reduction options of a certain % less fixed costs.



What are other agencies doing?

- Reduce or eliminate after-school program duplication between PAL, PRCs, district and NGOs
- Reduce some ambulance service to 12-hour shifts
- Dissolving commissions including youth, parks, arts and culture
- Reduced hours of services including city hall, libraries and community centers
- Reduced areas of free parking for recreation



Funding Approaches for Top Priorities

- **Modernize fire department facilities & Enhanced Fire Prevention (\$200M)**
 - > Current Approach: Pursue new revenue sources.
- **Improve roadways & implement pedestrian/bike safety strategies (\$125M+)**
 - > Current Approach: Pursue new revenue sources, re-evaluate all relevant CIP to prioritize achieving this goal.
- **Invest in year-round shelter & transitional housing (\$10M+ capital; \$2-\$4M annually)**
 - > Current Approach: Leverage grants, County partnerships, and use of City-owned property for a future shelter.
 - > Evaluate prior funding submissions and alignment with current goals.
- **Implement Economic Development Strategic Plan with placemaking focus (\$25M+)**
 - > Current Approach: Pursue grants, consider EIFD, align with ongoing development activity.