

Agenda Report

TO: CITY COUNCIL DATE: MAY 17, 1999
ATTN: FINANCE COMMITTEE
FROM: CITY MANAGER
SUBJECT: SCHEDULE OF TAXES, FEES AND CHARGES
RECOMMENDATIONS

It is recommended that the City Council approve scheduled rate increases as listed on the attached schedule.

BACKGROUND

Section 1.08.060 of the Pasadena Municipal Code provides that all taxes, fees and charges referred to in the Code will be adjusted on July 1 of each year to reflect changes in the Consumer Price Index (CPI) during the 12 months which ended the preceding March 1. The Municipal Code requires the Director of Finance to compute the changes and submit them to the Council for review by May 15th. The Council may reject any or all of the recommended increases, however, it may not modify any adjustments before ordering the report filed. The actions to reject any one of the recommendations must be taken by June 30. At that time, changes which have not been rejected will automatically be implemented.

The Consumer Price Index for all Urban Consumers in the Los Angeles-Long Beach Metropolitan areas increased by 2.2% between March 1, 1998 and March 1, 1999. The attached list is accordingly submitted showing the current rates of all taxes, fees and charges affected by these provisions, and the adjusted rates that would take effect July 1, 1999.

In FY1999, staff recommended that the Council reject increases in the Utility Users' Tax for Electric and Water, the Underground Surtax, the Construction Tax, the Street Lights and Traffic Signal Tax, and the Business License Tax. For FY2000, however, staff is recommending that all taxes, fees and charges be adjusted by the 2.2% CPI. Many of these rates have not been increased for many years and in order to provide adequate funding to meet growing City needs, it is staff's belief that an across-the-board increase is in the best interest of the City.

To the extent approved by the City Council, staff would recommend that the additional General Fund revenues be used to support a number of capital needs of the City. This would be the first time in many years that General Fund revenues would be used in such a manner. In addition, it is staff's recommendation that any increase in the Transient Occupancy Tax be provided to the Pasadena Center Operating Company for the Conference Center's immediate capital needs.

The City Council will also note that staff is including in its recommendations an increase in the Utility User Tax (UUT) for both water and power consumption. With respect to the UUT on power consumption, staff is also recommending a corresponding rebate of this increase so long as the "stranded investment surcharge" remains in place. This would be similar to the rebate of the underground surtax previously authorized by the City Council. The rationale for increasing this tax and then rebating it is to allow for the rate to be increased in accordance with the City's Municipal Code and be in place once the "stranded investment surcharge" is removed.

It should also be noted that user charges for services included in the City's General Fee Schedule are not affected by the recommended action since these are not restricted to CPI increases but may be changed to whatever rate is necessary to ensure that fees cover costs. The Council will be asked to act on the General Fee Schedule as part of a separate future agenda item.

The projects of immediate concern which would be funded by this increase include:

1. Brookside bathroom improvement - \$260,000
2. Hahamonga Vehicles - \$59,100
3. Backstops at Villa Parke \$37,000
4. El Mirador \$100,000
5. Telephone Migration Phase II - \$162,000

The last two projects have been included in the Recommended Fiscal Year 2000 CIP; however, are currently to be funded with Charter Capital funds. Given the recent use of Charter Capital moneys for other projects, if these increases are approved, staff would recommend not tapping the Charter Capital Fund for the full amount, but rather the incremental revenues collected from this increase. Since the total cost of these projects exceeds the projected revenues, a portion of the Charter Capital Funds would still need to be used.

In addition, as previously mentioned, if the recommended TOT rate increase is approved, 100% of the incremental revenues would be used to meet the desperately needed deferred maintenance projects of the Pasadena Center.

A brief description of each of the five projects listed above is attached for your information.

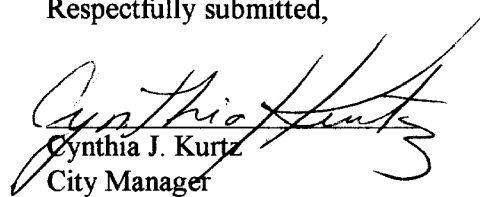
FISCAL IMPACT

Implementation of all scheduled rate adjustments would increase estimated revenues for FY 2000 by the following amounts:

Sewer and Storm Drain Fund	\$ 73,700
Underground Surtax Fund	69,900
General Fund	575,300


These scheduled increases have not been included in the FY 2000 Recommended Operating Budget nor has the funding for the potential capital expenditures. The TOT estimated incremental revenues are \$113,000.

Respectfully submitted,



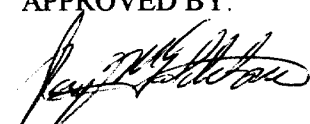
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Attachment