



# Utility Users Tax Repeal Initiative Fiscal Analysis

FEBRUARY 4, 2015

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City of South Pasadena



# UUT Repeal Timeline

**Nov 12**

Received  
signed  
petition

**Nov 24**

Delivered to  
LACRRCC  
for  
verification

**Jan 7**

Council  
approved  
Certificate of  
Sufficiency

**Feb 4**

Fiscal  
Analysis  
presented to  
Council



# Proposed Initiative Measure

## *Title:*

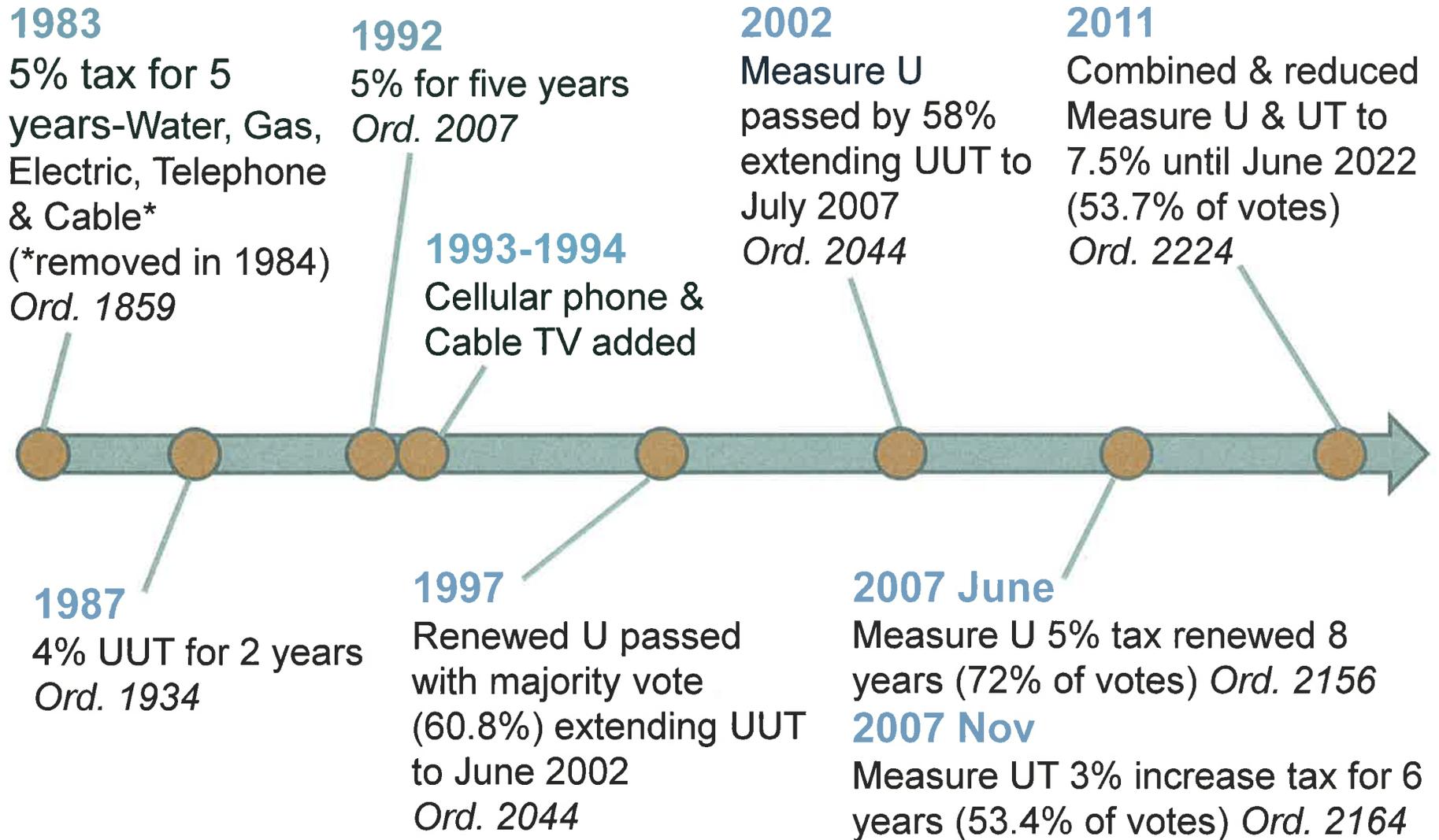
Repeal and Prohibition of Utility Users' Tax in the City of South Pasadena

## *Summary:*

- Repeal the current Utility Users' Tax;
- Prohibit the City from enacting any new Utility Users' Tax or other fee, charge or assessment regarding utility goods or services; and
- Authorize both proponents of the Initiative, as well as parties subject to any utility users' tax, to defend the Initiative if the Initiative is approved by a majority of voters and becomes the subject of legal action.



# UUT History in South Pasadena





# How Important is UUT?

- \$3.7 Million in Revenue
- 16% of General Fund Budget
- General Funds are fully unrestricted
  - Can be used for any community purposes
    - Police
    - Fire
    - Repair streets and potholes
    - Senior and recreational services and programs
    - Library services
    - Code Enforcement
- Permanent elimination would have significant impacts to City service levels



# If the Measure were Approved...

**Scenario One:  
Reduce Every Department by 16%**



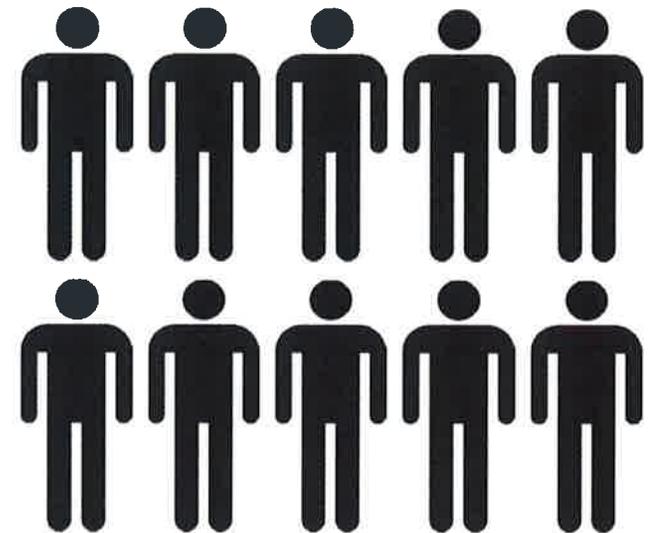
# Police Department

Positions affected: 10

- 10 sworn officers eliminated
- Increased crime
- Slower response times

## Elimination of Programs

- Crime Prevention
- Neighborhood Watch
- Community outreach

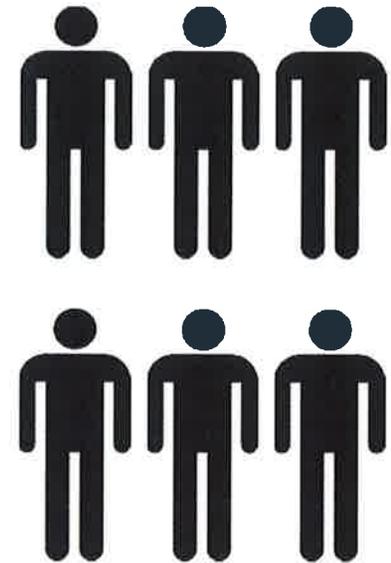




# Fire Department

Positions affected: 6

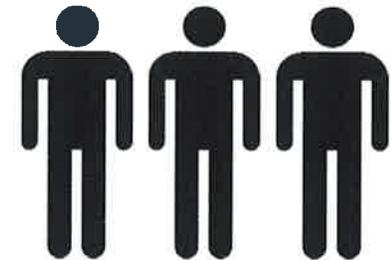
- 6 Firefighter/paramedics eliminated
- Slower response for fire, medical, and other emergency calls
- Potential loss of life and property





# Public Works

Positions affected: 3



- Reduction in maintenance of:
  - Sidewalks and roadways
  - Trees
  - City parks & facilities
- Increased fallen tree limbs and trip and fall hazards
  - More claims against City



# Planning & Building

Positions affected: 2

- Increases in:
  - Blight
  - Property violations
  - Illegal businesses
  - Neighbor disputes
- Delays for:
  - Construction inspections
  - Project approvals
  - Design reviews

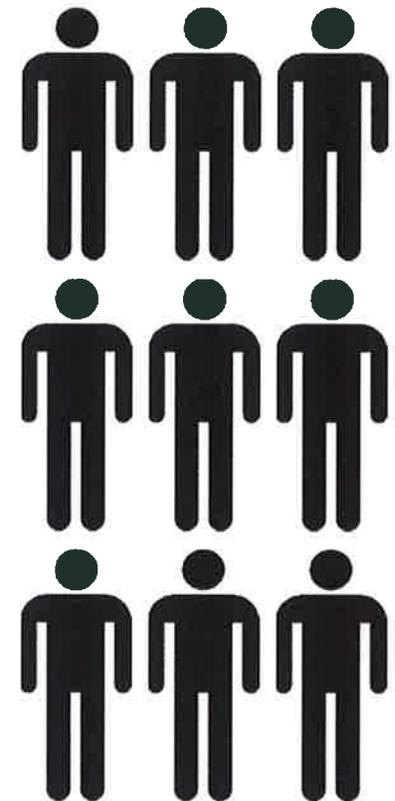




# Library

- Library hours reduced
  - Equivalent to 2 days
- Longer lines
- Fewer materials
- Fewer programs
- Customer dissatisfaction

Positions affected: 9

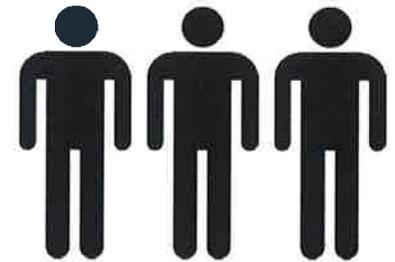




# City Manager's Office

Positions affected: 3

- Slower response times to residents and City Officials
- Customer dissatisfaction
- Significant impacts to internal services:
  - reduced HR functions
  - reduced IT functions
  - reduced employee training
- Reduced public engagement including elimination of City e-newsletter





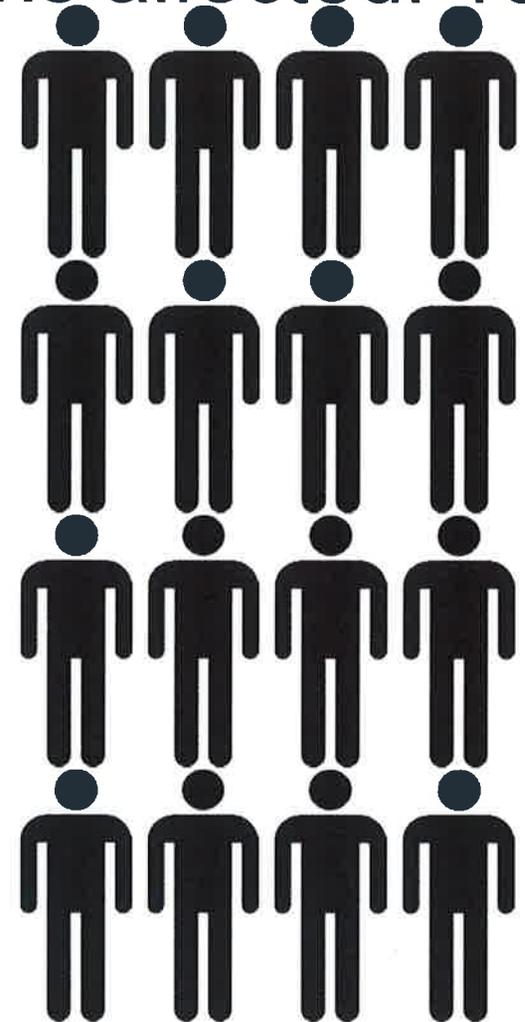
# Community Services

## Elimination of Programs

- Senior programs
- After School day care
- Summer day camp
- Family special events

Concerts & Movies in the Park,  
Spooktacular, Eggstravaganza,  
Breakfast with Santa, etc.

Positions affected: 16





# Finance

Position affected: 1

- Longer wait times at cashier
- Customer dissatisfaction
- Delays in projects citywide with reduction of grant writing





# City Clerk's Office

Position affected: 1

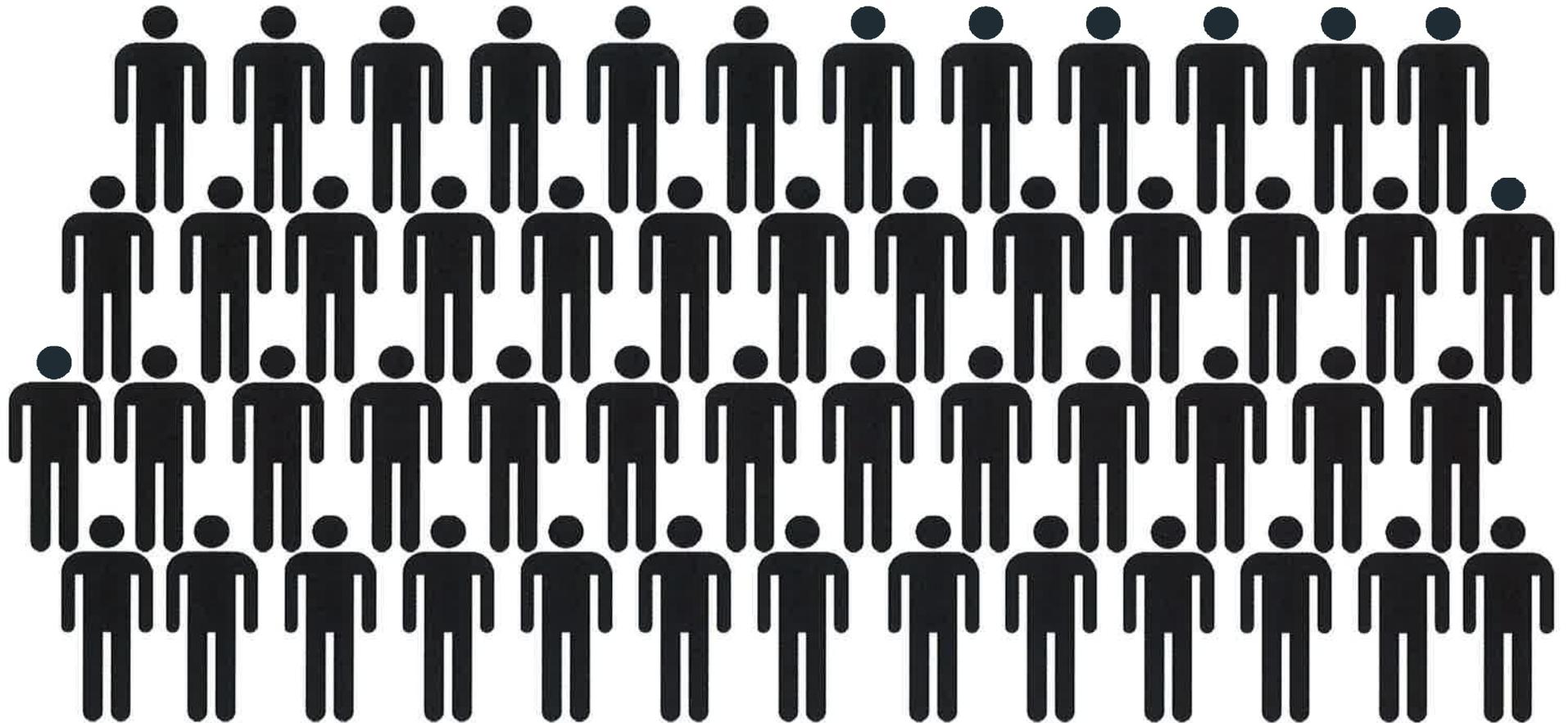
- Slower response time to residents and City officials on informational and public records requests
- customer service adversely affected





# Citywide Personnel Impacts

Total City Positions affected: 51





# Additional Considerations

- ❑ **Significant reduction in capital improvement projects (CIP)** including streets, sidewalks, transportation mitigation issues, parks and public buildings, storm drains, tree replacement program and forestry maintenance
- ❑ **Elimination of City Council discretionary funds**
- ❑ **Elimination of Commissions and Committees**



# If the Measure were Approved...

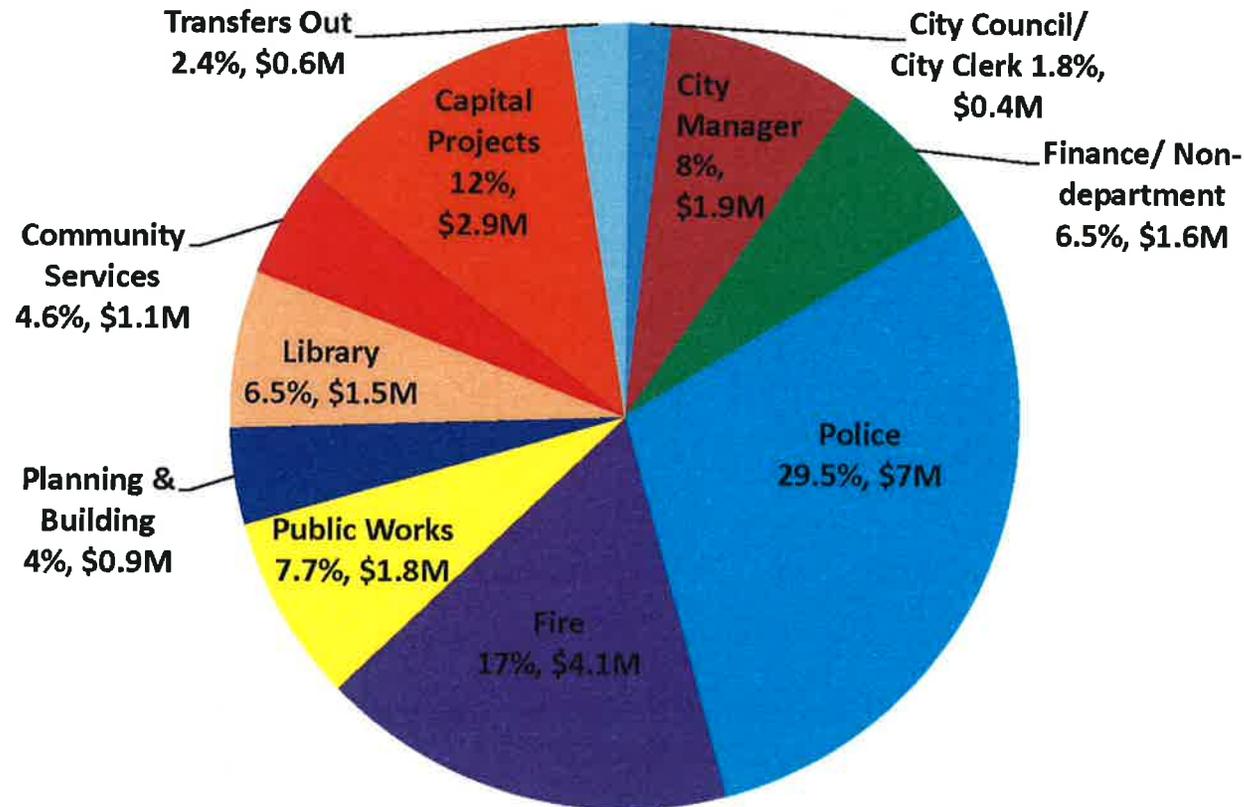
## **Scenario Two: Prioritized Reductions**



# What to Cut to Get 16%?

## GF Expenditures

Expenditures by Department



FY 2014-15 General Fund Budget = \$23,781,508



# Extreme Example

**If Community Services Department  
and  
Library Department  
were eliminated...**



## Severe Impacts to All

- ❑ Library and Community Services Dept. account for **\$2.6 Million** of the Budget
- ❑ **19** full- & **89** part-time City employees laid off (including temp/seasonal)
- ❑ **Library service loss**
  - **30,000** Library patrons
  - **800** visitors per day average
  - **450,000** materials check out per year
  - **Over 200** programs **25,000** attendees/year  
Literary, historical, cinematic, theatrical, art, musical, dramatic, and other programs, events, and projects



## Severe Impacts to All

- ❑ **Closure of Senior Center, Recreation Center, city facilities and parks**
- **Over 500** Senior Center members programming includes Meals on Wheels, low-cost lunches, seminars, health EXPO, Dial-A-Ride
- **Over 200** leisure & recreational classes including dance, fitness, music, arts, cooking sports for children and adults with more than 2,000 participants
- After school child-care & summer day camp
- **Over 10,000** participants for special events Concerts in the Park, Eggstravaganza, Spooktacular, Breakfast w/Santa



## Revenue Impact

Community Services Department Recreation  
Programming generates:

**\$863,000**

Library Parcel Tax generates:

**\$230,000**

Additional cuts would be needed to  
achieve \$3.7 million lost through the  
UUT if both departments eliminated



## Additional Impacts

### □ Capital Improvement Program (CIP)

- Approximately **\$2 million** used toward street and sidewalk improvement projects annually
- Overall street condition in the City: Pavement Condition Index (PCI) score of 61
- City has backlog of approximately **\$60 million** in street improvement repair needs

**Elimination of UUT funds** would stifle the City's ability to meet the needs of our community in improving, rehabilitating, and replacing the aging infrastructure.



# Final Thoughts

## Are City Finances Managed Well?

✓ **YES** 69% of residents also agree (based on 2011 Survey)

## Is the City Taking Measures to Reduce Costs?

✓ **YES**

- Tri City Fire Agreement = **\$217,000/yr**
- Insurance Carrier = **\$250,000/yr**
- Employee Contribution for PERS = **\$842,500/yr**
- Reduced Retiree Medical Unfunded Liability **from \$22Mil to \$12Mil**  
and will further be reduced with a cap on future retirees

## Has the Council kept its promise to focus on Infrastructure?

✓ **YES** Last 5 years we've dedicated more than **\$9.3Mil** towards streets



# Final Thoughts

**Will losing the UUT impact daily services, safety and quality of life for our residents?**

**✓ YES**

- The revenue is generated locally, controlled locally and has been administered responsibly.
- South Pasadena is a Full Service City with its own Police, Fire, Library, Community Services and Public Works Departments and without the UUT, we would seriously have to consider eliminating or contract out vital services.



# Council Direction Options

**1) Adopt Ordinance enacting Measure without alteration**

Immediately forfeit revenues from the UUT

**2) Adopt Resolution submitting the Measure to the voters and calling an election to coincide with the General Municipal Election scheduled for November 3, 2015**

\$2,000 estimated

**3) Refuse to adopt the Measure or submit it to the voters**