

TO: City Council

FROM: James L. App, City Manager

SUBJECT: Community Expectations & Choices:
Sales Tax Initiative

DATE: September 6, 2006

NEEDS: For the City Council to initiate dialogue with residents concerning public service expectations and choices

FACTS:

1. Paso Robles City government provides a wide range of services and facilities in support of community life (see Exhibit A).
2. The costs for these services and facilities are paid from taxes and fees (Exhibit B).
3. The City has been diligent in managing its financial affairs evidenced by the last eight years of balanced budgets and growing reserves (Exhibit C).
4. Even with a history of, and continuing commitment to, prudent fiscal administration, historical and projected population, service, staffing, and revenue trends indicate that community demands will outpace revenue growth (see Exhibit D).
5. The trends indicate a developing service demand and response capacity disconnect. Accordingly, prudence dictates soliciting citizen direction concerning future service adjustments.

ANALYSIS &

CONCLUSION: A community's public services, educational opportunities, and cultural amenities play an essential role in creating a sense of place and being – a quality of life - that can be attractive to business and investment, as well as residents and visitors. Likewise, the quality of the built environment, the condition of road networks, public facilities, and utility infrastructure, are fundamental to daily living and economic competitiveness.

If a community is to maintain its quality of life, it must generate adequate resources to sustain public services and facilities (infrastructure). Yet, looking forward, growth in public service and infrastructure demand is predicted to outpace revenue growth.

Satisfaction of the demands will require sustained effort over the long term, and across most types of public service and improvements. The effort will cost, and those costs will require a supplemental revenue source.

The revenue supplement best suited to meet operational objectives would be a sales tax. It can be continuous, flexible in its uses, and allows non-resident shoppers to help pay for community services. Given projected revenue supplement requirements, a ½ cent sales tax would result in sufficient income to maintain existing services.

A general purpose sales tax measure could be placed on the November 2006 ballot for voter consideration. The majority of voters would then determine how the City should adjust its operations and commitments for the long term.

POLICY

REFERENCE: City Fiscal Policy

FISCAL

IMPACT: See Exhibit D.

OPTIONS:

- A. Authorize an Informal Community Expectation & Choice Public Information and Education Effort with Specific Focus Upon a ½ Cent Local Sales Tax Measure.**
- B. Defer Consideration to the Fiscal Year 2008-2011 Financial Plan.**
- C. Amend, Modify or Reject the Options Above.**

Attachments:

Exhibit A – General Services
Exhibit B – City Revenue Sources
Exhibit C – General Fund Results FY 98-05
Exhibit D – Community Expectations & Choices – 2010 and Beyond

CITY OF PASO ROBLES

General Services & Facilities

Public Safety

- Protection of life & property
- Emergency medical & paramedic service
- Building/construction plan review and inspection
- Fire suppression, prevention, inspection, & education
- Special enforcement, narcotics, & gang task units
- Police patrol & traffic enforcement
- Criminal & accident investigation
- Hazardous materials response
- Sex offender monitoring
- Public education/involvement (Neighborhood Watch, D.A.R.E. & Police Activities League)

Community Development

- Long-range community planning
- Private development environmental analysis & review
- Housing & urban development
- Economic development

Community Services

- Library
- Recreation
 - Youth sports
 - Adult sports
 - Youth after school programs
 - Senior Center & Programs
 - Classes
 - Swimming
- Parks, trails & open space
- Veteran's Memorial Building
- Maintenance of roads, parks, & public buildings
- Trash & recycling pick-up & disposal
- Landfill operation
- Public information
- Public transportation (Dial-A-Ride & Fixed Route Bus Service)

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CITY OF PASO ROBLES
General Fund Results F.Y. 1998 – 2005

Fiscal Year Ended June 30

• 1998	+ \$1,908,992
• 1999	+ \$ 726,255
• 2000	+ \$ 561,803
• 2001	+ \$ 957,161
• 2002	+ \$1,366,351
• 2003	+ \$ 616,843
• 2004*	(\$ 87,326)
• 2005**	<u>+ \$ 500,000+</u>
	<u>+ \$6,750,279+</u>

* Includes nearly \$1,000,000 emergency response costs for San Simeon earthquake.

** Estimated preliminary results – total surplus may be higher.

COMMUNITY EXPECTATIONS & CHOICES 2010 & Beyond

Community revenue growth is positive and strong. It is evidenced in the newly adopted four-year financial & capital improvement plan that provides \$220,000,000 investment in public services and infrastructure. Notably, this investment, while constructive and substantial, represents partial catch up to earlier demands, not increased capacity.

These “earlier” demands result from fifteen years of population growth (44%), increased expectations for service (from 44% to over 100%), and a backlog of deferred infrastructure needs (see “NOTE” below). The growth/demand trend shows no sign of diminishing; at the same time, revenue projections for the next four years are fully allocated (to partial catch up with “earlier” demands). “New” demands and growth estimated to 2010 and beyond will require some adjustment.

Continually increasing service expectations and population are projected to outpace revenue growth. Additional staff will be required to keep pace and maintain current service. The community faces a choice – either temper service expectations, or determine to commit new resources for what is desired. The estimated impact of continued growth in demand trends to/at Fiscal Year 2010:

- Minimum Staffing \$1,800,000/year

In order to maintain the current level of staff-to-population ratios, thus affording capacity to continue service at current levels - 23 additional staff will be needed by 2010.

- Street Maintenance/Repair \$1,200,000/year

The City street system represents a major investment (\$390,000,000) requiring continuing care and upkeep. In order to maintain a surface condition at approximately 80% of new condition, \$1,600,000/year is required; \$400,000/year is currently set aside.

- Public Facility Maintenance/Repair \$ 500,000/year

It is prudent to set aside funds each year to provide for predictable public building major repair needs. A reasonable set aside would be 1% of replacement value – currently estimated at \$80,000,000 - so \$800,000/year. \$300,000 is now being set aside annually for this purpose.

- TOTAL \$3,500,000/YEAR

NOTE: In addition to the recurring expenses listed above, new transportation infrastructure alone (excluding major highway interchanges) required to support the current existing population is estimated at \$105,000,000, or if financed, approximately another \$8,000,000/year.

PASO ROBLES GROWTH and CITY STAFFING

FISCAL YEARS 1991 - 2006

<u>FISCAL YEAR</u>	<u>POPULATION</u>	<u>CITY STAFF - FULL TIME EQUIVALENT</u>				<u>CITY STAFF - F.T.E. PER 1,000 POPULATION</u>			
		<u>POLICE</u>	<u>FIRE</u>	<u>GENERAL</u>	<u>TOTAL</u>	<u>POLICE</u>	<u>FIRE</u>	<u>GENERAL</u>	<u>TOTAL</u>
1991	<u>20,034</u>	31	4	115	<u>150</u>	1.55	0.20	5.74	<u>7.5</u>
1992	<u>20,050</u>	31	2	114	<u>147</u>	1.55	0.10	5.69	<u>7.3</u>
1993	<u>20,300</u>	31	3	102	<u>136</u>	1.53	0.15	5.02	<u>6.7</u>
1994	<u>20,400</u>	31	3	97	<u>131</u>	1.52	0.15	4.75	<u>6.4</u>
1995	<u>20,900</u>	31	3	93	<u>127</u>	1.48	0.14	4.45	<u>6.1</u>
1996	<u>21,450</u>	32	7	94	<u>133</u>	1.49	0.33	4.38	<u>6.2</u>
1997	<u>21,650</u>	32	7	97	<u>136</u>	1.48	0.32	4.48	<u>6.3</u>
1998	<u>22,050</u>	36	7	92	<u>135</u>	1.63	0.32	4.17	<u>6.1</u>
1999	<u>22,500</u>	36	8	92	<u>136</u>	1.60	0.36	4.09	<u>6.0</u>
2000	<u>24,300</u>	36	8	93	<u>137</u>	1.48	0.33	3.83	<u>5.6</u>
2001	<u>25,200</u>	36	8	91	<u>135</u>	1.43	0.32	3.61	<u>5.4</u>
2002	<u>25,800</u>	36	13	103	<u>152</u>	1.40	0.50	3.99	<u>5.9</u>
2003	<u>26,850</u>	36	20	109	<u>165</u>	1.34	0.74	4.06	<u>6.1</u>
2004	<u>27,216</u>	36	20	109	<u>165</u>	1.32	0.73	4.00	<u>6.1</u>
2005	<u>28,000</u>	37	20	108	<u>165</u>	1.32	0.71	3.86	<u>5.9</u>
2006 (est)	<u>28,840</u>	41	24	120	<u>185</u>	1.42	0.83	4.16	<u>6.4</u>
<u>91 to 06 Change</u>	<u>44%</u>	<u>32%</u>	<u>500%</u>	<u>4%</u>	<u>23%</u>	<u>-8%</u>	<u>317%</u>	<u>-28%</u>	<u>-14%</u>

DISPROPORTIONATE SERVICE DEMAND CHANGES (91 - 05)

> Park & landscape increase	<i>[from 70 to 271 acres regularly maintained]</i>	Up 287%
> Capital project construction	<i>[from \$4,000,000 to over \$14,000,000 average annually]</i>	Up 257%
> Building permit activity	<i>[from 500 increasing to 1100 building permits processed annually]</i>	Up 122%
> Fire calls for service	<i>[from 1100 to 2400 calls per year]</i>	Up 118%
> Miles of road maintained	<i>[from 75 to 150 miles]</i>	Up 100%
> Library usage	<i>[from 128,000 to 223,000 annual transactions]</i>	Up 74%
> Public building space	<i>[from 109,00 to 177,500 sq.ft. programmed, operated & maintained]</i>	Up 63%
> Miles of sewer main maintained	<i>[from 90 to 115 miles]</i>	Up 50%
> Volume of sewage treated	<i>[from 2,000,000 to 3,000,000 gallons daily]</i>	Up 50%
> Volume of water stored daily	<i>[from 8,000,000 to 12,000,000 gallons daily]</i>	Up 50%

:STATS

PASO ROBLES GROWTH and CITY STAFFING
FISCAL YEARS 1991 - 2006

PASO ROBLES GROWTH and STAFFING
Staff Additions Required to Maintain Existing Service Levels
Fiscal Years 2006 - 2010

	<u>2006</u>		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	CUMULATIVE <u>2010</u>		
<u>POPULATION</u> <i>[estimate]</i>	<u>28840</u>		<u>29705</u>	<u>30596</u>	<u>31514</u>	<u>32460</u>	<u>32460</u>		
<u>STAFFING:</u>	<u>ACTUAL</u>	<u>RATIO*</u>	<u>ADDITIONS TO MEET MINIMUM SERVICE DEMANDS &/OR STANDARDS</u>					<u>2010</u> <u>RATIO*</u>	<u>1991</u> <u>RATIO*</u>
POLICE	41	1.4	0.0	2.0	1.0	2.0	46.0	1.4	1.6
FIRE	24	0.8	0.0	0.0	1.0	1.0	26.0	0.8	0.2
GENERAL	<u>120</u>	<u>4.2</u>	<u>5.0</u>	<u>4.0</u>	<u>4.0</u>	<u>3.0</u>	<u>136.0</u>	<u>4.2</u>	<u>5.7</u>
TOTAL	<u>185</u>	<u>6.4</u>	<u>5.0</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>208.0</u>	<u>6.4</u>	<u>7.5</u>
<u>TOTAL EST. ADDITIONAL COST</u>			<u>\$ 350,000</u>	<u>\$ 797,500</u>	<u>\$ 1,275,000</u>	<u>\$ 1,800,003</u>	<u>\$ 1,800,003</u>		

* RATIO - Number of City staff per 1,000 population

NOTE: Staff-to-population ratio projected at 2006 ratio - without regard to either current demands or standards, and lower than in 1991.

TABLE 2
DEVELOPMENT IMPACT FEE PROGRAM
CITY OF PASO ROBLES
PUBLIC FACILITIES NEEDS LIST THROUGH BUILDOUT

Facility Name	Size	Unit	Total Cost for Facility	Off-setting Revenues	Net Cost to City	Portion of Cost Allocated to New Development
{1} {2} {3} {4}						
A. TRANSPORTATION (Cont.)						
3. Road Improvements/Widenings						
1 Beacon Road - Jardine to Airport Boundary			\$270,000	\$0	\$270,000	\$121,902
2 Creston Road - River to Niblick			\$45,500,000	\$0	\$45,500,000	\$20,542,706
3 Airport Road - Highway 46 to Tower			\$6,400,000	\$0	\$6,400,000	\$2,889,523
4 Dry Creek Road - Airport to Aero Tech Way			\$4,375,000	\$0	\$4,375,000	\$1,975,260
5 Dry Creek Road - Airport to the West			\$5,000,000	\$0	\$5,000,000	\$2,257,440
6 Union Road - Golden Hill Road to East City Limits			\$2,550,000	\$0	\$2,550,000	\$1,151,295
7 Union Road - Riverglen Drive to Golden Hill Road			\$4,550,000	\$2,275,000	\$2,275,000	\$1,027,135
8 Acceleration Lane at the Landfill Access Road			\$590,000	\$0	\$590,000	\$266,378
9 City-wide Traffic Calming Master Plan			\$400,000	\$0	\$400,000	\$180,595
10 Sherwood - Creston to Commerce			\$1,550,000	\$0	\$1,550,000	\$699,806
11 Buena Vista - Experimental Station to Dallons			\$675,000	\$0	\$675,000	\$304,754
Subtotal Road Improvements/Widenings			\$71,860,000	\$2,275,000	\$69,585,000	\$31,416,795
TOTAL EAST OF HIGHWAY 101 FACILITIES			\$165,520,000	\$3,175,000	\$162,345,000	\$75,984,535
WEST OF I-401 FACILITIES						
1. Traffic Signals and Intersection Improvements						
1 Spring	16th		\$300,000	\$0	\$300,000	\$90,356
2 Spring	21st		\$300,000	\$0	\$300,000	\$90,356
3 Spring	32nd		\$300,000	\$0	\$300,000	\$90,356
4 Riverside	16th		\$300,000	\$0	\$300,000	\$90,356
5 Spring	4th		\$300,000	\$0	\$300,000	\$90,356
6 24th	Vine		\$250,000	\$0	\$250,000	\$75,297
7 10th	Spring		\$40,000	\$0	\$40,000	\$12,048
8 Signal inter-connect (Spring St.)			\$500,000	\$0	\$500,000	\$150,594
9 Signal inter-connect (13th St.)			\$40,000	\$0	\$40,000	\$12,048
10 13th	Paso Robles		\$150,000	\$0	\$150,000	\$45,178
11 13th Street	Riverside Avenue		\$300,000	\$0	\$300,000	\$90,356
Subtotal Traffic Signals and Intersection Improvements			\$2,780,000	\$0	\$2,780,000	\$837,302

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	{1}	{2}	{3}	{4}
Facility Name	Unit	Total Cost for Facility	Off-setting Revenues	Net Cost to City
Portion of Cost Allocated to New Development				
A. TRANSPORTATION				
CITY-WIDE FACILITIES				
1. Bridge and Interchange Construction				
1 4th Street Underpass		\$14,100,000	\$0	\$14,100,000
2 24th Street over Railroad		\$7,900,000	\$0	\$7,900,000
3 Highway 46 West - Highway 101 PAED		\$600,000	\$300,000	\$300,000
4 16th Street Ramp Configuration		\$5,900,000	\$0	\$5,900,000
TOTAL - CITY WIDE FACILITIES		\$28,500,000	\$300,000	\$28,200,000
				\$5,557,099
				\$3,113,552
				\$118,236
				\$2,325,311
				\$11,114,198
EAST OF HIGHWAY 101 FACILITIES				
1. Traffic Signals and Intersection Improvements				
1 Niblick	River Road	\$60,000	\$0	\$60,000
2 Creston	Mendowark	\$300,000	\$0	\$300,000
3 Union	Golden Hill Road	\$1,500,000	\$0	\$1,500,000
4 Creston	Lana	\$300,000	\$0	\$300,000
5 Charolais	River Road	\$500,000	\$0	\$500,000
6 Charolais	Rambouillet	\$300,000	\$0	\$300,000
7 Signal inter-connect (Creston)		\$500,000	\$0	\$500,000
8 Convert existing signals to video detection (city wide)		\$1,000,000	\$0	\$1,000,000
9 LED crosswalks at various locations		\$500,000	\$0	\$500,000
10 Airport Road	Highway 46 East	\$1,500,000	\$750,000	\$750,000
Subtotal East of Highway 101 Traffic Signals and Intersection Improvements		\$6,400,000	\$750,000	\$5,710,000
				\$2,989,381
2. Bridge and Interchange Construction				
1 Dry Creek Road over Huer Huero		\$4,000,000	\$0	\$4,000,000
2 Airport Road-Highway 46E PSR		\$300,000	\$150,000	\$150,000
3 13th Street over Salinas River		\$12,900,000	\$0	\$12,900,000
4 Southern Salinas River Crossing		\$70,000,000	\$0	\$70,000,000
Subtotal Bridge and Interchange Construction		\$87,200,000	\$150,000	\$87,050,000
				\$4,000,000
				\$150,000
				\$5,824,196
				\$31,604,163
				\$41,578,359

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A. TRANSPORTATION (Cont.)						
2. Road Improvements/Widenings						
1 Vine Street - 32nd Street to 36th Street			\$700,000	\$0	\$700,000	\$210,831
2 24th St - Oak Avenue to City Limit			\$600,000	\$0	\$600,000	\$180,713
3 Vine Street - 1st Street to Highway 46W			\$1,000,000	\$0	\$1,000,000	\$1,000,000
Subtotal Improvements/Widenings			\$2,300,000	\$0	\$2,300,000	\$1,391,544
TOTAL WEST OF HIGHWAY 101 TOTAL			\$5,080,000	\$0	\$5,080,000	\$2,228,846
TOTAL TRANSPORTATION			\$199,100,000	\$3,475,000	\$195,625,000	\$89,327,579