

TO: City Council
FROM: James L. App, City Manager
SUBJECT: Supplemental Sales Tax – Use Priorities
DATE: August 21, 2012

NEEDS: For the City Council to consider priorities for the use of supplemental sales tax revenues.

- FACTS:
1. The City Council directed that a temporary (12 year) one-half of one percent supplemental general sales tax measure be placed on the November 2012 ballot.
 2. The Council, desiring to use supplemental sales tax revenues in a manner consistent with voter preferences, also directed that:
 - (a) an advisory ballot measure explicitly requesting voter preference be included on the November ballot,
 - (b) a citizen's tax oversight committee be established to review use of supplemental sales tax proceeds, and
 - (c) service priorities for the supplemental income be determined to establish spending policy.
 3. There has been considerable Council discussion concerning priority uses for supplemental tax income, mostly focused on road repair and maintenance.
 4. Attached for reference, and as an aid to consideration of service priorities, is a:
 - (a) listing of City general services (Exhibit A), and
 - (b) summary of 2012 community member recovery priorities (Exhibit B), and
 - (c) memo summarizing major community challenges (Exhibit C).

ANALYSIS &
CONCLUSION: The City Council may determine spending priorities for the use of supplemental sales tax proceeds. The priorities would establish budget parameters to direct spending of the supplemental income.

POLICY
REFERENCE: City Council action July 3, 2012.

FISCAL
IMPACT: A one-half of one percent supplemental sales tax is estimated to generate approximately \$3 million per year.

- OPTIONS:
- A. City Council establish supplemental sales tax revenue use priorities.
 - B. Amend, modify or reject the option above.

Exhibits: A – City general services

B – 2012 Community member recovery priorities

C – Major community challenges

CITY GENERAL FUND SERVICES

I. Public Safety

A. Police

- Core Services (patrol; traffic; detectives)
- Special Enforcement (narcotics; gangs; schools; etc.)
- Community/Crime Prevention Programs (Code Enforcement, DARE; Neighborhood Watch; etc.)

B. Emergency Services

- Core Services (fire suppression; medical aid)
- Special Services (code enforcement; bldg. plan check)
- Community Services (business inspection; disaster preparedness; etc.)

C. Building Inspection

- Plan Check
- Field Inspection
- Code Enforcement

II. General Services

A. Maintenance

- Road, Bridges, & Sidewalks
 - Signs
 - Striping
 - Sweeping
 - Resurfacing
 - Grinding/Patching
 - Drainage
- Parks & Parkways/Medians
 - Playfield Preparation
 - Irrigation & Mowing
 - Landscape Care
 - Play Equipment
 - Restrooms
- Buildings & Pools
 - Janitorial
 - Pool Use Support
 - Light Repair/Upkeep
 - Major Repair & Replacement
 - Meeting Room Support
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- Fleet
 - Cars
 - Trucks
 - Public Transit
 - Heavy Equipment

- B. Solid Waste
 - Trash hauling & recycling contract administration
 - Landfill operation contract administration
 - Landfill site engineering & monitoring
 - Rate setting

- C. Accounting & Finance
 - Budgeting & Accounting
 - Financial Forecasting & Reporting
 - Accounts Payable/Receivable, Payroll, etc.
 - Accounting/Budgeting/Reporting Information System

- D. Marketing/Tourism Promotion
 - Tourism web site support
 - Hotel B.I.D. support
 - Major event support
 - VCB Coordination
 - Contracts (Chamber, Main St. & PRWCA)

- E. Human Resources Management
 - Employment & Development
 - Classification & Compensation
 - Labor & Employee Relations
 - Occupational Safety
 - Compliance

- F. Risk Management
 - General Liability
 - Property Liability
 - Workers Compensation
 - Claims Administration
 - Litigation Support

- G. Information Systems
 - Network Design & support
 - Finance/Accounting System administration & support
 - Public Safety communications & mobile systems support
 - Geographic Information Systems
 - City web design & support
 - User support
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- H. City Clerk
 - Public Information
 - City Council Meeting Administration
 - Legislative Record Administration
 - Election Support
 - State Reporting

- I. Other
 - Project Design
 - Project Management
 - SLOCOG Coordination

III. Development Services

A. Planning

- C.E.Q.A./Compliance
- Development processing
- Long-Range Planning, General Plan, Specific Plans, etc.
- Redevelopment Agency Support
- Housing & CDBG

B. Engineering

- Plan Check
- Development Standards
- Development Processing
- Infrastructure Planning
- Circulation/Traffic Engineering
- Development Impact Fee Administration

IV. Library & Recreation Services

A. Recreation

- Sports – Youth, Adult & Tournaments
- Senior Center & Programs
- After-School Programs
- Aquatics – Municipal & Centennial Pools
 - Lessons
 - Open Swim
 - Group Classes
- Classes

B. Library

- Electronic Resources
- Books, Audio, Video, & Magazines
- Special Reading, Art, & Culture Programs
- Study Center

RECOVERY WORKSHOP 2/11/12

Summary of Rebuilding Priority Suggestions

The City Council's Saturday workshop was attended by approximately 40 citizens. Following Department presentations and questions-&-answers, the public and City Council voiced their thoughts about rebuilding priorities, i.e., which service(s) should be attended first (as money becomes available).

Taken as a whole, interest was evident in:

- Police
- Streets
- Library
- Tourism
- Maintenance
- Emergency Services
- "All services are needed"

Additionally, there were a few other priorities suggested by one or more:

- Recreation
- Finance system
- Centennial Pool

A number of citizens, and some Councilmembers, suggested that "all services are important/needed; the real issue is inadequate funding." Related to this observation, the following suggestions were offered:

- Individual's suggestions:
 - Consider leasing facilities to private service providers – specifically:
 - Centennial Park to YMCA
 - Barney Schwartz Park to Big League Dreams.
 - Consider commercial offerings (ex. - coffee shop) in the Library
 - Increase fees for service
- Multiple citizens' suggestions:
 - Increase volunteerism
 - 1% general retail sales tax increase
 - Convene another public workshop/discussion

PUBLIC NEEDS

The great recession appears to be ending. The City survived by making significant adjustments to its workforce and services, coupled with a judicious use of savings. But, there are consequences including inadequate road, park & public building repair, significantly reduced service capacity, and elimination of programs.

For public activities supported by taxes, here are some of the major needs:

- Road Repairs

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Generally, City road conditions rate about a '60' on a scale of '100'. From school, most recognize 60 out of 100 as a 'D'. And, to make matters worse, road conditions are not static, i.e., they continue to deteriorate. To improve driving conditions, a one-time investment of \$80 Million dollars, PLUS another \$3.2 Million annually for maintenance, would be required.

- Police

Currently, there are enough police officers for a community of about 20,000 – but, we number 30,000. So, services are necessarily focused on the most critical matters, and officers are stretched to the limit. To handle the work generated by a City our size, 15 more officers would be needed. That would cost about \$2 Million more per year. And, as population increases, even more officers would be needed.

- Emergency Services

Fire suppression, multiple hazard and disaster response, and medical aid for 30,000 people require 30 fire/emergency medical personnel. Currently there are 22. So, to serve the needs, 8 more personnel would be needed at a cost of approximately \$1 Million per year more than today.

- Parks & Buildings Maintenance & Repairs

The City owns and operates 205,000 square feet of buildings plus 170 acres (7.4 Million square feet) of parkland, trails, and open space. Proper maintenance and repair would cost roughly \$5.5 Million annually. Currently, only \$1.5 Million is available. So, another \$4 Million per year would be required.

The needs total \$10 Million per year, or 40%, more than comes in today, plus a one-time bounce of \$80 Million. [For context, economic recovery is projected to generate about \$750,000 more per year by 2015.] Importantly, that amount does not include restoring suspended Recreation programs, covering the increasing costs of doing business, or replacing facilities as they wear out.

Additionally, there are other community needs:

- Education

Paso Robles public schools have lost millions of dollars with no reduction of students served. Cuesta College has suffered too. What has resulted is loss of faculty and staff, larger class sizes, fewer class offerings and (possibly) fewer days of instruction. This compromises the preparation of our youth, and the retraining of adults, for future employment and thus the competitiveness of Paso Robles as a place for business and industry.

- Unemployment

One of every eleven able-bodied adults is unemployed; even more may be underemployed. And, while economic recovery may spawn new job opportunities, local job growth will be slow and, most likely, in the hospitality, retail and service occupations – occupations with historically low pay. Additionally, the continuing deterioration of educational opportunities lessens prospects of attracting higher paying jobs as local labor will not be prepared for the demands of higher paying jobs.

- Poverty

One in seven lives in poverty (a family of four earning less than \$22,000/year is considered to be in poverty); that's 4,000 Paso Roblans struggling to survive.

- Hunger

One in seven is 'food insecure' (meaning there is limited or uncertain availability/accessibility of nutritionally adequate and safe foods). Thousands of our neighbors and school children go hungry.

- Homelessness

Over 700 Paso Roblans, including 300 children, are homeless.