



● FFICE OF THE CITY MANAGER

July 27, 2023

To the Honorable City Council
of the City of Pasadena

Mayor and Councilmembers:

WEEKLY NEWSLETTER

1. Local Hiring in Construction:

The City of Pasadena is continuing its commitment to increasing the hiring of Pasadena residents on construction jobs in the city. In 2004 the City Council adopted a resolution establishing a construction tax rebate for contractors voluntarily hiring Pasadena residents to work on projects in Pasadena. The Council also adopted mandating local hiring for construction projects that include financial assistance from the City. By adopting this ordinance, the implementation is targeted toward placement of Pasadena residents onto construction jobs. This includes residents who are skilled in trades or unskilled residents wanting to work on sites where unskilled labor is needed.

Within the City Manager's Department, the Economic Development Division is retooling this process to identify and refer Pasadena residents who want to work on construction jobs to developers and contractors that want to hire Pasadena residents. Developers and contractors that want to take advantage of the construction tax rebate or comply with the local hiring mandate when receiving City financial assistance should also consider the economic incentive to hiring Pasadena residents on their construction projects in Pasadena. Click on the link below to learn more about the First Source Local Hiring program in construction in the City of Pasadena.

<https://www.cityofpasadena.net/economicdevelopment/workforce/first-source-local-hiring/#voluntary>

2. Pasadena Public Library Now Offers California State Library Park Pass Backpacks:

Tim McDonald, Director of Libraries and Information Services, announced that Pasadena Public Library card holders can now check out the new California State Library Park Pass Backpacks. The California State Library Park Pass program, which provides free state-park vehicle day-use passes, has expanded its program to include California State Library Park Pass Backpacks. These backpacks contain binoculars, wildlife and nature pocket guides, a magnifying glass, compass, and more! The California State Park Pass Backpacks are available at all Pasadena Public Library branch locations to check out for a three-week period.

The Parks Pass program, a partnership between California State Parks and the California State Library as part of the Outdoor Access for All Initiative, supports all Californians in exploring the outdoors and gaining the benefits of our parks. This initiative aims to reduce barriers to park access through partnering with state libraries to expand the accessibility of experiencing state parks to all library card holders, ensuring more residents face fewer obstacles to spending time in the great outdoors. With the addition of California State Park Pass Backpacks, Pasadena Public Library card holders now have access to over 200 participating state parks as well as the resources to enhance the experience. To learn more about the California State Library Park Passes, visit www.cityofpasadena.net/library/.

3. Quarterly Sales Tax:

Matthew Hawkesworth, Director of Finance reported the City received its 1st Quarter 2023 (January - March) sales tax data and the attached newsletter provides high level and categorical results. This quarter represents the first quarter of the post COVID-19 recovery without growth year-over-year. Gross receipts were 1.8% below the same quarter of 2022 and flat after adjusting for aberrations. Pasadena's results were slightly better than the county (-1.5%) and the state (-1.1%). The Restaurant and Hotel category performed the best this quarter, up 13% from the prior year. The automobile sales, fuel, and building/construction categories were all down due to lower prices in gasoline and lumber compared to the prior year, a very wet winter slowing the construction industry, and from a reduction of automobile sales. The decline in growth was predicted, is incorporated in the Fiscal Year 2024 Operating Budget, and is in line with the Federal Reserve's efforts to slow the economy.

4. Restoration of Gabrielino Trail in the Arroyo Seco:

Sidney Jackson, General Manager of Water and Power, declared the February 2023 rainstorms damaged two areas in the Arroyo Seco stream. One area is at the intake structure that captures stormwater to be infiltrated at the Arroyo Seco spreading basins for local groundwater augmentation, located about a mile north of the Devil's Gate Dam. The other area is about 1,500 feet further north in the canyon near the City's Headworks structure, where the Gabrielino Trail and the dirt road were washed out during the rainstorms.

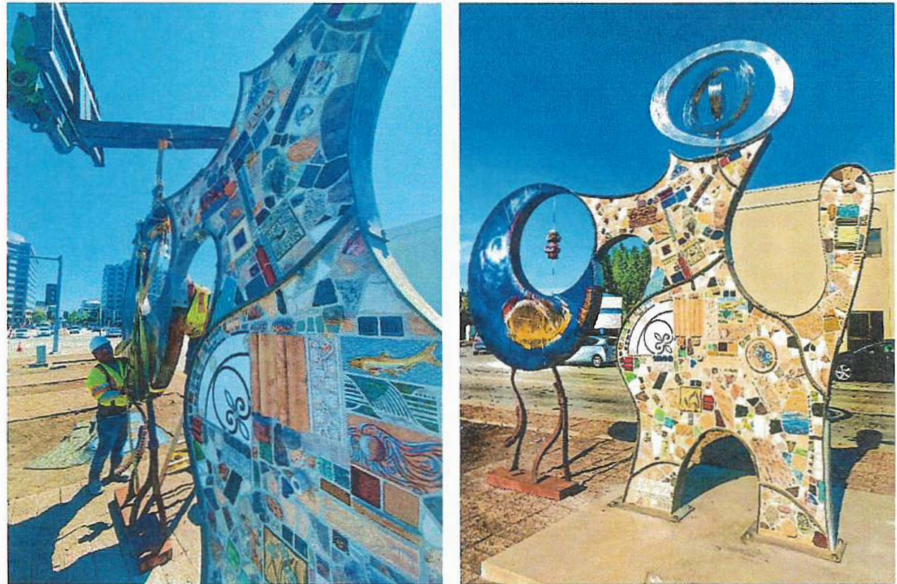
In March 2023, under a California Department of Fish and Game permit, Pasadena Water and Power ("PWP") removed the large debris that was plugging and damaging the intake structure and built a temporary dirt access ramp near the damaged area of the Gabrielino Trail. Due to the high flows in the Arroyo Seco stream this year, work to further restore the Gabrielino Trail access to the upstream area could not proceed until the summer.

The restoration of the trail is currently scheduled to begin during the first week of August 2023 and is estimated to be completed in five weeks.

5. Installation of New Public Art: Rotating Public Art Program: Series IV:

Jennifer Paige, Director of Planning and Community Development, and the Cultural Affairs Division are excited to announce the installation of new public artwork along North Lake Avenue as part of the fourth iteration of the City’s Rotating Public Art Program Titled “Individuality n.1.” This inaugural artwork is the first of six that will be installed throughout the City over the next month, and will be on display for a 36-month exhibition period.

Created by artist-duo and couple Dominic Panziera and Daniela Garofalo, the artwork is sited in District 5 at the intersection of North Lake Avenue and Maple Street and is made of stone, glazed ceramic tile, concrete and stainless steel. Series IV of the Rotating Program will include eight sculptural artworks to be installed at existing City-owned sites in each City Council District.



Established in 2011, the Rotating Public Art Program is intended to complement the permanency of both the Private Development and Capital Public Art Programs by placing artworks throughout the City that activate unusual locations, transforming small, often unnoticed areas into exciting destinations for visitors and residents to discover. By presenting original artworks at established locations, the program encourages residents and visitors to circulate throughout the City and experience the entirety of each exhibition.

For more information about the City’s Rotating Public Art Program, visit: www.cityofpasadena.net/arts or contact Corey Dunlap, Public Art Coordinator, Planning and Community Development Department: cdunlap@cityofpasadena.net, (626) 744-7547.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Nicholas G. Rodriguez".

NICHOLAS G. RODRIGUEZ
Assistant City Manager

/Attachment

CITY OF PASADENA

SALES TAX UPDATE

1Q 2023 (JANUARY - MARCH)



PASADENA

TOTAL: \$ 9,977,588

-0.1%

1Q2023



-1.5%

COUNTY



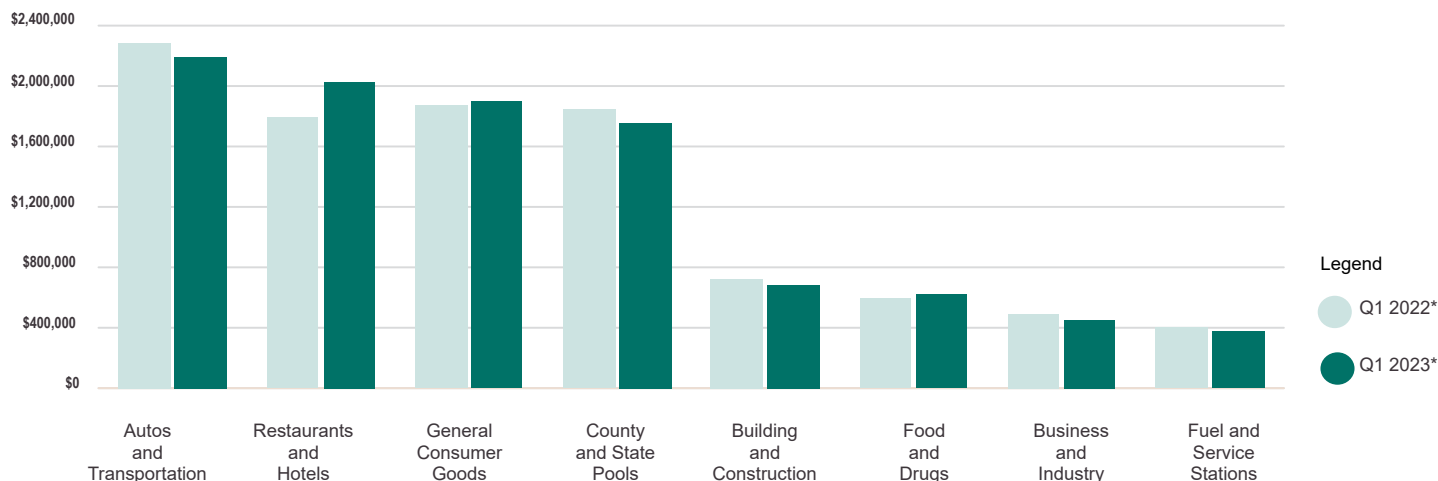
-1.1%

STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



Measure I

TOTAL: \$7,695,580

↑ 3.8%



CITY OF PASADENA HIGHLIGHTS

Pasadena's receipts from January through March were 1.8% below the first sales period in 2022. Excluding reporting aberrations, actual sales were flat.

A modest gain of 1% in point of sale revealed mixed results. Restaurants-hotels had 13% growth; the largest improvement saw casual dining add \$120,000 in taxes. More hotel occupants and 7% gains in leisure/entertainment contributed to this group's increased revenues while quick service eateries rose 7%.

Spending on transportation needs cooled as new vehicle purchases have the average price increasing and for those financing, monthly payments hit record highs.

Business investment softened; smaller payments came from medical/biotech companies. Price declines in lumber and fuel provoked declines of 1% in building materials and 9% from service stations.

Allocations from the countywide use-tax pool slumped as online retailers shifted fulfillment of ecommerce orders from out-of-state warehouses to closer, instate locations.

Measure I's results had greater spending at local eateries and procuring business support products.

Net of aberrations, taxable sales for all of the Southern California region declined a modest 0.8%.



TOP 25 PRODUCERS

- | | |
|--------------------------------|---------------------|
| Apple | Ross |
| Audi & Bentley Leasing | Rusnak Luxury Autos |
| Best Buy | Target |
| Cadillac Pasadena | Tesla Motors |
| Enterprise Rent A Car | Thorson GMC Buick |
| Ganahl Lumber | Total Wine & More |
| Home Depot | Toyota of Pasadena |
| Honda of Pasadena | United Oil |
| JP Morgan Chase Bank | Vons |
| Land Rover Pasadena | Whole Foods Market |
| Langham Huntington Hotel & Spa | |
| Nordstrom Rack | |
| Pasadena Volkswagen | |
| Porsche Leasing | |
| Ralphs | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of January through March were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The first quarter of the calendar year experienced heavy rainfall and a slight pullback by consumers during this post-holiday period.

The building and construction sector was most impacted by wet weather conditions, especially contractors and paint/glass vendors. Furthermore, when coupled with year-over-year (YOY) lumber price declines, the sector saw a 9.7% statewide drop.

YOY declines in fuel prices at the pump reduced receipts from gas stations and petroleum providers. Even with OPEC’s recent production cuts, the global cost of crude oil has remained steady setting up for moderate gas prices for travelers and commuters in the coming summer months. Retailers also selling fuel experienced a similar impact and when combined with weak results from department stores, overall general consumer goods’ returns slightly declined.

After multiple years of high demand for vehicles (especially high-end luxury and electronic/hybrid brands), along with inflation driving car prices higher, customers demand has softened with revenue slumping 1.3%. The return of available inventory later this calendar year may sustain downward pressure on activity, potentially giving buyers more leverage to negotiate lower prices.

Use taxes remitted via the countywide pools decreased 1.1%, marking the second consecutive quarter of decline. Cooling consumer confidence, expansion

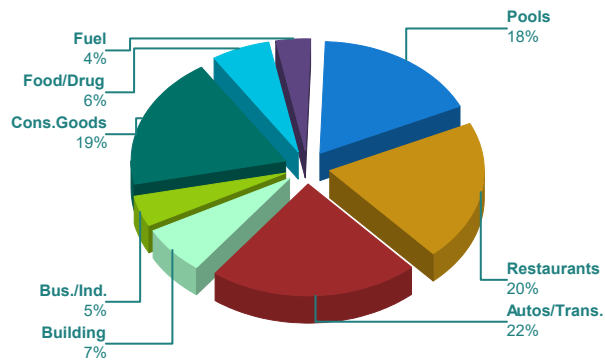
of more in-state fulfillment centers and retailers using existing locations to deliver goods tied to online orders continue to shift taxes away from the pools. While the offsetting effect was these revenues being allocated directly to jurisdictions where the goods were sourced, only a limited number of agencies benefited.

Spending at local restaurants and hotels continues to be robust. Patrons were unaffected by increased menu prices and wait times and maintained their willingness to dine out. In addition, investments in warehouse/farm/construction equipment was steady.

For the remainder of 2023 sales taxes may

decrease modestly, then begin a nominal recovery in early 2024. Volatile economic indicators such as the Federal Funds rate, unemployment levels, and discretionary spending will influence outcomes. While it appears the Federal Reserve’s actions to fight inflation is taking effect, any lasting downward pressure on consumer pricing could also hinder short term growth.

REVENUE BY BUSINESS GROUP Pasadena This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Pasadena Business Type	Q1 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,579.8	-7.5% ↓	-4.2% ↓	0.8% ↑
Casual Dining	954.6	13.2% ↑	11.9% ↑	9.6% ↑
Building Materials	452.7	-1.1% ↓	-5.2% ↓	-9.8% ↓
Quick-Service Restaurants	372.0	7.0% ↑	5.9% ↑	5.1% ↑
Service Stations	370.2	-8.6% ↓	-10.0% ↓	-9.8% ↓
Electronics/Appliance Stores	353.3	9.5% ↑	-5.6% ↓	-2.4% ↓
Grocery Stores	335.6	5.3% ↑	6.3% ↑	5.4% ↑
Family Apparel	239.3	9.3% ↑	3.0% ↑	2.3% ↑
Auto Lease	237.1	-8.1% ↓	-9.2% ↓	-6.9% ↓
Specialty Stores	228.9	4.8% ↑	5.1% ↑	3.8% ↑

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars