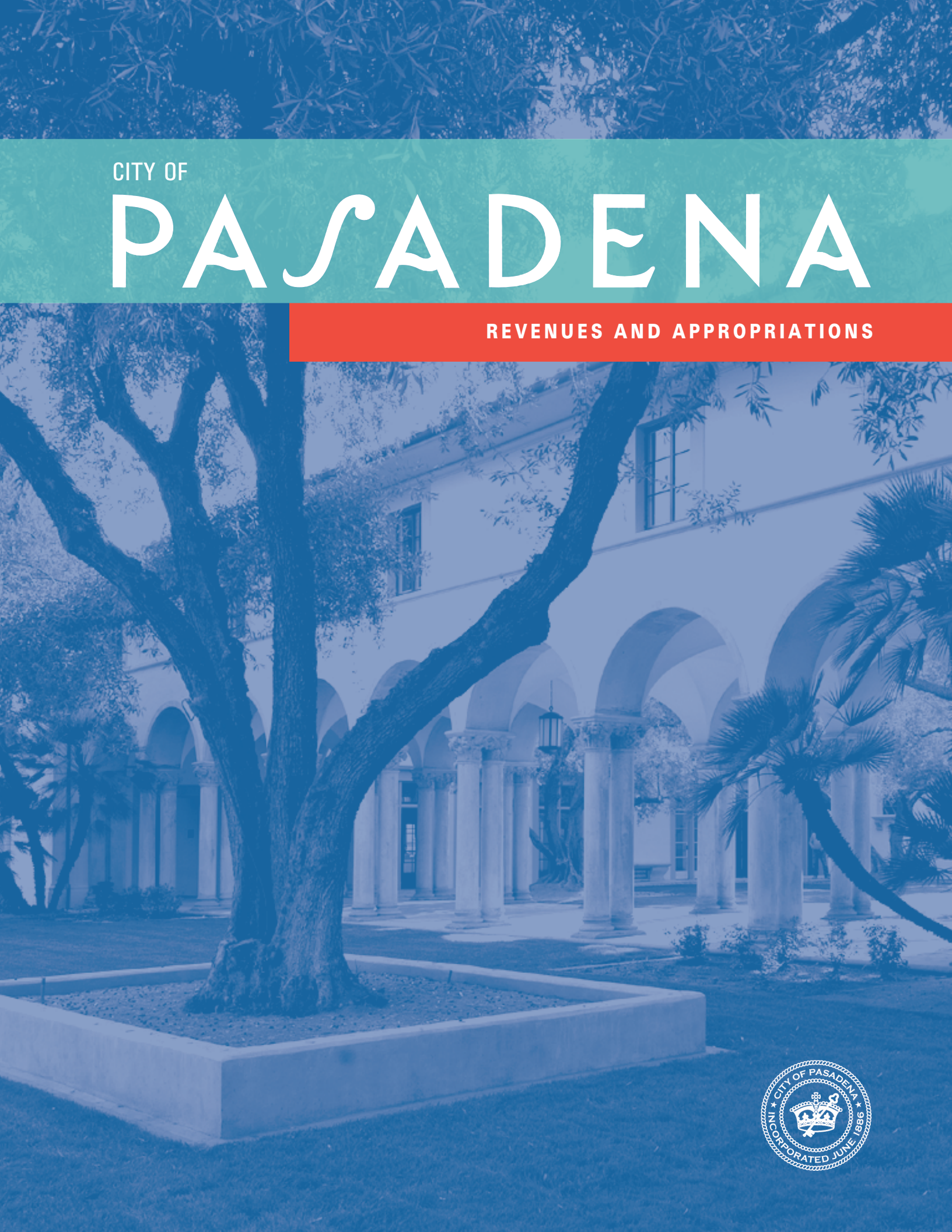
CITY OF

PASADENA

REVENUES AND APPROPRIATIONS



REVENUES

The City has a broad revenue base. Similar to expenses, revenues dedicated to a specific service or activity are segregated in unique financial funds and are used to support the expenses incurred in those funds. The General Fund includes the City's discretionary revenues. Included here are the City's major tax revenues, including, but not limited to, property tax, sales and use tax, transient occupancy tax, and utility user's tax. Typically, the forecast for these tax-based revenues is based primarily on prior year trends. Unfortunately, the City's tax revenues were significantly impacted by the 2008 recession. While revenues are returning to pre-recession levels, using a trend forecasting methodology is less reliable in projecting future performance. As a result, staff has taken a conservative approach in estimating all FY 2018 revenues, especially discretionary tax-related revenues. The revenue assumptions used in the FY 2018 Adopted Budget are consistent with the assumptions used in the City's General Fund 5 - Year Financial Plan.

FY 2018 GENERAL FUND REVENUE BY CATEGORY

As mentioned previously, the General Fund's major revenue sources are property tax, sales tax, and utility users' tax. Combined, these three revenues account for half of the City's annual General Fund revenues.

Property Tax

Property tax is the General Fund's largest revenue source. This tax is imposed on real property (land and permanently attached improvements, such as buildings) and tangible personal property (such as airplanes) located within the City. A total tax of 1.0 percent is levied on the assessed value of property as determined by the Los Angeles County Assessor. The City receives approximately 21.0 percent of the 1.0 percent levy on the assessed value. Property tax revenue for FY 2018 is projected at $61.38 million.

Top 10 Pasadena's Principal Property Taxpayers

Property Owner	Primary Land Use	2016 Assessed Value	% of Total City Taxable Assessed Valuation
PPF Office 100 Walnut	Office Building	$334.3 million	1.29%
Kaiser Foundation	Office Building	$276.6 million	1.07%
Paseo Colorado Holdings, LLC	Shopping Center	$187.8 million	.73%
PR 155 North Lake, LLC	Office Building	$183.4 million	.71%
Western Asset Plaza. LLC	Office Building	$162.8 million	.63%
Pacific Huntington Hotel Corporation	Hotel	$155.2 million	.60%
Tishman Speyer Archstone Smith	Apartments	$144.9 million	.56%
SPF 888 Walnut Pasadena, LLC	Office Building	$133.5 million	.52%
BCSP Pasadena Towers Property	Office Building	$128.0 million	.50%
Teachers Insurance Annuity Assn.	Office Building	$126.3 million	.49%
Total Principal Property Taxpayers Assessed Value		**$1.832.8 million**	**7.10%**

Source: Muni Services, LLC

Retail Sales and Use Tax

Sales and use tax is collected by the State Board of Equalization from local retailers selling tangible personal property or from the users of tangible personal property purchased from retailers outside of the State of California. Sales tax is measured by gross receipts from retail sales. The use tax is measured by the sale price of tangible personal property. Traditionally, California cities receive 1.0 percent of the total sales tax rate (currently 9.25 percent) collected within its jurisdiction. As a result of actions taken by the State Legislature, commonly referred to as the "triple flip" cities, beginning in FY 2005 the City rate was reduced to ¾ of 1.0 percent. The remaining ¼ of 1.0 percent is now allocated to the City from property tax, but is still accounted for as revenue from retail sales and use tax. For FY 2018, sales and use tax revenue is projected to be $35.6 million.

TOP 25 SALES AND USE TAX PRODUCERS
(In alphabetical order)

	Type
Apple Stores	Office Equipment
Audi and Bentley Leasing	Auto Dealer New/Used
Avon Products	Chemical Products
Bed, Bath, and Beyond	Department Store
Best Buy Stores	Department Store
California Institute of Technology	Government
Enterprise Rent-A-Car	Auto Rental
Ganahl Lumber	Hardware Store
GE Packaged Power	Utility
Honda of Pasadena	Auto Dealer New/Used
Langham Huntington Hotel & Spa	Hotel
Macy's Department Stores	Department Store
Nordstrom Rack	Department Store
Porsche Leasing	Auto Dealer New/Used
Ralphs Fresh Fare	Retail Food Store
Ross Stores	Department Store
Rusnak Maserati of Pasadena	Auto Dealer New/Used
Sears Roebuck and Company	Department Store
Symes Cadillac	Auto Dealer New/Used
Target Stores	Department Store
Tesla Motors Inc	Auto Dealer New/Used
Thorson Motor Company	Auto Dealer New/Used
Toyota of Pasadena	Auto Dealer New/Used
Vons Grocery Company	Retail Food Store
Whole Foods Market	Retail Food Store

Source: Hdl Companies

Utility Users' Tax

Utility user's tax (UUT) is imposed by the City on the use of cable television, telephone services, and consumption of natural gas, electricity, and water. The current UUT rates are as follows:

Cable Television	9.40%
Telephone, cellular, or mobile communications	8.28%
Natural Gas	7.90%
Electricity	7.67%
Water	7.67%

For FY 2018, UUT revenue is projected to be $29.1 million.

Internal Revenue Sources

In addition to revenues generated through external sources, many City funds, and the General Fund in particular, receive revenues from other City funds. These "transfer" revenues are intended to reimburse a fund for the cost of providing either a direct service to another fund(s) or reflect the fair share allocation of the cost of central services budgeted in one fund but, provided to all funds.

An example of a direct charge would be the Refuse Fund paying for a mechanic in the Fleet Maintenance and Replacement Fund who is budgeted in that fund but, responsible for maintaining and repairing refuse vehicles.

The City's payroll process is an example of the allocation of central service costs. The Payroll Office is budgeted in the General Fund. However, the cost of this operation is allocated to all the City's various funds based on the number of employees in each respective fund. From time to time the City undertakes a Cost Allocation Plan (CAP) study to determine the cost of providing various central services (e.g. human services, payroll, purchasing, budget, etc.) and develop a methodology for ensuring a fair allocation of those expenses to all City funds. The City's most recent CAP was completed in FY 2012 and implemented in FY 2013. For FY 2018, the CAP allocations were increased by CPI (1.920 percent).

APPROPRIATIONS

The FY 2018 Adopted Budget totals $783.0 million. This includes an operating budget of $639.6 million, capital appropriations of $76.3 million and appropriations of $67.1 million for the City's three operating companies: Rose Bowl Operating Company, Pasadena Center Operating Company, and Pasadena Community Access Corporation. Included in the adopted operating budget are General Fund appropriations of $236.7 million and estimated General Fund revenue of $236.8 million.

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