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**AGENDA FOR THE CONCURRENT ADJOURNED REGULAR MEETINGS OF THE CITY COUNCIL OF THE CITY OF COMMERCE AND THE GOVERNING BODY OF THE SUCCESSOR AGENCY TO THE COMMERCE COMMUNITY DEVELOPMENT COMMISSION (HEREINAFTER "SUCCESSOR AGENCY") AND REGULAR MEETING OF THE BLUE RIBBON ADVISORY PANEL**

**COUNCIL CHAMBERS  
5655 JILLSON STREET, COMMERCE, CALIFORNIA**

**TUESDAY, NOVEMBER 27, 2012 – 6:30 P.M.**

**CALL TO ORDER**

Mayor/Chairperson Leon

**ROLL CALL**

City Clerk/Secretary Olivieri

**PUBLIC COMMENT**

**Citizens wishing to address the City Council and Successor Agency on any item on the agenda or on any matter not on the agenda may do so at this time. However, State law (Government Code Section 54950 et seq.) prohibits the City Council/Successor Agency from acting upon any item not contained on the agenda posted 72 hours before a regular meeting and 24 hours before a special meeting. Upon request, the City Council/Successor Agency may, in their discretion, allow citizen participation on a specific item on the agenda at the time the item is considered by the City Council/Successor Agency. Request to address City Council/Successor Agency cards are provided by the City Clerk/Secretary. If you wish to address the City Council/Successor Agency at this time, please complete a speaker's card and give it to the City Clerk/Secretary prior to commencement of the City Council/ Successor Agency meetings. Please use the microphone provided, clearly stating your name and address for the official record and courteously limiting your remarks to five (5) minutes so others may have the opportunity to speak as well.**

**To increase the effectiveness of the Public Comment Period, the following rules shall be followed:**

**No person shall make any remarks which result in disrupting, disturbing or otherwise impeding the meeting.**

**CONCURRENT ADJOURNED COUNCIL/SUCCESSOR AGENCY  
AND REGULAR BLUE RIBBON ADVISORY PANEL AGENDA**

11/27/2012 – 6:30 p.m.

Page 2 of 2

**SCHEDULED MATTERS**

1. Approval of Minutes

The **City Council and Successor Agency** will consider for approval, respectively, the minutes of the Concurrent Special Meetings of Monday, November 5, 2012, held at 5:00 p.m.; Concurrent Special Meetings of Monday, November 5, 2012, held at 6:30 p.m.; Concurrent Regular Meetings of Tuesday, November 6, 2012, held at 6:30 p.m.; Special Meeting of Tuesday, November 13, 2012, held at 3:30 p.m. [Successor Agency only] and Concurrent Adjourned Special Meetings of Tuesday, November 13, 2012, held at 4:00 p.m.

2. Blue Ribbon Advisory Panel Recommendations

The **City Council** will review with the **Blue Ribbon Advisory Panel**, and provide appropriate direction as deemed necessary with respect to, the list of new revenue generating ideas and recommendations developed by the Panel.

**ADJOURNMENT**

Adjourn the City Council and Successor Agency to Tuesday, December 4, 2012, at 5:00 p.m. in the City Council Chambers.

**LARGE PRINTS OF THIS AGENDA ARE AVAILABLE UPON REQUEST  
FROM THE CITY CLERK'S OFFICE, MONDAY-FRIDAY,  
8:00 A.M. - 6:00 P.M.**



# AGENDA REPORT

MEETING DATE: NOVEMBER 27, 2012

**TO:** HONORABLE CITY COUNCIL  
**FROM:** BLUE RIBBON ADVISORY PANEL  
**SUBJECT:** BLUE RIBBON ADVISORY PANEL RECOMMENDATIONS

## RECOMMENDATION:

The Blue Ribbon Advisory Panel recommends that the City Council review and consider the list of new revenue generating ideas presented in the "Focus/Ideas" section of this report. The Panel also recommends that the City Council review the ideas and recommendations as presented in the "Additional Ideas" section of this report and take action as deemed necessary.

## MOTION:

Council discretion.

## BACKGROUND:

City governments have a variety of strategies available to them to resolve budget challenges when expenditures exceed revenues or a new initiative is pursued. These strategies run a broad range of considerations: service reductions, revenue increases, deferral of capital projects, and use of reserves. It boils down to a question of reconciling expenditures against revenues. For FY 2012/2013, the City Council addressed a projected \$3.5 million revenue shortfall by reducing operating costs through curtailment or reductions of existing services, reducing workforce hours for part-time staffing, declining to consider new program initiatives or expenditures, and using City reserves and growth in revenues.

During the Council budget workshops for FY 2012/2013, in response to economic issues facing the City, the City Council considered the formation of an ad hoc Blue Ribbon Advisory Panel. On March 20, 2012, the City Council established the Blue Ribbon Advisory Panel with the charge of examining and recommending to the City Council new revenue sources to assist with the projected \$3.5 million revenue shortfall in FY 2012-13 and the long term. Potential revenue sources to be investigated included, but were not limited to: utility users taxes, parcel taxes, franchise fees and special district taxes.

The Panel, which was composed of five residents, two business individuals and two employee representatives, brought to the table valuable expertise and experience, representing a broad spectrum of the community's interests and viewpoints. The individuals appointed to the Panel were:

- Annelle Grajeda(Chairperson)
- Eddie Tafoya (Vice Chairperson)
- Nancy Barragan
- Angela Sandoval
- Jon Reno
- Laura Tilley
- Mario Moran
- Sandra Jimenez
- Sonia Rodriguez

## ANALYSIS

### Process

The Panel began its work on May 8, 2012. In order to make informed decisions about potential revenue sources, the Panel needed to understand and assess the options available to the City. The Panel received presentations on the following topics:

- The City's budget process / FY 2012-13 budget projection
- City finances / the impact the current economic climate has had on the organization
- Organizational needs
- City expenditure and revenue trends (5 Year)
- Potential revenue sources such as sales tax, parcel tax, utility users tax and business license

The Panel requested further information specific to the potential revenue sources identified by the Panel. The Panel met with key staff to learn as much as they could about the aforementioned topics before formulating recommendations and reporting to the City Council on June 5, 2012.

The Panel first focused on items that could increase revenue but would require a vote of the electorate, such as increasing sales taxes or instituting a utility user tax. In order to gauge community interest regarding revenue generating measures and program issues, the Blue Ribbon Advisory Panel suggested that the City hire a professional polling firm. The City Council agreed and retained the polling firm of Fairbank, Maslin, Maullin, Metz & Associates to perform the poll. The poll results demonstrated community support for a ½ cent sales tax increase which could generate an additional \$4.5 to \$5 million annually in tax revenues to the City. The City Council took steps to place this item on the ballot for the November 6 election as Measure AA. The voters approved the measure by a vote of approximately 67% in favor and 33% opposed. However, the County still needs to certify the results.

After the placement of Measure AA on the ballot, the work of the Blue Ribbon Advisory Panel continued and their focus shifted to revenue opportunities that could be initiated either administratively or through Council action. Complex issues and solutions are challenging and the Blue Ribbon Advisory Panel thought it would be difficult to reach absolute agreement on all points. Therefore, the Panel chose to operate by consensus. The Panel sought common ground, workable solutions and compromises as necessary to offer recommendations for the greater good of the community.

#### **Focus / Ideas**

Although the Panel took a panoramic view of potential revenue sources for the City, they prioritized their ideas and focused on the following:

**A. Movie Production** – A preliminary survey of the cities of Pasadena, Santa Clarita and Santa Monica was conducted because of the high volume of filming that takes place there. Of these three cities, Santa Clarita appears to have the most extensive film friendly program, because they have an extensive library of film locations and a Film Permit Incentive Program (FIP). Santa Clarita's Film Incentive Program is also cited on the California Film Commission website.

There are two primary factors that attract the film industry: Expedient Film Permit Process and Diverse Locations.

#### **Film Friendly and Expedient Film Permit Processing**

Production companies operate under very short deadlines, and they want to work with a city that is able to process a standard film permit within 2 to 3 working days.

A standard film permit is where all film activity takes place solely on private property or in city buildings (excludes roads, alleys, etc.) and entails only dialogue and no special effects or other special circumstances.

This is essentially how the industry defines "Film Friendly" and is the number one reason production companies will film in a particular city. Our film permit turnaround time is 10 working days.

#### **Number and Diversity of Film Locations**

Santa Clarita advertises 29 city-owned film locations. This total does not include city roads or other public property. Privately owned businesses, ranch houses and other properties are featured on the City's web site. With every kind of location imaginable in their back yard, many local production companies choose to film in Santa Clarita because producers, film crews and actors live nearby and prefer to work close to home.

Pasadena offers a variety of private and public film locations rich with history and unique architectural features. These locations demand premium location fees.

Santa Monica has attractive locations adjacent to the Santa Monica Bay and other appealing locations such as the pier, airport, beach, Pacific Coast Hwy, Palisades Park and unique, boutique business districts with close proximity to the film industry.

Production companies have shown great interest in filming at the Brenda Villa Aquatic Center. However, the Panel believes there needs to be a balance between use of the pool for filming and accessibility to the residents.

Commerce does not promote its roads because traffic is a problem during peak hours. In order to generate revenue, location fees would need to be established for road and street use.

**Summary of Movie Production:**

Cities do not generate revenue when the filming activity occurs on private property. The location fees are paid directly to the property owner. Production companies also bring in their own caterers, equipment and supplies and are fairly self-sufficient.

Santa Clarita experiences temporary boosts in local revenue because they have a Film Incentive Program (FIP) that offers monetary incentives to those who film in the city on a regular basis or for extended periods of time. The FIP requires the cast and crew to stay at a local hotel for a specified period of time. These workers buy locally during their stay. The FIP also requires 15% of production workers be city residents.

Pasadena offers incentives to production companies who move their offices to the Pasadena Enterprise Zone. The incentives are in the form of tax breaks and credits.

Santa Monica – waiting to hear from Film Department – It appears they have a Film Permit Incentive Program because their locations are highly desirable to the film industry.

These cities tend to generate significant revenue in location fees. However it's not a steady stream of revenue. There are times when no filming occurs on city property and other times there is an influx. Santa Monica reports a steady flow of revenue from film location fees.

**Recommendation:**

We recommend continuing to explore the concept of using City facilities for movie and film productions when feasible. We are sensitive to the fact that filming at City facilities can interfere with a patron's ability to use the facility. The City should attempt to provide alternative facilities and transportation for residents when filming will interfere with public use of the facility. We also recommend City staff scout, inventory and advertise all City owned locations that could potentially be rented for movie/film production. Options for advertising the City owned locations include pamphlets, brochures, websites, and the City's cable television channel.

**B. Adopt-A-Street Program** - Recently an internal realignment of personnel duties and responsibilities within the City's organization was undertaken to strengthen staff support to enhance the City's appearance, cleanliness, and to promote public/ private partnerships, sponsorships, and community volunteerism. The Panel views this effort as a strategy that promotes property values, resident-business interaction and community goodwill.

An Adopt-A-Street initiative is well within the general concept for the intended staff support (outreach and coordination). This is possible. Staff can recommend this initiative to the Council as part of the Keep Commerce Beautiful Campaign. Industry representatives and the City would have to develop agreed upon parameters.

Most cities appear not to charge for the cost of the adopt-a-street sign. Caltrans charges only if the sponsor or volunteer group wants something more than the basic standard sign. Both the City of Riverside (\$500 per year) and Caltrans (sponsor can use a contractor) allow sponsors to pay for someone else to perform the cleaning services. Savings from having others perform the cleaning service or a company paying the City for the work performed would be a fiscal benefit to the City.

**C. Zoning Ordinance** - Staff is aware of the challenges with the C/M-1 Zone and is investigating options to amend the zone, or create a new zone more conducive to economic development while still providing protection to the community.

The C/M-1 Zone was created in the early 2000's and was intended to be a "hybrid" zone combining elements of a commercial zone with light manufacturing zoning. Much of the C/M-1 zone overlays properties fronting on our major arteries (e.g. Washington and Atlantic Boulevards). Many of these properties have a shallow lot depth of 100 feet or so and are only separated from residential uses by an alley. Because of these constraints, many of the more "intensive" manufacturing uses including warehousing and manufacturing are not appropriate because they are resident adjacent and the small parcel sizes make truck parking/loading and access a real challenge.

Much of the building stock in the zone is older, and in some cases is approaching the end of its economic life. For example, the average life cycle of an industrial building is 50 years. Past that, the building needs to be significantly upgraded or remodeled. If not, the building starts to suffer from deferred maintenance and obsolescence. Landlords/property owners are not able to charge sufficient rent to tenants to warrant the reinvestment in the property thus beginning a downward spiral.

Planning staff has made some recent changes in policy related to parking requirements and have applied that policy to several uses on Washington Blvd. with some success. This has helped the landlords re-lease some of the buildings.

The zoning solution must strike a balance between the need for economic development and protection of the community from noxious fumes, unhealthy emissions and other possibly negative impacts.

City staff is working closely with the Commerce Industrial Council and segments of the business community to address the zoning code and bring it in line with current market considerations. There are several initiatives in which staff is engaging the Industrial Council and business community:

**The Green Zones Policy.** Staff is working with East Yards Communities for Environmental Justice and the Industrial Council. Staff hopes to present to City Council specific policy recommendations regarding zoning and the placement of uses to minimize conflicts with sensitive receptors, e.g. schools, residential, etc. It is hoped that the initiative will allow the City to incentivize, encourage, and promote the businesses it wants: green businesses that generate employment while providing tax benefits to the City.

**Electronic Billboard Ordinance.** Staff is working with a segment of the Commerce business community in an effort to revise and update our Billboard Ordinance by allowing for the installation of state-of-the-art electronic billboards, while at the same time addressing sign clutter and maximizing revenue opportunities to the City.

**D. Truck Stop with Multi-Fueling Component** – The Panel originally investigated the feasibility of establishing a full service truck stop in the City that would be owned and operated by the City. Staff research indicated that such a site would require in excess of 30 acres to implement and that such a site was not available in the City at this time. While a commercial truck stop has some property constraints and will be market driven, the need for truck staging is critical not just to Commerce but to the region as a whole, especially with the goods movement industry. Staff is currently reviewing the Draft Environmental Impact Report (DEIR) for the I-710 Freeway Improvement Project. This long-term major transportation initiative involves the construction of improvements to the mainline freeway as well as the construction of four dedicated truck lanes to serve the ports of Long Beach and Los Angeles and connect them to the rail facilities and other regional transportation networks in and around Commerce.

Staff has commented on the DEIR for the I-710 Freeway Improvement Project as follows: Gateway cities and project funding partners should explore options for truck staging sites in the region. This may be possible as the I-710 Freeway Improvement Project will create Caltrans surplus property options, and the truck staging sites may serve as mitigation for the project.

The City will advocate for an "early action project" 2 to 3 years after EIR approval for a truck staging area adjacent to Commerce along the I-710 corridor.

The Panel recommends that the City continue to search for a site that could be used for a scaled-down version of a Commerce Truck Stop. The Panel also recommends that the site include a CNG/LNG fueling station. If this option were pursued the first step would be to identify and price viable properties after which, staff could provide an in-depth "return on investment" analysis (ROI) to determine the financial viability of such a station.

For comparison purposes, the City's current CNG/LNG site was built with grant funds for approximately \$3.2 million (not including the land) and currently is on pace to generate approximately \$500,000 per year in revenue. This revenue is offset by fuel costs of approximately \$400,000 per year. Accumulated excess funds pay for future capital improvements, maintenance needs, and operating costs. The City's current CNG/LNG facility could be used as part of the model for performing the return on investment (ROI) analysis of building and operating a City owned truck fueling station with CNG/LNG dispensers.

Staff is also researching a state truck inspection facility as part of the truck staging area. A state truck inspection facility could be a revenue generator for the City.

**E. Advertising on Bus Stops and Buses.** Director of Transportation Claude McFerguson recommends that the City advertise only internal City-approved events and/or the Citadel Outlet stores for now. Based on Mr. McFerguson's research, the sales revenue from agencies our size barely covers cost. All CBS Outdoors clients are required to approve various subject matters, which are used as a guide for material to be placed on the side of buses and/or equipment. CBS Outdoors was the ad agency assigned to SAMTrans, which is a transit agency located up north. Most municipalities are taking the initiative to review and approve all individual ads, prior to posting. Based on the feedback Mr. McFerguson received during the Metro General Managers meeting, the approval process is time consuming and has a negative impact on operations. Larger agencies, like Culver City and Santa Monica, have taken over the marketing altogether and have created marketing divisions in-house. However, a large portion of their advertising is from the TV and movie industry, and due to the high volume, the revenue covers their expenses.

Mr. McFerguson also reached out to some of his colleagues with similar size transit systems and asked, "With transit and school budgets as tight as ever, we wondered how many transit systems have turned to allow commercial advertising on their buses to bring in extra funds, and the benefits and drawbacks." Their responses are noted below.

Sherry Lewis, Director, Transportation-Fleet and Transit  
University of California Los Angeles  
Los Angeles

"The UCLA Transit Program, BruinBus, operates 13 buses on the fixed-route shuttle system, which have interior and exterior bus advertising for campus and university-associated programs only. In the past, the UCLA Development Office wrapped two buses for three years to promote notable UCLA graduates, which opened the door to allow exterior tail bus advertising. We have had interior bus advertising for over five years to advertise campus events, promotions and student services only."

Jude Kiah, Director  
Go West Transit  
Macomb, Ill

"We do not allow commercial advertising on the buses. We did at one time, but found it far more obtrusive to manage the program than the revenue gained from it benefited us. We are not currently considering it, but do keep the option open should we need the extra revenue in the future. We [also] like the colors and or logos on our buses unobstructed and didn't want to put commercial advertising over them."

Tom Duncan, Manager, Transit Services  
Oklahoma State University  
Stillwater, Okla.

"OSU Transit does allow commercial advertising. Most of our advertising is local and/or University, very few national advertising programs are used. Due to the atmosphere at the university we are slowly growing this market into acceptance. When we began to install bus shelters the decision was made to allow marketing within our system (shelters and inside buses)."

Anthony Palmere, GM Unitrans  
Unitrans Transit Services

"We generally do not allow advertising on the exterior of Unitrans buses. The exception is our vintage London double decker buses do have advertising. This is because the ads on the vintage buses are consistent with their look from when they were used in London,

including the traditional advertising frame. Using ad frames allows small advertisers to produce a printed ad at a local copy shop without having to print onto some type of special sticker. In addition, our ad program is coordinated entirely by a student working part-time and not advertising firm. Regarding the new buses, including our modern doubledeckers, Davis is a relatively small advertising market, and we have not felt that the potential additional income from exterior advertising would be worth the trouble. The trouble consists of the application, the content, the look, and the ad sales process.”

In summary, the cost to maintain an advertising program in small transit systems, including administrative costs and labor hours, exceeds the potential revenue generated from such a program. Other challenges include the fact that as a small City with routes that generally are only in Commerce, it would be difficult to attract large advertisers with national exposure. Staff has learned that the City of Montebello has begun a six-month pilot program. City staff will monitor the Montebello project then use the lessons learned to further evaluate the feasibility of advertising on City buses.

#### **Additional Items:**

The Panel members presented **additional items** they believe should continue to be researched by City Staff. These are items that were developed by the Panel using creative thinking. Staff has begun preliminary research on these items as noted below. This report includes the progress made to date with regard to a feasibility analysis and next steps.

- **Explore ways to invest idle City funds that sit in bank accounts by re-lending those dollars to meet local community development goals, working hand-in-hand with those banks.**
- **Create an “emerging technology” fund to make loans to local small businesses**
- **Work to expand the East LA Enterprise Zone to include Commerce**

All three of the ideas above are part of the overall project to achieve Enterprise Zone status in the City of Commerce. State Enterprise Zones (“SEZ”) were designated to assist depressed areas of the City with economic development and job creation to stimulate the economy and assist people with barriers to employment to find and retain permanent, full-time jobs. Within these areas, businesses can take advantage of State tax credits and deductions not available to businesses outside an SEZ. The goal of the incentives is to stimulate business attraction, growth, and increased employment opportunities within economically challenged areas of the City. Some of the benefits include employer hiring credits, business expense deductions, sales and use tax credit as well as DWP rate discounts.

Typically, there are fewer barriers for a city to apply for an expansion of an existing SEZ than the creation of a new zone. Recently, steps have been taken to research the possibility of extending the boundaries of the East Los Angeles Enterprise Zone into the City of Commerce which currently runs along the northwest boundary of the City. Staff has been able to confirm the potential for the City of Commerce to be integrated into the East Los Angeles Enterprise Zone. Staff is meeting with representatives of Los Angeles County and the East Los Angeles EZ to take the next steps toward this integration. However, there is a cautionary note. Although enterprise zones survived the State budget crisis, their future is not assured because they reduce state revenues (they were slated for elimination). The State may or may not approve future applications for Enterprise Zones.

#### ➤ **Wind and Solar Power in Commerce**

Staff is not aware of any grants for solar projects at this time. Staff has explored this idea as part of the Central Library Renovation and found that the additional structural weight of such a system on the roof would require a significant investment and the return on the investment is less than desirable. Staff will soon ask Council to consider a public financing program intended to finance eco-friendly improvements to benefit private property.

The Panel is strongly in favor of working toward a sustainable future for Commerce, including wind power, solar power and other innovative green technology. While the initial investment may be cost prohibitive at this time, the Panel strongly encourages incorporating these elements whenever possible into future City projects. The Panel also recommends exploring and communicating these opportunities for residential and commercial properties as programs become available. The cost savings by the City, industry and residents will contribute to Commerce becoming a sustainable City, and eventually selling surplus power to generate revenue. The Panel requests that staff research and report on these energy solutions currently in operation in other cities in the region, including expense, cost savings and potential revenue generated. The City Council will soon be receiving information on a



special financing program for private business energy-related projects authorized under state law.

- **Business and residents sponsoring local teams**
- **Sponsors for children on sports teams involved in library programs**

The Parks and Recreation Department has not approached local businesses to request sponsorship for our sports teams. Although Council has solicited donations from businesses to offset expenses for special events, staff is not aware that they have secured any team sponsorships. Staff solicits donations for activities and programs, but not sports teams.

The Panel would like to find a way to strongly encourage businesses to sponsor local sports teams and programs. In order to benefit from such sponsorship, team members and program participants would be required to meet certain grade average and other requirements. This would help offset costs to the City and to the residents. The businesses would benefit by becoming more involved with the community and our youth.

In the last year, the Parks and Recreation Department has developed sponsorship packets to make it easier for Council to solicit donations from local businesses to support special events. If requested, staff could design a similar packet to assist Council solicitation of donations for our sports teams.

It should be noted that the City offers recreational sports teams and travel sports (aka club sports). If Council were to pursue sponsorships to support City sports teams, staff would recommend that Council solicit donations for the travel teams. They are more expensive to operate and provide a higher level of competition and coaching. Through the Council, the City has enjoyed success this year for sponsorship contributions related to specific events such as: Cinco de Mayo (Union Pacific), 4<sup>th</sup> of July (Commerce Casino and 99 cent only Store), Brenda Villa Aquatic Center dedication (Steven's Steakhouse, Commerce Casino, Craig Realty, and Ruby's Diner). Some events and sponsorship contributions are established as part of the City's operating budget, some are not.

- **Create a business directory on the City's website**

A business directory on the City website could include a free listing for all properly licensed businesses in the City and a premier listing could be available for purchase. The benefit of such a program would be to educate the public about the businesses in Commerce and could be used to promote the City to other businesses considering a move to Commerce, as well as generating revenue. The directory would be updated annually concurrent with business license renewals.

The process of extracting the data from business licenses and then updating the website is labor intensive since the systems are not directly linked. City staff would be required to perform this task. It is estimated that the creation and maintenance of a business directory would cost from \$2,000 to \$4,000 a year in staff time and other costs. The time spent on this project would fluctuate depending on how often the data base is updated. There may also be legal considerations when placing private business content on a City (government) website.

- **The panel also recommends that the City explore leasing its cable television production studio and sound stage in the future.**

Based on direction provided, this concept should be fully explored and estimates of the potential revenue analyzed by City staff to determine the feasibility of leasing the City's cable television production studio.

#### **Additional Items Recommendation:**

The Panel recommends that each of the points highlighted in **Additional Items** be reviewed and assessed on its own merit, notwithstanding the nexus it may have to current City efforts. City staff is exploring the merits of the **Additional Items** at this time. The Blue Ribbon Advisory Panel recommends that staff return to Council with an analysis of the **Additional Items** by March 31<sup>st</sup>, 2013.

**FISCAL IMPACT:**

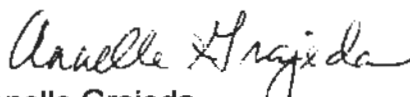
The nation's recovery from the Great Recession has been gradual and will likely continue through FY 2012/2013. The City's revenue base is slowly recovering from this recessionary environment. The path to future financial recovery and budget stability will always be determined by prioritization of the City's needs, both its operating and its capital budget, and judicious management of the City's reserve. The Council's ability to successfully navigate in these recessionary currents has been based on these identified factors.

The charge of the Blue Ribbon Advisory Panel was to examine and recommend new revenue sources to assist with both the projected \$3.5 million revenue shortfall in FY 2012-13 and the long term. The Panel's recommendation and the subsequent approval by Commerce voters of the half cent sales tax (Measure AA) could generate between \$4.5 to \$5 million annually. The fiscal impact of these items will be determined as part of the continuing process of resource analysis and implementation.

**CONCLUSION:**

The Blue Ribbon Advisory Panel examined new revenue sources together with cost saving recommendations and is presenting these recommendations to City Council for consideration. Our community-based panel has structured recommendations that we believe could play a role in the City's future ability to sustain existing programs and services and potentially create new initiatives. What becomes clear is that if we do nothing, our budget gap will continue to grow, impacting the City's ability to serve its residents and business community. The focus and challenge remains to create a balance between increasing expenditures while considering new revenue sources and cost savings.

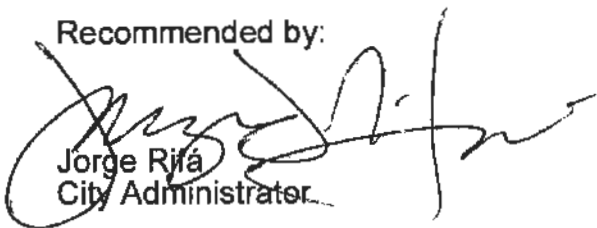
Respectfully submitted,



Anelle Grajeda  
Blue Ribbon Advisory Panel Chairperson

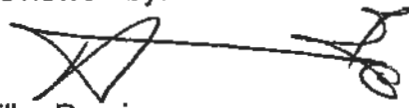
On behalf of the Blue Ribbon Advisory Panel:  
Eddie Tafoya, Vice Chairperson  
Nancy Barragan, Member  
Sandra Jimenez, Member  
Mario Moran, Member  
Jon R. Reno, Member  
Sonia Rodriguez, Member  
Angela Sandoval, Member  
Laura Tilley, Member

Recommended by:



Jorge Rifa  
City Administrator

Reviewed by:



Vilko Domic  
Director of Finance

Approved as to Form:



Eduardo Olivo  
City Attorney