



Additional Documents List Regular City Council Meeting June 2, 2021

(Uploaded Online on 06/03/2021 @ 10:45 a.m.)

Item No.	Agenda Item Description	Distributor	Document
10	Contract Extension for Financial Audit Services with Rogers Anderson Malody & Scott LLP	Elaine Aguilar, Interim Assistant City Manager	Memo to provide additional documents
11	Adoption of a Resolution Continuing the Proclamation of a Local Emergency Due to the Outbreak of COVID-19, Authorizing the City Manager to Take All Necessary Actions as the Director of Emergency Services	Lucy Demirjian, Assistant to the City Manager	Memo updating resolution
14	Approval of a Professional Services Agreement with Pasadena Humane Society and SPCA for Animal Control Services until June 30, 2026, for an Amount Not-to-Exceed \$894,217	Lucy Demirjian, Assistant to the City Manager	Memo to provide additional documents
PC	Emailed Public Comment for: Regular Session Agenda Item No. 2	Lucie Colombo, City Clerk	Emailed Public Comments



**City of South Pasadena
Finance Department**

Memo

Date: June 1, 2021

To: Honorable Mayor and Council Members

From: Elaine Aguilar, Interim Assistant City Manager

Re: **Additional Document for Item No. 10 - Contract Extension for Financial Audit Services with Rogers Anderson Malody & Scott LLP**

City Council Agenda Item No. 10 is a contract extension for Financial Audit Services. Attached please find additional documents relating to this item.

The attachments include the following:

- 1st Amendment to auditor agreement;
- Exhibit A – Scope of Work (“SOW”)
- Exhibit B – Fee Schedule

FIRST AMENDMENT TO
AGREEMENT FOR SERVICES

THIS AMENDMENT (“Amendment”) is made and entered into by and between the CITY OF SOUTH PASADENA (“City”) and ROGERS, ANDERSON, MALODY & SCOTT, LLP (“Consultant”).

RECITALS

WHEREAS, on July 1, 2018 the City approved a three-year contract with Consultant to perform professional and complex government auditing services for the City, for the fiscal years ending June, 30, 2018, 2019 and 2020 in an amount not to exceed \$135,650; and

WHEREAS, the City and Consultant desire to extend the Agreement for an additional three years, through June 30, 2023, in an additional amount not to exceed \$133,200.

NOW, THEREFORE, THE CITY AND THE CONSULTANT AGREE AS FOLLOWS:

1. Paragraph 3.1 “Scope of Services” is amended to read: Such professional services as are set forth in the attached Exhibit A (for services from July 1, 2019 through June 30, 2021) and Exhibit A-1 (for services from July 1, 2021 through audit completion for year ending June 30, 2023)
2. Paragraph 3.2 “Agreement Administrator” is amended to read: This Agreement Administrator for this project is Elaine Aguilar, Interim Assistant City Manager or her designee. The Agreement Administrator shall be the principal point of contact at the City for this project. All services under this Agreement shall be performed at the request of the Agreement Administrator. The Agreement Administrator will establish the timetable for completion of services and any interim milestones. City reserves the right to change this designation upon written notice to Consultant.
3. Paragraph 3.3 “Approved Fee Schedule” is amended to read: Consultant’s rates are set forth in the fee schedule attached hereto as Exhibit B and Exhibit B-1, and incorporated herein by this reference. Exhibit B reflects the services set for in Exhibit A and Exhibit B-1 reflects the services set forth in Exhibit A-1. These fee schedules shall not be modified except in writing by mutual agreement of the parties.
4. Paragraph 3.4 “Maximum Amount” is amended to read: The highest total compensation and costs payable to Consultant by City under this Agreement is One Hundred Thirty-Five Thousand, Six Hundred and First Dollars (\$135,650) for the services set forth in Exhibit A, and One Hundred Thirty Three Thousand, Two Hundred Dollars (\$133,200) for the services set forth in Exhibit A-1, for a total not-to-exceed contract price over a six-year term of Two Hundred Sixty-Eight Thousand, Eight Hundred and Fifty Dollars (\$268,850).
5. Paragraph 3.6 “Termination Date” is amended to read: Upon completion of the audit for the Fiscal Year ending June 30, 2023.
6. PROVISIONS OF AGREEMENT. All other terms, conditions, and provisions of the Agreement to the extent not modified by this Amendment, shall remain in full force and effect.

TO EFFECTUATE THIS AMENDMENT, the parties have caused their duly authorized representatives to execute this Amendment on the dates set forth below.

“CITY”
City of South Pasadena

“Consultant”
Rogers, Anderson, Malody & Scott, LLP

By: _____
Signature

By: _____
Signature

Printed: Arminé Chaparyan

Printed: _____

Title: City Manager

Title: _____

Date: _____

Date: _____

Attest:

By: _____
Lucie Colombo, CMC, CPMC
City Clerk

Date: _____

Approved as to form:

By: _____
Teresa L. Highsmith, City Attorney

Date: _____

Scope of Work

Professional Financial Audit Services

Section 1

Term: The completion of the City's professional Financial Audits for the Fiscal Years ending June 30, 2021, June 30, 2022, and June 30, 2023.

Section 2: Audit Services

The following is a summary of the audit team's audit approach. The audit will be divided into the following segments:

Segment 1 - Interim Testing - planning, pre-audit administration and internal control testing
During this phase of the audit, our principal objectives will be to gather information about the City and its environment, including its internal control over financial reporting.

In order to achieve the desired objectives of this phase of the audit, the firm will:

- Meet with the City's staff in order to determine convenient dates in which to begin the audit, and to discuss the assistance to be provided by the City's staff.
- Hold brainstorming sessions with engagement team members to discuss the susceptibility of the City's financial statements to material misstatement and fraud.
- Review and evaluate the City's accounting and reporting processes by reviewing the prior year's audit work papers, any City-prepared documents such as budgets, in-house financial reports, policies and procedures manuals, minutes of council meetings, etc., and by using various analytical procedures. Analytical procedures will enhance understanding of the City and will help the firm identify areas that may need further assessment and additional testing.
- Review and retain copies of any pertinent local, state and federal statutes, regulations, or charters that apply to the City.
- Evaluate the design of controls that are relevant to the audit by obtaining a thorough understanding of the City's internal controls over financial reporting and compliance by documenting key internal control components, utilizing questionnaires, walkthroughs, inquiring of the City's personnel, and observing and reviewing key supporting documentation.
- Test controls, if control risk is assessed below the maximum, by selecting a sample of transactions within the audit area being tested and reviewing supporting documentation, and evaluating the completeness of the documentation tested, as well as the adequacy of support and approvals as they appear on the support.
- Document and review with management, any findings noted during the testing of internal controls and provide a preliminary management letter that will include the firm's recommendations for improving any weaknesses in operations. The letter will also include suggestions for improving the efficiency of the City's operations.

In addition, the firm will perform the following procedures related to IT General Controls that "touch" financial data:

- *Security access (including physical) controls*: evaluate the general system security settings and password parameters; evaluate the process for adding, deleting and changing security access; and evaluate the access capabilities of various types of users; evaluate access controls to networks and financial applications; evaluate access controls related to data files; and evaluate physical access to networks, servers, etc.
- *Computer operations*: Evaluate backup and recovery processes; and review processes of identifying and handling operational problems.
- *System development and system changes*: Evaluate processes related to system development and system changes (if applicable).
- *Application testing*: Determine if the testing of application controls is deemed necessary based on our professional judgment in the planning stages of the engagement. If deemed appropriate, application control testing might consist of the following:
 - o Interview key personnel, inquire of testing processes (quality assurance and end user testing) for application changes, review the chain of relevant documents (end user acceptance report);
 - o Observe attempts to input incorrect data, determine who can override controls;
 - o If table driven, determine who can change edits and tolerance levels;
 - o Conduct tests based on user access rights;
 - o Test access privileges for each sensitive function or transaction;
 - o Review access rights that set and amend configurable approval and authorization limits;
 - o Observe transmission reports and error reports;
 - o Observe validity and completeness parameters and settings;
 - o Review access to set and amend configurable parameters on file transfers; and
 - o Review process for validation and test operation.

This phase of the engagement for the audit will be performed by the audit supervisor/senior and two staff accountants with direct supervision by the audit manager and partner.

Segment 2 - Year-End Testing - substantive testing

During this phase of the audit, the principal objectives are to assess the risk of material misstatement at the financial statement level and specific assertions, design overall responses to assessed risks and further audit procedures, perform substantive tests, as needed, and complete the audit and evaluate audit findings, if applicable.

In order to achieve the desired objectives of this phase of the audit, the firm will:

- Determine whether testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.
- Identify significant risks.
- Develop a detailed audit plan.
- Perform substantive tests of account balances, designed and modified specifically for the City's operations and assessed level of risk. Substantive procedures will consist of testing balance sheet accounts, revenues and expenditures accounts along with various analytical procedures as deemed necessary. In addition, various accounts may be confirmed with outside parties (cash, investments, etc.). This phase of the engagement for the audit will be performed by the supervisor/senior and two staff accountants with direct supervision by the audit manager and partner.

Segment 3 - Reporting - report preparation/audit conclusion (workpaper review)

During this phase of the audit, our principal objectives will be to evaluate whether the financial statements, taken as a whole, are free from material misstatement and form an opinion(s) and issue our report. In order to achieve the desired objectives of this phase of the audit, the firm will:

- Determine whether, based on substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. This will provide the basis for the opinion(s).
- Review all audit workpapers to ensure that the audit was performed in accordance with the required standards (GAAS, GAGAS, etc.).
- Prepare drafts of all required reports by the agreed-upon dates.
- Conduct an independent review of the financial statement draft by the engagement's quality control partner.
- Issue all reports by the agreed-upon dates.

This phase of the engagement will be performed by the audit supervisor/senior and one staff accountant with direct supervision by the audit manager and partner. In addition, the engagement's quality control partner will perform a detailed quality control review of the financial statements.

The above procedures are a general list of procedures to be performed. After the initial review of the City and the firm's detailed risk assessment, the firm will customize the engagement and gear it towards the needs of the City and the audit itself. In doing so, the firm will determine which procedures to perform relative to the risk assessment.

Level of staff and approximate number of hours assigned to each segment:

Segment	Partner	Manager	Super/Senior	Staff	Total
Segment 1	8	10	50	53	121
Segment 2	14	16	80	70	180
Segment 3	18	14	70	17	119
Totals*	40	40	200	140	420

* Excludes Single Audit hours

Section 3: Schedule of Timing of Deliverables

Segment 1 – Planning/Internal Control

August

- Obtain an understanding of systems, internal controls, and current-year issues.
- Assess and evaluate design and implementation of key internal controls (including IT related).
- Perform tests of internal controls as needed.
- Identify control deficiencies.
- Perform detailed risk assessment procedures.
- Draft internal control comment letter.
- Develop detailed audit plan - provide management with a detailed listing of items needed to perform the audit, including the timing of when items are needed.

Segment 2 – Substantive Testing/Analysis

October/November

- Perform substantive audit fieldwork.
- Perform substantive analytical procedures.
- Consider whether audit evidence is sufficient to form an opinion.
- Conduct exit conference with management to discuss proposed entries, internal control issues, etc.

Segment 3 – Report Preparation/Work Paper Review

November/December

- Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement.
- Review all workpapers.
- Evaluate financial statements and note disclosures.
- Perform final analytical procedures.
- Draft required reports.
- Issue final required reports by or before agreed upon date.
- Present to Council as needed.

Exhibit B-1
Professional Audit Services
Fee Schedule

Audit Fees – Schedule of Professional Fees and Expenses

Service	FY 2020-21	FY 2021-22	FY 2022-23
City Audit and Related Reports	\$38,000	\$38,500	\$39,000
Single Audit (1) and Related Reports	5,000	5,200	5,400
Gann Limit	700	700	700
Totals	\$43,700	\$44,400	\$45,100

Auditor's Standard Billing Rates

Position	FY 2020-21	FY 2021-22	FY 2022-23
Partner	\$265	\$270	\$270
Manager	165	170	175
Supervisor/Senior Accountant	135	140	145
Staff Accountant	100	105	110
Clerical	50	50	50



City of South Pasadena Management Services

Memo

Date: June 2, 2021

To: The Honorable City Council

Via: Armine Chaparyan, City Manager

From: Lucy Demirjian, Assistant to the City Manager

Re: [June 2, 2021] City Council Meeting Item No. 11 Additional Document –
**Adoption of a Resolution Continuing the Proclamation of a Local Emergency
Due to the Outbreak of COVID-19, Authorizing the City Manager to Take
All Necessary Actions as the Director of Emergency Services**

Attached is an updated resolution for your consideration.

SECTION 7. Exemption of Delivery Vehicles - has been rescinded.

SECTION 8. Guidance for Religious Gatherings- has been modified.

On June 15, Los Angeles County will align its guidance with the states reopening guidance that may ease many capacity limits and distancing requirements. To date, the State has not issued new directives or guidance on full reopening. The County is awaiting additional information from the Governor's Office. We will continue to provide updates accordingly. Staff anticipates bringing an update back to the City Council on June 16th.

**CITY OF SOUTH PASADENA
RESOLUTION NO. XXXX**

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF SOUTH PASADENA, CALIFORNIA,
CONTINUING ITS PROCLAMATION OF A LOCAL EMERGENCY
DUE TO THE OUTBREAK OF COVID-19 AND AUTHORIZING THE
CITY MANAGER TO CONTINUE TO TAKE ALL NECESSARY
ACTIONS AS THE DIRECTOR OF EMERGENCY SERVICES**

WHEREAS, in December 2019, a novel severe acute respiratory syndrome coronavirus 2, known as SARS-CoV-2, which has also been referred to as COVID-19, was first detected in Wuhan, Hubei Province, People’s Republic of China, causing outbreaks of the coronavirus disease COVID-19 that has now spread globally; and

WHEREAS, on January 31, 2020, the United States Secretary of Health and Human Services declared a public health emergency in response to COVID-19; and

WHEREAS, on March 4, 2020, Governor Gavin Newsom declared a state of emergency to exist in California as a result of COVID-19; and

WHEREAS, on March 4, 2020, the Chair of the Los Angeles County Board of Supervisors and the Los Angeles County Health Officer declared a local emergency and a local health emergency, respectively, as a result of COVID-19; and

WHEREAS, on March 12, 2020, Governor Gavin Newsom signed Executive Order N-25-20 giving state and local public health officials the authority to issue guidance limiting or recommending limitations upon attendance at public assemblies, conferences or other mass events; and

WHEREAS, on March 13, 2020, President Donald Trump declared a national emergency as a result of COVID-19; and

WHEREAS, on March 18, 2020, the South Pasadena City Council adopted Resolution No. 7646 declaring a local emergency, restricting private and public gatherings, and establishing protections for residential and commercial tenants, among other things; and

WHEREAS, on March 19, 2020, the State Public Health Officer issued the “Stay at Home” order; and

WHEREAS, on March 21, 2020, the Los Angeles County Health Officer issued the “Safer at Home” order; and

WHEREAS, on April 28, 2020, Governor Gavin Newsom announced a 4-stage transition plan, titled “California’s Pandemic Resilience Roadmap,” to end the Stay at Home order; and

WHEREAS, on May 6, 2020, the South Pasadena City Council adopted Resolution No. 7648 proclaiming the continuation of a local emergency and, among other things, suspended water and sewer utility terminations and the City’s Parking Pass Program; and

WHEREAS, on May 7, 2020, the State Public Health Officer amended the Stay at Home order to allow for the reopening of lower-risk workplaces; and

WHEREAS, on May 29, 2020, the Los Angeles County Health Officer amended the Safer at Home order with a new order titled “Reopening Safer at Work and in the Community for Control of COVID-19,” which seeks to limit residents’ exposure during Los Angeles County’s transition through Stage 2 of California’s Pandemic Resilience Roadmap; and

WHEREAS, Section 6 of the Los Angeles County Health Officer’s May 29, 2020 order states, “This Order does not supersede any stricter limitation imposed by a local public entity within the County of Los Angeles Public Health Jurisdiction;” and

WHEREAS, on June 17, 2020, the South Pasadena City Council adopted Resolution No. 7657, proclaiming the continuation of a local emergency and clarifying that any local regulations on public gatherings or private facilities as permissive as the Los Angeles County Health Officer’s May 29, 2020 order and any subsequent Los Angeles County Health Officer orders; resuming the City’s Parking Pass Program, and creating the Al Fresco Dining and Retail Program; and

WHEREAS, on July 18, 2020, the Los Angeles County Public Health Officer issued a revised Order regarding Reopening Safer at Work and specifying what businesses and services can be open either for inside shopping or outdoor pick-up only, what businesses can be open only by outside service, and what businesses and services are closed; and

WHEREAS, on August 5, 2020, the South Pasadena City Council adopted Resolution No.7669, proclaiming the continuation of a local emergency and clarifying that any local regulations on public gatherings or private facilities as permissive as the Los Angeles County Health Officer’s July 18, 2020 order and any subsequent Los Angeles County Health Officer orders; resuming the City’s Parking Pass Program, and expanding the Al Fresco Dining and Retail Program.

WHEREAS, on August 12, 2020, the Los Angeles County Public Health Officer issued a revised Order, regarding Reopening Safer and Work.

WHEREAS, Section 6 of the Los Angeles County Health Officer’s August 12, 2020 order states, “This Order does not supersede any stricter limitation imposed by a local public entity within the County of Los Angeles Public Health Jurisdiction.”

WHEREAS, on June 30, 2020, Governor Newsom issued Executive Order N-71- 20, which, among other things, found that minimizing evictions during this period is critical to reducing the spread of COVID-19 in vulnerable populations by allowing those most vulnerable to COVID-19 to self-quarantine, self-isolate, or otherwise remain in their homes to reduce the transmission of COVID-19, and extended through September 30, 2020 Executive Order N-28-20’s suspension of any and all provisions of state law that would preempt or otherwise restrict a local government’s exercise of its police powers to impose substantive limitations on residential and commercial evictions with respect to COVID19-related rent payment issues; and

WHEREAS, on August 31, 2020, California passed legislation, Assembly Bill 3088, the COVID-19 Tenant Relief Act of 2020, under which, among other things, no tenant can be evicted before February 1, 2021 as a result of rent owed due to a COVID-19 related hardship accrued between March 4 and August 31, 2020, if the tenant provides a declaration of COVID-19-related financial distress according to specified timelines; no tenant can be evicted for rent that accrues but is unpaid due to a COVID-19 hardship between September 1, 2020 and January 31, 2021 if the tenant submits declarations of COVID-19-related financial distress according to specified timelines and pays 25% of the unpaid rent due by January 31, 2020; and landlords are required to provide tenants a notice detailing their rights under the legislation; and

WHEREAS, on September 4, 2020, the United States Center for Disease Control and Prevention, recognizing that “in the context of a pandemic, eviction moratoria – like quarantine, isolation, and social distancing – can be an effective public health measure utilized to prevent the spread of communicable disease,” that eviction moratoria “facilitate self-isolation by people who become ill or who are at risk for severe illness from COVID-19 due to an underlying medical condition” and “allow State and local authorities to more easily implement stay-at-home and social distancing directives to mitigate the community spread of COVID-19,” and that “housing stability helps protect public health because homelessness increases the likelihood of individuals moving into congregate settings, such as homeless shelters, which then puts individuals at higher risk to COVID-19” (Federal Register, Vol. 85, No. 173 at page 55292), issued an order, applicable in any State or local area without a moratorium on residential evictions that provides the same or greater level of public-health protections as the requirements in the order, requiring that, through December 31, 2020, subject to further extension, modification, or rescission, a landlord, owner of a residential property, or other person with a legal right to pursue eviction or possessory action shall not evict any covered person (as defined in the order) from any residential property in any State in which there are documented cases of COVID-19; and

WHEREAS, on September 23, 2020, Governor Newsom signed Executive Order N-80-20, extending through March 31, 2021 Executive Order N-28-20, allowing local governments to impose commercial eviction moratoriums and restrictions for commercial tenants who are unable to pay their rent because of COVID-19; and

WHEREAS, on November 10, 2020, the Los Angeles County Board of Supervisors updated the County’s Evictions Moratorium in light of AB 3088 and Federal Eviction

Moratorium and extended non-preempted tenant protections through January 31, 2021. The amended and restated Executive Order incorporates all aspects, restrictions, and requirements of the Moratorium adopted by the Board, as ratified and amended on March 31, 2020, April 14, 2020, May 12, 2020, June 23, 2020, July 21, 2020, September 1, 2020, October 13, 2020, and November 10, 2020; and

WHEREAS, on November 19, 2020, the State Public Health Officer issued a Limited Stay at Home Order effective in counties under Tier One (Purple) of California's Blueprint for a Safer Economy, requiring that all gatherings with members of other households and all activities conducted outside the residence, lodging, or temporary accommodation with members of other households cease between 10:00pm PST and 5:00am PST, except for those activities associated with the operation, maintenance, or usage of critical infrastructure or required by law; and

WHEREAS, on November 25, 2020, the Los Angeles County Public Health Officer issued a revised Order aligning Los Angeles County with the State Public Health Officer's Limited Stay at Home Order ordering the closure of restaurants for indoor and outdoor dining; and

WHEREAS, on December 3, 2020, the State Public Health Officer issued the Regional Stay at Home Order applying to state regions with less than 15% ICU availability, and prohibiting private gatherings of any size, closes sector operations except for critical infrastructure and retail, and requiring masking and physical distancing in all others; and

WHEREAS, on December 6, 2020, the State Public Health Officer issued a Supplemental Order to the Regional Stay at Home Order, ordering the Southern California region, including Los Angeles County, be placed under the December 3, 2020 Regional Stay at Home Order; and

WHEREAS, on December 9, 2020, the Los Angeles County Public Health Officer issued a revised Order ordering that outdoor playgrounds may remain open to facilitate physically distanced personal health and wellness through outdoor exercise if they follow County health protocols; and

WHEREAS, on January 25, 2021, the State Public Health Officer ended the Supplemental Order to the Regional Stay at Home Order and returned counties to the tiers assigned in the Blueprint for a Safer Economy;

WHEREAS, on February 1, 2021, Senate Bill 91 went into effect, extending tenant protections established by Assembly Bill 3088, and establishing the State Rental Assistance Program to provide rental assistance for landlords and tenants: and

WHEREAS, on February 23, 2021, the Los Angeles County Board of Supervisors extended the County eviction moratorium and its tenant protections, where not preempted by the extension of AB 3088 pursuant to SB 91, through June 30, 2021.

WHEREAS, on March 29, 2021, the United States Center for Disease Control and Prevention extended its previously issued eviction moratorium preventing the eviction of tenants who are unable to make rental payments through June 30, 2021;

WHEREAS, on May 14, 2021, the Los Angeles County Public Health Officer issued a revised Order to reflect that the County has met the threshold for the least restrictive tier of California's Blueprint for a Safer Economy;

WHEREAS, Los Angeles County is now under Tier Four (Yellow) of California's Blueprint for a Safer Economy and the Los Angeles County Public Health Officer has issued revised protocols for most indoor business operations to open with modifications (Attachment A); and

WHEREAS, COVID-19 remains a threat, and continued efforts to control the spread of the virus to reduce and minimize the risk of infection are needed; and

WHEREAS, these conditions warrant and necessitate that the City continue its proclamation of the existence of a local emergency; and

WHEREAS, Chapter 11 of the South Pasadena Municipal Code empowers the City Council to proclaim the existence or threatened existence of a local emergency and to issue rules and regulations on matters reasonably related to the protection of life and property as affected by such emergency; and

WHEREAS, Government Code section 8634 states, "During a local emergency the governing body of a political subdivision, or officials designated thereby, may promulgate orders and regulations necessary to provide for the protection of life and property, including orders or regulations imposing a curfew within designated boundaries where necessary to preserve the public order and safety. Such orders and regulations and amendments and rescissions thereof shall be in writing and shall be given widespread publicity and notice"; and

WHEREAS, Government Code section 8630 (c) states, "The governing body shall review the need for continuing the local emergency at least once every 60 days until the government body terminates the local emergency."

WHEREAS, Governor Gavin Newsom announced on April 6, 2021 that he anticipates that on June 15, 2021, everyday activities will be allowed again in the State of California, including allowing most businesses to re-open with common-sense risk reduction measures including maintaining an order for mask wearing, and that large-scale indoor events, will be allowed to occur with testing or vaccination verification requirements.

WHEREAS, on May 21, 2021, the California Department of Public Health published the Beyond the Blueprint Framework for Industry and Business Sectors ahead of the state's anticipated June 15 retirement of the Blueprint for a Safer Economy. Under the Beyond the

Blueprint framework, all sectors listed in the current Blueprint Activities and Business Tiers Chart may return to normal operations with no capacity limitations or physical distancing.

WHEREAS, the City will abide by and enforce the Executive Orders and the State Public Health Officer guidance, as they may be amended from time to time, that govern, including without limitation, the following (1) when, and under what circumstances and restrictions, government and industry sectors may reopen, (2) when, and under what circumstances and restrictions, the public may engage in specified categories of activities (e.g., indoor and outdoor recreational activities), (3) when, and under what circumstances and restrictions, members of the public must wear face covering, and (4) all subsequently-issued guidance and Executive Orders, Public Health Officer Orders, and/or orders of other duly authorized representatives of the State of California governing the opening, partial opening, or closure of businesses, venues, events, and activities in the City of South Pasadena.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Recitals. The preceding Recitals are true and correct and are hereby incorporated and adopted as findings and determinations by the City Council as if fully set forth herein.

SECTION 2. Proclamation. Pursuant to Government Code section 8630, subdivision (a), the City Council proclaims the continuation of a local emergency due to the outbreak of SARS-CoV-2 (COVID-19).

SECTION 3. Regulation of Public Gatherings. Any local regulations on public gatherings are ordered to be as permissive as allowed under Tier Four (Yellow) regulations of California's Blueprint for a Safer Economy, and any subsequent State Public Health Officer or Los Angeles County Health Officer orders.

SECTION 4. Regulation of Public Facilities. Under Tier Three (Yellow) regulations, public facilities may open to the public following current County protocols and social distancing safety measures. Several City facilities have resumed in-person services to the public. The Senior Center is scheduled to reopen in July.

SECTION 5. Regulation of Private Facilities. Any local regulations on private facilities are ordered to be as permissive as allowed under Tier Four (Yellow) regulations of California's Blueprint for a Safer Economy, and any subsequent State Public Health Officer or Los Angeles County Health Officer orders.

SECTION 6. Enforcement. Any violation of the above prohibitions may be punishable by a fine not to exceed \$1,000 or imprisonment not to exceed six months, pursuant to the South Pasadena Municipal Code section 11.11.

SECTION 7. Exemption of Delivery Vehicles. ~~This section has been rescinded. Trucks and other vehicles engaged in the delivery of grocery items to grocery stores, when such items are to be made available for sale to the public, remain exempt from having to comply with any City rules and regulations that limit the hours for such deliveries.~~

SECTION 8. Guidance for Religious Gatherings. The leaders of the City's houses of worship are urged, in the strongest possible terms, ~~to limit gatherings on their premises and to explore and implement ways to practice their respective faiths while observing social distancing practices, and~~ to comply with the current and any subsequent State Public Health Officer or Los Angeles County Health Officer orders.

SECTION 9. Protection of Affected Tenants. The provisions of SB 91: the COVID-19 tenant relief legislation (Attachment E), signed into law on January 29, 2021 and effective February 1, 2021, shall apply to all residential tenants within the City. The Los Angeles County Board of Supervisor's Amended Executive Order (Attachment B) imposing a temporary moratorium on evictions for non-payment of rent by certain commercial tenants adversely financially impacted by COVID-19 through June 30, 2021 shall control and apply to all residential and commercial tenants in the City, where not preempted by SB 91, as are protected by the County's Executive Order. Any further amendments or orders issued by the County Board imposing or extending a temporary evictions moratorium shall also control as they may become effective and per their terms and conditions.

SECTION 10. Suspension of Utility Terminations. For a period of 60 days from the date of this Resolution, for customers who are able to show an inability to pay their water and sewer bill due to the "financial impacts related to COVID-19" as defined in Section 9 above, the City hereby suspends:

- a) The discontinuation or shut-off of water service for residents and businesses in the City for non-payment of water and sewer bills;
- b) The imposition of late payment penalties or fees for delinquent water and/or sewer bills;

SECTION 11. Reinstatement of Parking Pass Program. Effective July 6, 2020, the City hereby reinstates the Parking Pass Program and authorizes the issuance of overnight parking passes and the imposition of late payment penalties or fees for parking violations.

SECTION 12. Temporary Modifications to Commercial Signage Requirements. No more than two temporary signs shall be allowed per business. All temporary signs must still comply with the size and location requirements set forth in SPMC Section 36.320.080.

Temporary window signs shall be limited to 20 percent of the window area.

No more than one temporary sign shall be located in the public right-of-way. During the Local Emergency Declaration, an application to place a temporary sign in the public right of way shall

only require administrative approval by the Planning Director; an encroachment permit is still required to be issued by the Public Works Director, but the encroachment permit fee is waived.

Temporary signs shall be in place for no more than 30 days or until the Local Emergency Declaration has been lifted, whichever is later. Temporary signs may include a banner, in compliance with the size and locations of SPMC Section 36.320.080(B). During this Local Emergency Declaration, the \$50 application fees for a banner sign is waived.

SECTION 13. Al Fresco Dining and Retail Program. To support local businesses during the Coronavirus pandemic, an Al Fresco Dining and Retail Pilot Program, as set forth in Attachment C, is approved to temporarily relax Temporary Use Permit (TUP), Encroachment Permit, and parking requirements in order to facilitate the use of outdoor spaces for dining and retail purposes while maintaining the necessary social distancing protocols. This temporary program is valid for 90 days after the termination of the Declaration of Local Emergency. In order to facilitate outdoor dining, the City's Outdoor Dining Permit Fee is waived for the duration of the Al Fresco Dining and Retail Program. Additionally, the City Manager or her designee has the discretion to relocate ADA parking spaces to other public right-of-way space or public facilities in order to facilitate the potential use of street frontage for outdoor dining spaces for applicants to the Al Fresco Dining and Retail Program. Outdoor dining is currently permitted in the City, subject to compliance with the Protocol for Restaurants, Breweries and Wineries issued by the Los Angeles County Department of Public Health on February 2, 2021.

SECTION 14. Capping Fees on Third-Party Delivery Services for Restaurants and Food Establishments. The August 4, 2020 Los Angeles County Ordinance (Attachment D) establishing a twenty percent cap on total fees including a fifteen percent cap on delivery fees that a food delivery platform may charge to restaurants, prohibiting reduction of delivery driver compensation as a result, and requiring disclosures to be made by the food delivery platform to customers, in response to the COVID-19 health emergency is adopted by reference and incorporated into this Resolution.

SECTION 15. Emergency Authority. Pursuant to Government Code section 8634, the City Council reaffirms its authorization of the Director of Emergency Services to take any measures necessary to protect and preserve public health and safety, including activation of the Emergency Operations Center.

SECTION 16. Public Health Officials. The City Council reaffirms its authorization of the Director of Emergency Services to implement any guidance, recommendations, or requirements imposed by the State Department of Public Health or the Los Angeles County Health Officer.

SECTION 17. Termination. Pursuant to Government Code section 8630, subdivision (d), the City Council will proclaim the termination of the emergency at the earliest possible date that conditions warrant.

SECTION 18. Review. Pursuant to Government Code section 8630, subdivision (c), the City Council will review the need for continuing the local emergency in no event later than

60 days from the previous declaration or review, until the City Council terminates the local emergency.

SECTION 19. Cost Accounting. City staff will continue to account for their time and expenses related to addressing the local emergency caused by COVID-19.

SECTION 20. Cost Recovery. The City will seek recovery for the cost of responding to COVID-19, as this proclamation was originally made within 10 days of the Governor's Executive Order N-25-20 and the President's declaration of a national emergency, qualifying the City for assistance under the California Disaster Assistance Act and for reimbursement from the Federal Emergency Management Agency.

SECTION 21. Supersedes. This Resolution restates and supersedes the declaration of emergency set forth in Resolution No. 7713.

SECTION 22. Submissions. The City Clerk will transmit a copy of this Resolution at the earliest opportunity to the Los Angeles County Operational Area and the California Governor's Office of Emergency Services.

SECTION 23. Certification. The City Clerk will certify to the passage and adoption of this Resolution and its approval by the City Council and shall cause the same to be listed in the records of the City.

PASSED, APPROVED AND ADOPTED on this 2nd day of June 2021.

Diana Mahmud, Mayor

ATTEST:

APPROVED AS TO FORM:

Lucie Colombo, CMC, CPMC
City Clerk

Teresa L. Highsmith, City Attorney

**CITY OF SOUTH PASADENA
CITY CLERK'S DIVISION**

**CERTIFICATION
OF
RESOLUTION**

**STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF SOUTH PASADENA)**

I, Lucie Colombo, CMC, CPMC, City Clerk of the City of South Pasadena, do hereby certify that Resolution No. _____, was duly and regularly approved and adopted at a Regular meeting of the City Council on this 2nd day of June 2021, by the following votes as the same appears on file and of record in the Office of the City Clerk.

AYES:

NOES:

ABSENT:

ABSTAIN:

LUCIE COLOMBO, CMC, CPMC
City Clerk



City of South Pasadena Management Services

Memo

Date: June 3, 2021

To: The Honorable City Council

Via: Armine Chaparyan, City Manager

From: Lucy Demirjian, Assistant to the City Manager

Re: [June 2, 2021] City Council Meeting Item No. 14 Additional Document –
**Approval of a Professional Services Agreement with Pasadena Humane
Society and SPCA for Animal Control Services until June 30, 2026, for an
Amount Not-to-Exceed \$894,217**

Attached is Exhibit A providing the scope of services for the animal control services contract for your consideration.

EXHIBIT A

Scope of Services

1.0 Scope of Services

1.1. Background

Pasadena Humane shall provide all services necessary to perform the requirements specified in this Scope of Services (SOS).

1.2 Scope of Services

Pasadena Humane will provide all staffing, equipment, and supplies needed to provide animal care and control services and will adhere to applicable federal, State and local laws, statutes, and ordinances regarding the humane care and treatment of animals. Animal care and control services will include: field services, sheltering services, medical services, reporting, and community programming and other services, including the following tasks:

A. Field Services

Activities involve trained field officers and dispatchers performing a variety of duties utilizing appropriate equipment. Services include:

- Receive calls for service 24 hours per day, seven days per week through either Pasadena Humane dispatch or after-hours answering service and dispatch staff for field response as appropriate;
- Respond to priority one calls no later than 90 minutes from dispatch, with 80% of all priority one calls responded to within 45 minutes of dispatch, 24 hours per day. Priority one calls include:
 - Seemingly vicious or dangerous animals that pose a public safety threat,
 - incidents in which a person has been injured by an animal at large,
 - calls regarding sick or injured animals at large, (both domestic and wild),
 - emergency situations that cannot be handled by on-duty police officers requiring animal control assistance,
 - requests for law enforcement support in cases such as animals of deceased persons or legally detained individuals,
 - predatory wildlife which pose a danger to the public until such time as California Fish and Wildlife can respond and clear the call,
 - loose livestock,
 - pick up of dead animals at the request of a police officer or City official when such service cannot be reasonably delayed until the next normal business day due to exigent circumstances such as public endangerment, attractive nuisance, or a shock to the public, and
 - any other clearly exigent circumstance.
- Respond to routine calls for service, such as dogs at large, abuse/neglect complaints, and dead animals, within two hours between, 8am to 8pm seven days per week. Routine calls received during non-business hours shall be handled by Pasadena Humane during the next business day.

- Assist and support the City's law enforcement operations when there may be animal related concerns. This includes but is not limited to providing animal control support during the execution of arrest and search warrants both inside and outside the City limits. The humane officer shall participate in the pre-warrant briefing in circumstances in which the City anticipates animal related concerns in advance. Pasadena Humane shall authorize at least one Level 1 Humane Officer, as defined in California Corporation Code 14502 for this purpose.
- Attempt to return lost owned dogs with discernible form of owner identification to owner, or if owner cannot be located, impound;
- Healthy community cats, defined as cats who are free-roaming, or feral, or outdoor barn or working cats who have no discernible form of ownership identification may be accepted for the purpose of spay/neuter, and if deemed appropriate by Pasadena Humane returned to their neighborhood/home territory, commonly referred to as TNRM (trap-neuter-return-monitor);
- Remove dead land animals (limited to a maximum of 150 pounds) from public and private property and dispose of these animals (a reasonable fee may be charged for removal of dead animals from private property);
- Dispatch an officer to assist with an owned pet surrender when there are exigent circumstances and/or after determining there are no reasonable means for a pet owner to bring their animal to shelter (a reasonable fee may be charged to the pet owner);
- Share information with the public to assist community members with resources and tools to improve or maintain the health and welfare of animals in the community;
- Enforce all animal related local ordinances, County codes and State laws. Issue administrative or criminal citations as appropriate. City agrees to furnish Pasadena Humane with a sufficient quantity of citation forms to perform this service.
- Investigate cases for possible criminal prosecution, including misdemeanor and felony crimes. Collect evidence, prepare reports, and testify in court and other hearings if necessary;
- Investigate animal nuisance complaints such as excessive barking and other violations. Provide investigative reports to the appropriate city entity for review and appropriate action.
- Investigate reports of animal bites and, for City of Pasadena, quarantine animals for rabies observation for ten days from the time of the bite at their owner's residence, or pick up and hold the animal in quarantine at the Pasadena Humane shelter in an individual kennel where the animal will not have direct contact with other animals during its quarantine period. For animals outside of South Pasadena notify the Los Angeles County Department of Rabies Control program so that their inspectors may quarantine the animal and, if desired, direct Pasadena Humane to house the animal during the quarantine period. If the animal should die during the quarantine period, Pasadena Humane shall immediately contact the presiding Public Health / Department of Health Services, as well as the animal's owner, if known.

- To the extent that aid is requested, available and necessary, respond to emergencies such as fires, earthquakes, floods, and other natural or manmade disasters to rescue and temporarily house animals, or to provide care for animals in evacuation zones. Pasadena Humane will not be obligated to provide aid and assistance where such provision would be disproportionately detrimental to the health, safety or welfare of its employees or the communities it serves.
- In the case of an emergency call by the City Police Department to impound a legally detained individual's property, Pasadena Humane may assess a reasonable impoundment fee to the owner of the animal, to be collected at the time of pick-up. If any governmental entity, including the City, requests Pasadena Humane society to impound a particular animal or animals to be held as evidence in a jurisdictional proceeding or for any other purpose, Pasadena Humane may assess a reasonable impound fee to such governmental entity for any impound period for those species of animals not kept, stored, fed, maintained, or housed in the ordinary course or scope of business as an animal shelter (i.e. animals other than dogs, cats, rabbits, or other small pets).
- Provide "Directed Patrol Services" as requested by the City, defined as patrol services intended for a specific area or problem for a limited duration for the purpose of addressing enforcement issues relating to animals.
- When healthy kittens are found or reported, Pasadena Humane may ask the finding party to monitor the litter and/or ask the finder to foster and/or impound kittens. Any sick, injured or unhealthy kittens will be impounded by Pasadena Humane.

Please note, Pasadena Humane does not respond to calls regarding healthy non-predatory wildlife.

B. Shelter Services

Represents services provided by Pasadena Humane to meet the needs of animals collected in the field within the boundaries of the City and animals relinquished or turned in at the Pasadena Humane facility that have originated within the boundaries of the City. Services are dedicated to providing: a comfortable and safe environment for all animals admitted regardless of how they came in, when they came in, or their age, health status and behavior, as well as providing accessibility to the public to obtain services and/or reclaim pets. Services include:

- Provide food, water, and shelter for impounded animals daily, seven days per week;
- Provide species-appropriate sheltering and enrichment to ensure sheltered pets are able to rest comfortably and are free to express normal behavior;
- Provide behavior assessment and attempt to remediate problem behaviors;
- Attempt to reunite lost pets with their owners;
- Make best efforts to place every healthy and safe animal;
- Animals found within the City may be turned in by appointment during regular business hours at the Pasadena Humane facility. Members of the public looking to turn in a found animal may, at the discretion of Pasadena Humane, be asked to help locate the owner by, including and not limited to, posting signs, checking

with neighbors, utilizing social media, up to when appropriate and safe holding the animal while performing the above actions;

- After all other resources or alternatives have been exhausted and when impound is deemed the best agreed upon outcome for community members seeking assistance with their pet, owned animals may be surrendered at the shelter, by appointment based on capacity. Pasadena Humane will make every effort to collect a reasonable fee from owners surrendering their pets.
- Where appropriate, healthy cats may be accepted for the purpose of spay/neuter, and if deemed appropriate by Pasadena Humane safely and appropriately returned to their neighborhood/home territory, commonly referred to as TNRM (trap-neuter-return-monitor);
- Quarantine and observe animals for rabies and other diseases at the direction of the Department of Public Health;
- Provide emergency response to pets displaced by wildfires or other disasters;
- Hold animals that are the subject of criminal investigations or other legal or administrative proceedings;
- Provide euthanasia services to impounded animals as deemed appropriate;
- Properly dispose of deceased animals;
- Maintain a website with pictures of impounded and surrendered animals to facilitate reuniting the animals with their owners or finding new adoptive homes;
- Return any animal to the animal's owner or return cats to their neighborhood/home territory with or without impoundment if it is deemed by Pasadena Humane to be the best outcome for the animal;
- Maintain regular hours of operation for the public seeking an appointment to find a lost pet, impound a found pet, or surrender an owned pet;
- Microchip all dogs, cats and rabbits prior to reunification or placement, unless exigent circumstances such as animal illness delay or prevent service;
- When healthy kittens are brought to the shelter, Pasadena Humane may ask the finding party to monitor the litter and/or ask the finder to foster and/or impound kittens. Any sick, injured or unhealthy kittens will be impounded by Pasadena Humane.

C. Medical Services

Represents services dedicated to providing medical services to animals in the shelter.

Services include:

- Provide access to licensed veterinary medical care, 24 hours per day, 7 days per week for impounded and sheltered animals;
- Provide limited health screening examinations and, if deemed necessary by a shelter veterinarian, treatment to all animals entering the shelter.
- Provide core vaccinations to cats and dogs and provide medical care to sheltered animals to ensure freedom from pain, injury or disease, and in accordance with standards of care set by the Association of Shelter Veterinarians Guidelines for Standards of Care in Animal Shelters.
- Perform spay and neuter services for all dogs, cats and rabbits, unless a veterinarian certifies that the animal is too sick or injured, or that it would otherwise be detrimental to the health of the animal, to be spayed or neutered.

D. Reporting

To ensure transparency Pasadena Humane will file annual reports to the State as required by law. Pasadena Humane will also provide the City with its audited financial reports covering the terms of this Agreement. The preparer of Pasadena Humane's audited financial reports shall satisfy the City as to the reasonableness, accuracy, and completeness of the audited financial reports.

Pasadena Humane will provide the City with a monthly report that includes a summary of operations and activities, including the following:

- Numbers of stray and deceased animals picked up in City
- Animal control activities by type
- Number of animal control service calls responded to within the City, including type of service.
- Impound reports by species, wild and domestic
- Animal intake total broken down by species for stray, seized, surrendered by owner, or otherwise, as well as duration of stay
- Animal final disposition/outcome broken down by species with an animal description, including returned to owner, adopted, transferred to another agency, returned to field, died or lost in shelter, and euthanized
 - Euthanization data will include reason for euthanization
- Kennel inventory
- Summary of licensing outreach activities.
- Number of low-cost spay and neutering services provided, including species, provided to City residents
- Fee reports itemizing all license, impound, and other fees and penalties collected by Pasadena Humane

Pasadena Humane will also provide an annual operations report summarizing services performed and operations conducted by Pasadena Humane during the prior year. Stratified as to the geographic source of performance factor (i.e., the Cities of Arcadia, Bradbury, La Cañada Flintridge, Monrovia, Pasadena, San Marino, Sierra Madre, and South Pasadena).

Incident Reporting

Incident reports, such as allegations of animal bites or "nuisance animal" are provided to the Health Department, City Attorney's Office, and/or Code Compliance Office (depending on jurisdiction) for consideration of scheduling a hearing.

E. Community Programming & Other Services

Pasadena Humane is a safety net for the community's animals in need. As such, at no cost to the City, Pasadena Humane shall provide community education and diversion programs to promote: a) companion animals residing in loving families, and b) peaceful co-existence with wildlife. Services will include:

- Provide low-cost public spay/neuter, vaccination clinics, and microchipping services;

- Based on availability of resources, provide emergency services to pet owners in distress, such as a pet-food pantry and temporary boarding;
- Offer public education in animal behavior and animal training classes;
- Operate humane education programs for youth;
- Offer wildlife education through a variety of platforms;
- As one of only two shelters in Southern California licensed to provide wildlife rehabilitation, offer rehabilitation services to injured and orphaned wildlife when there is a high probability that the animal can successfully be returned for survival in the wild after rehabilitation;
- Issue City animal licenses for rabies vaccinated pets in compliance with terms contained in Professional Services Agreement for Animal Shelter and Animal Control Services .

Pasadena Humane may charge the public fees, or waive fees with the exception of licensing fees, for these services at its sole discretion.

City agrees to promote licensing, vaccination, spay/neuter, and microchipping of pets through City channels and forums, including and not limited to social media, website and printed materials at relevant City offices.

Regular City Council Meeting
E-mail Public Comment 06/02/2021

AGENDA ITEM NO. 2
General Public Comment

1. Ann Rector
2. Will Hoyman
3. PJ Lutz
4. Carolyn Flemming
5. Bianca Richards
6. Dean Sheldon Serwin

From: Ann Rector <[REDACTED]>
Sent: Monday, May 31, 2021 10:19 AM
To: City Council Public Comment <ccpubliccomment@southpasadenaca.gov>
Subject: Public Comment June 2, 2021 - Orange Grove Ave. traffic concerns

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

My name is Ann Rector and I own a home at [REDACTED]. My family has lived here since 1960. My comment is for a non-agendized item.

I urge you to conduct a **traffic study on Orange Grove Ave. between Columbia St. and the 110 Freeway which is approximately one-quarter of a mile.** There are numerous police reports documenting traffic and pedestrian accidents. More than 4 street lamps have been destroyed. The median has repeatedly been destroyed. I have presented my concerns annually to this Council for 3 years.

The merge of two lanes into one, as traffic travels south on Orange Grove Ave. below Columbia St., is dangerous and consequential. Thousands of cars daily travel this route. I have witnessed the dangers over my lifetime. Illegal freight trucking on Orange Grove Ave. only contributes to the danger and noise pollution. Speeding is a chronic problem.

I have presented my concerns to the Mobility, Transportation, and Infrastructure Commission. I appreciate the efforts of Larry Abelson to collaborate with me. I understand strategies are being considered such as signage warning cars of the merge. To date, there are NO warning signs north of Columbia St., of the merge from two lanes to one lane, as cars travel south from Pasadena into South Pasadena at Columbia St. There is a "slippery when wet" sign. A traffic study would provide key data and suggest appropriate and safe solutions.

There were two more traffic accidents / incidents over the Memorial Day weekend. I had to call the South Pasadena police twice. Many of my neighbors feel the same way and have already submitted their public comment to the MTIC Commission. Please support a traffic study on Orange Grove Ave. between Columbia St. and the 110 FWY. The next accident could be another "Tiger Woods" type accident that happened in Pacific Palisades. That type of media attention would not be good for So. Pas.

Thank you,
Ann Rector

From: WILLIAM HOYMAN <[REDACTED]>
Sent: Tuesday, June 1, 2021 2:52 PM
To: City Council Public Comment <ccpubliccomment@southpasadenaca.gov>
Subject: Public Comment--Orange Grove Traffic Calming and Enforcement

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good evening, some of this open letter was read at the previous meeting, but since it exceeded 250 words, it wasn't heard in its entirety, however this is important and my business has been a contributing member of this community for over a quarter century.

My name is Will Hoyman and I own the Bissell House Bed & Breakfast at the corner of Orange Grove and Columbia. This landmark historic property has been a cherished business in the city for over 26 years, and was built the year before South Pasadena was born as a city. We have been providing a first glimpse of our beautiful community for all of these years, hosting scores of visiting guests, many of whom have never been to our area, and we also are grateful to provide an escape for local residents, or extra rooms for their visiting family and friends, as needed. In recent years, we have noticed an unfortunate increase in the volume, noise and speed of vehicles passing through the city, most of whom are not stakeholders in our community. At times it has rendered this important intersection unsafe to both other drivers and to pedestrians. Most tragically, individuals were struck by a vehicle and their dog killed in recent years. The introduction of the "two into one" merging lanes on the southbound side of Orange Grove, has provided an unintended incentive for many drivers to attempt to race from the stoplight, in order to gain the first position in front of neighboring vehicles. This has added immensely to the noise pollution as a result and further increased dangerous speeding, into what is a narrowing, one lane, downhill and winding residential neighborhood road. This year, a vehicle crashed over the sidewalk, into my property, destroying an entire expensive row of privacy hedges, and narrowly missing parked vehicles by inches. There is also a problem of racing vehicles and motorcycles with high decibel exhausts, and blaring music. We feel that it is time to implement traffic calming measures, as well as increasing regular patrols for violations on this stretch of road. I would like to potentially see stop signs installed at Oliver Street and/ or Prospect Drive. This would dramatically reduce speeding on Orange Grove, which was never intended to behave as a highway, but rather as a grand and iconic boulevard. I would also like consideration of restoring the one lane aspect of Orange Grove, beginning at Columbia Street, on the southbound side. It is only 2 lanes for a very brief portion, anyhow. We are more than happy to provide unfettered access to South Pasadena and Pasadena Police personnel on our property, in order for them to have an advantaged position for traffic monitoring and enforcement. Many who visit our beautiful city and neighboring Pasadena first see it by way of our historic Orange Grove Avenue and Boulevard. Let's reclaim that important heritage and reassert the grandeur of this iconic road once again. Thank you kindly for your time and consideration.

Kindly,

Will Hoyman
Proprietor

Direct: [REDACTED]

The Bissell House Bed & Breakfast

[REDACTED]
South Pasadena, CA 91030

www.BissellHouse.com

[REDACTED]

From: PJ Lutz <[REDACTED]>
Sent: Tuesday, June 1, 2021 5:50 PM
To: City Council Public Comment <ccpubliccomment@southpasadenaca.gov>
Subject: Comment on Finance Committee item

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

I am commenting on the rejection of a request by the library to retain an existing position in the 2021-2022 budget.

Our library is already operating with a bare-bones staff (currently only 9 full-time employees, when recently it was 11). Moreover, the Support Services staffing has never been reorganized in response to the extensive technological changes of the last 20 years or so. Those services are the backbone of modern library services.

Currently, the integrated library system which all of the library services is based on is understood by one employee. If that person fell ill or resigned, the library would have to depend on costly professional services to maintain functionality. It makes much more sense to return the requested position, so that the library can have a second full-time employee with technological expertise on staff. It would also allow the library to offer additional services, such as kiosks for laptop lending, holds pick-up, wifi hotspot lending and more.

In a recent survey conducted by the city regarding more important services, our local citizens ranked library services in the top 5 - above even police services. It is clear we should be increasing our city's investment in our library, not decreasing it.

PJ Lutz

--

P.J. Lutz (she/her)

[REDACTED]

From: Carolyn Flemming <[REDACTED]>
Sent: Wednesday, June 2, 2021 12:11 PM
To: City Council Public Comment <ccpubliccomment@southpasadenaca.gov>
Subject: 2021/2022 City Budget - general comment regarding an item not on the Agenda

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Council Members and City Manager:

As an ex-member of the Library Board of Trustees, a retired librarian, and a concerned member of the community I am writing to ask that you seriously reconsider your decision to reduce the Library's full-time staff from 10 to 9 by eliminating the Assistant Director position. While a city the size of South Pasadena does not typically require an Assistant Director of Libraries, I strongly believe that the position should be reallocated, rather than eliminated. I am dismayed at the implication that the Library will be able to function at its current high level despite the second cut in full-time staff in 7 years. If, however, in the face of diminished funding and Covid pressures, it is determined that the reallocated position cannot be filled this year, please consider keeping it on the books as a frozen position and funding it next year.

Background: About 7 years ago the number of full-time positions in the Library was reduced from 11 to 10. Two years later a Library Operations Study of how to improve the use of resources to better meet the goals of its strategic plan was received and filed by Council (May 4, 2016). Among its 56 recommendations the Study proposed creating a new Assistant Director position. Based on discussions and documents presented at Library Board of Trustee meetings which I attended in early 2016, the position was to be an added one, implying that it would raise the number of FT staff back to 11 although no funds or costs were identified. In fact, the consultant who prepared the Study (Joe Matthews) responded to Council's questions about the fiscal impact of the Study by stating that "the costs noted did not include those for new staff or changes to staffing." Within the next fiscal year it was determined to create the new position by reallocating vacancies (there were three at the time) rather than requesting new funds. Thus, the new Assistant Director position didn't increase the FT staff size at all. The total number remained at 10.

The proposed 2021/2022 budget for the Library does not include the Assistant Director position, but neither has it reinstated or reallocated the position lost in creating the AD position. Please realize the probable impact of this further, and perhaps unintended, reduction in staff. Despite the depth of commitment from Library staff it is only realistic to expect that this latest reduction in size will hamper their ability to serve the community as they should and have been doing. The community deserves better.

Thank you for your consideration,
Carolyn Flemming

([REDACTED])

From: Bianca Richards <[REDACTED]>
Sent: Wednesday, June 2, 2021 1:10 PM
To: City Council Public Comment <ccpubliccomment@southpasadenaca.gov>
Subject: General Public Comment for June 2, 2021 Council meeting re: Proposed FY 21-22 Budget

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Thank you for continuing to take public comment on the 2021-22 budget proposal. At the May 19 City Council meeting and the May 27 Finance Commission, it seemed that residents are being listened to and some of this public input has already been incorporated into the budget proposal. One example of that is the Care First Budget Proposal.

I am very pleased to see that a Crisis Intervention Response Team is in the planning stages and I would have to agree with the Care First group that this service should be outside of law enforcement and housed under Fire Department or Community Services.

Since I am familiar with the library, I want to highlight some areas of the 2021-21 budget proposal regarding library services. Full disclosure, I am currently the President of the Board of Trustees but my comments are from me -- a life long resident of the community who is very engaged in city government and commissions. I carefully read over the budget proposal and was disappointed in budget allocations for the library.

The city encouraged residents to take a survey regarding budget priorities and thanks to Sally Kilby (who did some data crunching) I want to draw attention to the fact that residents found library services very important. (See Sally's chart below)

Survey of city residents on 2021-22 budget

<https://www.southpasadenaca.gov/government/departments/finance>

Respondents were asked to rank 16 city services from 1 to 5. They were asked, "How important are these services?" Five was the most important and 1 was the least important. What follows are the number of responses ranked 4 or 5 for each service. (A total of 233 individuals participated, April 8-May 4, 2021.)

Transportation, streets, signals, roadway and sidewalk maintenance	212
Utility services – water & sewer	208

Fire protection and paramedic services	198
Open space & parks	186
Library services & programming	156
Environmental sustainability programs	151
Policing services and public safety programs	149
Economic development/business retention and attraction	146
Youth recreational programs	133
Planning & community development	127
Affordable housing policies & programs	114
Information Technology	107
Adult/senior recreational programs	100
Public arts programs	99
Community events & programming	96
Bicycle amenities	80

Comments listing important services related to the library :

- Updated library
- Funding library programs and renovation
- Library film program
- Literacy, children and adults
- Central info source for homelessness, mental health services
- Invest in staffing
- Expand high-speed internet access for all residents

The survey results really do reflect the library's value to the community. One notable budget detail is the significant reduction in Operations & Maintenance which is the bulk of library services. I was dismayed to see this and urge the city council to restore O&M to pre-pandemic levels.

As one can see, library services are rated higher than policing; clearly, the survey results don't justify the increase in police budget and staffing. I would rather see a police-hiring freeze and then commit those monies to library services.

Increase in staffing mirrors the table ranking - Public Works, Planning and Community Development, Management Services all got increases in staffing but Library Services, Environmental sustainability programs and open space and parks did not.

Barbara Eisenstein's public comment email from May 19 directly commented on environmental issues and the Nature Park specifically. I hope City Council rereads her valuable email and incorporates some of her ideas in the budget.

As I was reading through the budget proposal under Public Works Department-the Water & Sustainability Division acknowledges that it's responsible for sustainability, protecting the environment and natural resources. However, there seems to be no money to promote the initiatives and no specific personnel. As Barbara stated, there is a lack of attention and resources to The Nature Park and environmental sustainability programs.

Furthermore, Bill Kelly's public comment email dated May 26 deserves another thorough read-through. Many of his observations and comments need to be incorporated in the budget proposal. He highlights traffic concerns, economic development, police spending, affordable housing and designated reserve funds-all important issues in the city.

Finally I want to share some things after I read the budget proposal:

1) There needs to be clarity regarding Part-Time positions and the budget should explain why there are 18 hour positions and 28 hour positions. Library and Community Services rely heavily on part-time positions. But do the financial benefits of 18 hour employees outweigh the decrease in quality of services?

2) Senior Management Analyst: I am very pleased to see a dedicated position for seeking out grants but why is this position not under Finance Department? This position is responsible for managing, tracking, and reporting requirements for grants. It is also a keeper of records, documents and important dates again for grants. These duties sound like a function of Finance Department.

3) The pandemic showed how far behind in technology the city is and going forward are the many city services prepared to step up and communicate to the residents? Across all departments, does the budget adequately reflect operations & maintenance and capital outlay for technology?

Submitted by Bianca Richards

From: Dean Serwin <[REDACTED]>
Sent: Wednesday, June 2, 2021 2:07 PM
To: City Council Public Comment <ccpubliccomment@southpasadenaca.gov>
Subject: Public comment for tonight's City Council Meeting
Importance: High

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

I am respectfully submitting this public comment on a non-agenda item. To be read aloud at tonight's meeting of the South Pasadena City Council.

Please see attached.

Best

d

Serwin Media Group
Entertainment Consulting
Dean Sheldon Serwin, Attorney
[REDACTED]
South Pasadena, CA 91030-3311
[REDACTED]
www.deanserwin.com

NOTICE: This email message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply email and destroy all copies of the original message. Thank you.

Dean Serwin

Member, Library Board of Trustees, but speaking as a resident

General public comment on non-agenda items

June 02, 2021

To be read aloud

I would be here live on Zoom to make this comment, except I am with my twins who graduate today from SPSHS. My twins who are 16 year active users of the South Pasadena Public Library.

The city rejected the Library's request to retain an existing position in the 2021-22 budget. This is not a new position.

Roughly a month ago the city commissioned a survey and Library services was the 5th most important out of 16 city services.

Our library was 10 years behind technologically, and we have made great strides in the past four years to correct this. Libraries today are based on technology, and we need staff to make full use of the available technology. This is not possible without adequate, trained staff.

Modern libraries are based on complex technologies, and our library has only one staff member to manage the critical integrated library systems. The library needs a second staff member to ensure that technology is being fully leveraged to serve library customers.

The library's personnel budget previously decreased from 11 to 10, and now to 9 full-time employees. Operating a seven-day-a-week, 20,000+ visitors a month, 21st century library with 9 full-time employees is not feasible.

Regular City Council Meeting
E-mail Public Comment 06/02/2021

AGENDA ITEM NO. 13

**Review of “Hero Pay” Urgency Ordinance
Establishing Requirement and Associated Protections
for Grocery and Drug Retail Workers in the City and
Consideration of Ordinance Extension**

1. Tim James

From: Tim James <[REDACTED]>
Sent: Wednesday, June 2, 2021 6:55 PM
To: City Council Public Comment <ccpubliccomment@southpasadenaca.gov>
Subject: FW: Grocery Worker Pay

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Please accept the email and comments below opposed to an hazard pay extension. Thank you. Tim James

From: Tim James <[REDACTED]>
Date: Wednesday, June 2, 2021 at 6:52 PM
To: "cco@southpasadenaca.gov" <cco@southpasadenaca.gov>
Cc: "Cityclerk@southpasadenaca.gov" <Cityclerk@southpasadenaca.gov>
Subject: FW: Grocery Worker Pay

Councilmembers, On behalf of South Pasadena grocers we are strongly opposed to a renewal of hazard pay past the initial date. Extending hazard pay would only add to and worsen the negative impacts being felt by consumers and grocers. Additionally, any sense of hazard the council believed to exist when initially passing the ordinance does not continue to exist based on the current status of COVID-19 impacts. Furthermore, the Governor has announced the State of California will be reopening the economy and dropping health and safety mandates on June 15 due to considerably improved conditions. We urge you to not move forward with an extension for numerous policy and legal reasons. Thank you for your consideration. Tim James

From: Tim James <[REDACTED]>
Date: Tuesday, April 6, 2021 at 10:30 AM
To: "cco@southpasadenaca.gov" <cco@southpasadenaca.gov>
Cc: "Cityclerk@southpasadenaca.gov" <Cityclerk@southpasadenaca.gov>
Subject: Grocery Worker Pay

Councilmembers, please accept the attached letters and documents regarding the grocery pay ordinance. Please contact me directly to discuss. Thank you for your consideration. Tim

Timothy James
Director, Local Government Relations
California Grocers Association
[REDACTED]

April 6, 2021

The Honorable Diana Mahmud
Mayor, City of South Pasadena
1414 Mission Street
South Pasadena, CA 91030



RE: Grocery Worker Pay

Dear Mayor Mahmud,

On behalf of South Pasadena grocers, I write to ask the Council to not move forward with the proposed grocery worker premium pay ordinance given the numerous negative consequences to grocery workers, neighborhoods and the grocery industry. Based on the consequences experienced in other jurisdictions with similar ordinances, we must oppose the ordinance for both policy and legal reasons.

We agree that grocery workers serve a vital and essential role during the pandemic. They have worked tirelessly to keep stores open for consumers, allowing our communities to have uninterrupted access to food and medications. To protect our employees, grocery stores were among the first to implement numerous safety protocols, including providing PPE and masks, performing wellness checks, enhancing sanitation and cleaning, limiting store capacity, and instituting social distance requirements, among other actions.

On top of increased safety measures, grocery employees have also received unprecedented amounts of supplemental paid leave to care for themselves and their families in addition to already existing leave benefits. Grocers have also provided employees additional pay and benefits throughout the pandemic in various forms, including hourly and bonus pay, along with significant discounts and complimentary groceries. All of these safety efforts and additional benefits clearly demonstrate grocers' dedication and appreciation for their employees. Most importantly the industry has been fierce advocates for grocery workers to be prioritized for vaccinations. This is evident now that your county has been considering grocery workers a priority for weeks now and nearly every grocery worker has the opportunity to be vaccinated.

Unfortunately, a Grocery Worker Pay ordinance would mandate grocery stores provide additional pay beyond what is feasible, which would severely impact store viability and result in increased prices for groceries, limited operating hours, reduced hours for workers, fewer workers per store, and most concerning, possible store closures. These negative impacts from the ordinance would be felt most acutely by independent grocers, ethnic format stores, and stores serving low-income neighborhoods. The Cities of Los Angeles, Long Beach and Seattle, who have passed a similar ordinance, have already suffered the permanent loss of several full-service grocery stores as direct result.

We request the City of South Pasadena perform an economic impact report to understand the true impacts of this policy. If you choose not to understand specific impacts for South Pasadena, then we refer you to the economic impact report from the City of Los Angeles Legislative Analyst Office and the San Francisco Office of the Controller. These reports make it clear that the impact of this policy will severely impact workers, consumers, and grocery stores.

In their own words the Los Angeles City Legislative Analyst clearly states that grocery "companies would be required to take action to reduce costs or increase revenue as the labor increase will eliminate all current profit margin." The report recognizes that "affected companies could raise prices to counteract the additional wage cost." This type of ordinance would put "more pressure on struggling stores (especially independent grocers) which could lead to store closures" and that "the closure of stores could lead to an increase in 'food deserts' that lack access to fresh groceries."

The San Francisco Controller's Office in their Economic Impact Report urges decision-makers to consider "the distributional impact of having local consumers, including low-income households, pay for wage mandates that lead to higher labor costs for business." The report identifies the ordinance will "possibly lead to reduced employment and higher consumer prices.

April 6, 2021

PAGE 2



These costs would generate negative multiplier effects on other local industries and sectors of the local economy.” The report also identifies “a decline in employment of 164 jobs.”

These are all scenarios we know everyone in the community wants to avoid, especially during a pandemic. This is why we are asking the Council to not move forward with this policy and, instead, focus on making sure all grocery workers are provided the vaccine.

Specific to ordinance language, there are numerous policy and legal issues which unnecessarily single out the grocery industry and create significant burdens. The ordinance fails to recognize the current efforts grocers are making to support their employees and requires grocers add significant costs on to existing employee benefit programs.

Furthermore, passing this ordinance improperly inserts the city into employee-employer contractual relationships. The ordinance also ignores other essential workers, including city employees, that have similar interaction with the public. Taken in whole, this ordinance is clearly intended to impact only specific stores within a single industry and fails to recognize the contributions of all essential workers. Based on language specifics, this ordinance misses a genuine effort to promote the health, safety and welfare of the public.

Emergency passage of the ordinance also ignores any reasonable effort for compliance by impacted stores, as several grocery stores will be operating at the time of passage. By implementing the ordinance immediately there is literally no time to communicate to employees, post notices, adjust payroll processes, and other necessary steps as required by California law. Coupled with the varied enforcement mechanisms and significant remedies outlined, the passage of this ordinance would put stores into immediate jeopardy. This scenario is yet another negative consequence resulting from the lack of outreach to grocers and the grocery industry to understand real world impacts.

Grocery workers have demonstrated exemplary effort to keep grocery stores open for South Pasadena. This why the grocery industry has provided significant safety measures and historic levels of benefits that include additional pay and bonuses. It is also why vaccinating grocery workers has been our first priority. Unfortunately, this ordinance is a significant overreach of policy and jurisdictional control. This will result in negative consequences for workers and consumers that will only be compounded by the pandemic.

We respectfully implore the Council to not move forward with the grocery worker pay ordinance at this time. We encourage you to recognize and understand the impacts of this ordinance on workers and the community by accepting our invitation to work cooperatively with South Pasadena grocers. If Council must bring the ordinance forward for a vote at this time we ask you to oppose its passage. CGA is submitting additional information from our legal counsel for your consideration.

Thank you for your consideration and we look forward to being able to combat the pandemic in partnership with the City of South Pasadena.

Sincerely,


Timothy James
California Grocers Association

CC: Members, South Pasadena City Council
City Clerk, City of South Pasadena

[REDACTED]
[REDACTED]
[REDACTED]
TELEPHONE: [REDACTED]
FACSIMILE: [REDACTED]
WWW.MOFO.COM

April 6, 2021

Writer's Direct Contact

+1 [REDACTED]
[REDACTED]

Via Email

The Honorable Diana Mahmud
City Council
1414 Mission Street
South Pasadena, California 91030

Re: Hazard Pay for Grocery Workers Ordinance

Dear Council Members:

We write on behalf of our client, the California Grocers Association (the "CGA"), regarding the proposal on the City Council's April 7, 2021 agenda to consider a "hazard pay" ordinance for grocery workers in South Pasadena. Any hazard pay ordinance will compel grocers in South Pasadena to spend less on worker and public health protections in order to avoid losses that could lead to closures. In addition, an ordinance would interfere with the collective-bargaining process protected by the National Labor Relations Act (the "NLRA"), and unduly targets certain grocers in violation of their constitutional equal protection rights. We respectfully request that the City Council take a careful and considered look at these issues before making any decision on a hazard pay ordinance.

Hazard pay ordinances do not address frontline workers' health and safety. The purported purpose of these ordinances are to protect the public health and safety, but these ordinances as proposed in every city have been devoid of any requirements related to the health and safety of frontline workers or the general public and instead imposes costly burdens on certain grocers by requiring them to provide mandatory wage increases of up to \$5.00 per hour for all hours worked. A wage increase does not play any role in mitigating the risks of exposure to COVID-19, nor is there any evidence that grocery store workers are exposed to higher risks than other essential workers. If anything, an ordinance could increase those risks, as it may divert funds that otherwise would have been available for grocers to continue their investments in public health measures recognized to be effective: enhancing sanitation and cleaning protocols, limiting store capacity, expanding online orders and curbside pickup service, and increasing spacing and social distancing requirements.

These ordinances choose winners and losers among frontline workers in mandating wage increases. Other retail and health care workers are ignored, despite the fact that those same workers have been reporting to work since March.

Hazard pay ordinances are unconstitutional. By mandating hazard pay, the City would improperly insert itself into the middle of the collective bargaining process protected by the National Labor Relations Act. Grocers have continued to operate, providing food and household items to protect public health and safety. In light of the widespread decrease in economic activity, there is also no reason to believe that grocery workers are at any particular risk of leaving their jobs, but even if there were such a risk, grocers would have every incentive to increase the workers' compensation or otherwise bargain with them to improve retention. A hazard pay ordinance would interfere with this process, which Congress intended to be left to be controlled by the free-play of economic forces. *Machinists v. Wisconsin Employment Relations Comm'n*, 427 U.S. 132 (1976).

For example, in *Chamber of Commerce of U.S. v. Bragdon*, the Ninth Circuit Court of Appeals held as preempted an ordinance mandating employers to pay a predetermined wage scale to employees on certain private industrial construction projects. 64 F.3d 497 (9th Cir. 1995). The ordinance's purported goals included "promot[ing] safety and higher quality of construction in large industrial projects" and "maintain[ing] and improv[ing] the standard of living of construction workers, and thereby improv[ing] the economy as a whole." *Id.* at 503. The Ninth Circuit recognized that this ordinance "differ[ed] from the [a locality's] usual exercise of police power, which normally seeks to assure that a minimum wage is paid to all employees within the county to avoid unduly imposing on public services such as welfare or health services." *Id.* at 503. Instead, the ordinance was an "economic weapon" meant to influence the terms of the employers' and their workers' contract. *Id.* at 501-04. The Ninth Circuit explained that the ordinance would "redirect efforts of employees not to bargain with employers, but instead, to seek to set specialized minimum wage and benefit packages with political bodies," thereby substituting a "free-play of economic forces that was intended by the NLRA" with a "free-play of political forces." *Id.* at 504.

While the City has the power to enact ordinances to further the health and safety of its citizens, it is prohibited from interfering directly in employers' and their employees' bargaining process by arbitrarily forcing grocers to provide wages that are unrelated to minimum labor standards, or the health and safety of the workers and the general public. While minimum labor standards that provide a mere backdrop for collective bargaining are consistent with the NLRA, local laws such as a hazard pay ordinance, which effectively dictate the outcome of the collective bargaining process, are preempted. An ordinance such as the one proposed here imposes unusually strict terms on a narrow band of businesses without any allowance for further bargaining. By enacting an ordinance such as this, the City would end any negotiations by rewriting contracts.

Hazard pay ordinances also violate the U.S. Constitution and California Constitution's Equal Protection Clauses (the "Equal Protection Clauses"). The Equal Protection Clauses provide

for “equal protections of the laws.” U.S. Const. amend. XIV, § 1; Cal. Const. art I, § 7(a). This guarantee is “essentially a direction that all persons similarly situated should be treated alike” and “secure[s] every person within the State’s jurisdiction against intentional and arbitrary discrimination, whether occasioned by express terms of a statute or by its improper execution through duly constituted agents.” *City of Cleburne v. Cleburne Living Center*, 473 U.S. 432, 439 (1985); *Village of Willowbrook v. Olech*, 528 U.S. 562, 564 (2000). No law may draw classifications that do not “rationally further a legitimate state interest.” *Nordlinger v. Hahn*, 505 U.S. 1, 10 (1992). By requiring that any classification “bear a rational relationship to an independent and legitimate legislative end, [courts] ensure that classifications are not drawn for the purpose of disadvantaging the group burdened by law.” *Romer v. Evans*, 517 U.S. 620, 633 (1996).

As discussed above, these ordinances unfairly target traditional grocery companies and ignore other generic retailers and other businesses that employ frontline workers. *See Fowler Packing Co., Inc. v. Lanier*, 844 F.3d 809, 815 (9th Cir. 2016) (“[L]egislatures may not draw lines for the purpose of arbitrarily excluding individuals,” even to “protect” those favored groups’ “expectations.”); *Hays v. Wood*, 25 Cal. 3d 772, 786-87 (1979) (“[N]othing opens the door to arbitrary action so effectively as to allow [state] officials to pick and choose only a few to whom they will apply legislation and thus to escape the political retribution that might be visited upon them if larger numbers were affected.”). Moreover, as an ordinance that would impinge on fundamental rights to be free of legislative impairment of existing contractual agreements, this ordinance would be subject to heightened scrutiny by courts. *See, e.g., Plyler v. Doe*, 457 U.S. 202, 216 (1982); *Hydrick v. Hunter*, 449 F.3d 978, 1002 (9th Cir. 2006); *Long Beach City Employees Ass’n v. City of Long Beach*, 41 Cal.3d 937, 948 (1986). The City’s unilateral modification of contractual terms governing wages and hours of grocery employees would go to the very heart of bargained-for agreements.

For the reasons discussed above, we respectfully request that the City Council reject any proposal for a hazard pay ordinance.

Sincerely,



William F. Tarantino

Cc: South Pasadena City Council
Michael A. Cacciotti
Evelyn G. Zneimer
Jack Donovan
Jon Primuth

Consumer and Community Impacts of Hazard Pay Mandates

January 2021

Prepared for:

California Grocers Association

Prepared by:

Brad Williams, Chief Economist

Michael C. Genest, Founder and Chairman

Capitol Matrix Consulting

About the Authors

The authors are partners with Capitol Matrix Consulting (CMC), a firm that provides consulting services on a wide range of economic, taxation, and state-and-local government budget issues. Together, they have over 80 years of combined experience in economic and public policy analysis.

Mike Genest founded Capitol Matrix Consulting (originally Genest Consulting) in 2010 after concluding a 32-year career in state government, which culminated as Director of the California Department of Finance (DOF) under Governor Arnold Schwarzenegger. Prior to his four-year stint as the Governor's chief fiscal policy advisor, Mr. Genest held top analytical and leadership positions in both the executive and legislative branches of government. These included Undersecretary of the Health and Human Services Agency, Staff Director of the Senate Republican Fiscal Office, Chief of Administration of the California Department of Corrections and Rehabilitation, and Director of the Social Services section of California's Legislative Analyst's Office.

Brad Williams joined Capitol Matrix Consulting in 2011, after having served in various positions in state government for 33 years. Mr. Williams served for over a decade as the chief economist for the Legislative Analyst's Office, where he was considered one of the state's top experts on the tax system, the California economy, and government revenues. He was recognized by the Wall Street Journal as the most accurate forecaster of the California economy in the 1990s, and has authored numerous studies related to taxation and the economic impacts of policy proposals. Immediately prior to joining CMC, Mr. Williams served as a consultant to the Assembly Appropriations Committee, where he advised leadership of the majority party on proposed legislation relating to taxation, local government, labor, and banking.

Table of Contents

EXECUTIVE SUMMARY 4

INTRODUCTION..... 6

BACKGROUND — GROCERY IS A LOW-MARGIN, HIGH-LABOR COST BUSINESS 6

 COVID-19 TEMPORARILY BOOSTED PROFITS 6

 BUT THE INCREASES ARE SUBSIDING 7

 MANY STORES INCUR LOSSES IN NORMAL YEARS 8

 MANDATED WAGE INCREASES WOULD PUSH MOST STORES INTO DEFICITS..... 8

POTENTIAL IMPACTS ON CONSUMERS, WORKERS AND COMMUNITIES 8

 HIGHER COSTS PASSED ALONG TO CONSUMERS 9

 HIGHER COSTS ARE OFFSET BY JOB AND HOURS WORKED REDUCTIONS 9

 SOME COMMUNITIES WOULD LIKELY BECOME FOOD DESERTS 10

CONCLUSION 11

Executive Summary

Hazard-pay mandates passed in the City of Long Beach and under consideration in the City of Los Angeles and in other local jurisdictions would raise pay for grocery workers by as much as \$5.00 per hour. Since the average pay for grocery workers in California is currently about \$18.00 per hour, a \$5.00 increase would raise store labor costs by 28 percent, and have major negative impacts on grocery stores, their employees and their customers. Specifically:

- Average profit margins in the grocery industry were 1.4% in 2019, with a significant number of stores operating with net losses. While profits increased temporarily to 2.2% during early to mid 2020, quarterly data indicates that profit margins were subsiding to historical levels as 2020 drew to a close.
- Wage-related labor expenses account for about 16 percent of total sales in the grocery industry. As a result, a 28 percent increase in wages would boost overall costs 4.5 percent under the City of Los Angeles proposal of \$5.00 per hour. *This increase would be twice the size of the 2020 industry profit margin and three times historical grocery profit margins.*
- In order to survive such an increase, grocers would need to raise prices to consumers and/or find substantial offsetting cuts to their controllable operating expenses, which would mean workforce reductions. As an illustration of the potential magnitude of each of these impacts, we considered two extremes:
 - 1) All of the higher wage costs (assuming the \$5.00/hour proposal) are passed through to consumers in the form of higher retail prices:
 - This would result in a \$400 per year increase in grocery costs for a typical family of four, an increase of 4.5 percent.
 - If implemented in the City of Los Angeles, its residents would pay \$450 million more for groceries over a year.
 - The increase would hit low- and moderate-income families hard, particularly those struggling with job losses and income reductions due to COVID-19.
 - If implemented statewide, additional grocery costs would be \$4.5 billion per year in California.
 - 2) Retail prices to consumers are not raised and all the additional costs are offset through a reduction in store expenses:
 - Given that labor costs are by far the largest controllable expense for stores, it is highly likely that the wage mandates will translate into fewer store hours, fewer employee hours, and fewer jobs.
 - For a store with 50 full-time equivalent employees, it would take a reduction of 11 employees to offset the increased wage costs, or a 22% decrease in staff.
 - If the mandate were imposed statewide at \$5.00 per hour, the job loss would be 66,000 workers.

Consumer and Community Impacts of Hazard Pay Mandates

- If imposed in the City of Los Angeles, the job loss would be 7,000 workers.
- And in the City of Long Beach, the job impact of its \$4.00 per hour mandate would be 775 jobs.
- Stores could alternatively avoid job reductions by cutting hours worked by 22 percent.
- For the significant share of stores already operating with net losses, a massive government-mandated wage increase would likely result in store closures, thereby expanding the number of “food deserts” (i.e. communities with no fresh-food options).

Introduction

The Long Beach City Council has passed an ordinance that mandates grocers to provide a \$4.00 per hour pay increase – “hazard pay” – to grocery workers. The mandate expires in 120 days. Two members of the Los Angeles City have introduced a similar measure for a \$5.00 per hour increase for companies that employ more than 300 workers nationwide. Grocery workers in California currently earn about \$18.00 per hour.¹ Therefore, the Los Angeles proposal would increase average hourly pay to \$23.00 per hour, an increase of 28 percent. Several other cities in California have discussed \$5.00/hour proposals similar to Los Angeles.

This report focuses on the impact of hazard pay mandates on grocery store profitability and on the sustainability of an industry with traditionally low profit margins. It also assesses the potential impact of the proposed wage increases on consumers, especially lower-income consumers (a cohort already hit hard by the COVID lockdowns and business closures).

Background — Grocery is a Low-Margin, High-Labor Cost Business

The grocery business is a high-volume, low-margin industry. According to an annual database of public companies maintained by Professor Damodaran of New York University (NYU),² net profit margins as a percent of sales in the grocery industry are among the lowest of any major sector of the economy. Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) averaged 4.6 percent of sales in 2019, and the net profit margin (which accounts for other unavoidable expenses such as rent and depreciation) was just 1.4 percent during the year. This compares to the non-financial, economy-wide average of 16.6 percent for EBITDA and 6.4 percent for the net profit margin. The NYU estimate for public companies in the grocery industry is similar to the 1.1 percent margin reported by the Independent Grocers Association for the same year.³

COVID-19 temporarily boosted profits

In the beginning of the COVID-19 pandemic, sales and profit margins spiked as people stocked up on household items and shifted spending from eating establishments to food at home. According to data compiled by NYU, net profit margins in the grocery industry increased to 2.2 percent in early to mid 2020.⁴ Although representing a substantial year-to-year increase in profits, the 2.2 percent margin remains quite small relative to most other industries. This implies that even with the historically high rates of profits in 2020, there is little financial room to absorb a major wage increase.

¹ \$18.00 per hour is consistent with the responses we received to our informal survey. It is also consistent with published contract agreements we reviewed. See, for example, the “Retail Food, Meat, Bakery, Candy and General Merchandise Agreement, March 4, 2019 - March 6, 2022 between UFCW Union Locals 135, 324, 770, 1167, 1428, 1442 & 8 - GS and Ralphs Grocery Company.” In this contract, hourly pay rates starting March 2, 2021 for food clerks range from \$14.40 per hour (for first 1,000 hours) up to \$22.00 per hour (for workers with more than 9,800 hours), The department head is paid \$23.00 per hour. Meat cutter pay rates range from \$14.20 (for the first six months) to \$23.28 per hour (for those with more than 2 years on the job). The department manager is paid \$24.78 per hour. <https://ufcw770.org/wp-content/uploads/2020/08/Ralphs-Contract-2020.pdf>

² Source: Professor Aswath Damodaran, Stern School of Business, New York University. <http://pages.stern.nyu.edu/~adamodar/>

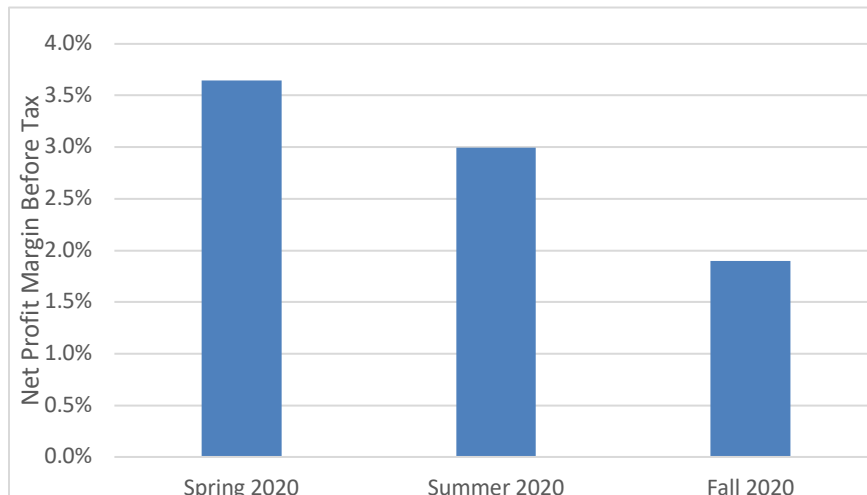
³ Source: “2020 Independent Grocer Financial Survey.” Sponsored by the National Grocer’s Association and FMS Solutions Holding, LLC

⁴ Supra 2.

But the increases are subsiding

Moreover, quarterly data indicates that the sales and profit increases experienced in early 2020 were transitory and were settling back toward pre-COVID trends as 2020 drew to a close. This quarterly trend is evident in quarterly financial reports filed by California’s two largest publicly traded companies in the grocery business: The Kroger Company (which includes Ralphs, Food for Less, and Fred Meyers, among others) and Albertsons (which includes Safeway, Albertsons, and Vons, among others). Figure 1 shows that the average profit margin for these two companies was 3.6 percent of sales in the Spring of 2020, declining to 1.9 percent by the fourth quarter of the year.⁵ Monthly sales data contained in the 2020 Independent Grocer’s Financial Survey showed a similar pattern, with year-over-year sales peaking at 68 percent in mid-March 2020, but then subsiding to 12 percent as of the first three weeks of June (the latest period covered by the survey).⁶

Figure 1
Combined Net Profit Margins During 2020
Albertsons and The Kroger Companies



While grocers continued to benefit from higher food and related sales during the second half of 2020, they also faced higher wholesale costs for food and housing supplies, as well as considerable new COVID-19 related expenses. These include expenses for paid leave and overtime needed to cover shifts of workers affected by COVID-19, both those that contracted the virus and (primarily) those that were exposed and needed to quarantine. Other COVID-19 costs include those for intense in-store cleaning, masks for employees, new plastic barriers at check-outs and service counters, and additional staffing and capital costs for scaling up of e-commerce, curbside and home delivery.

⁵ In their SEC 10-Q quarterly report for the four-month period ending in June 2020, Albertsons reported that consolidated sales were up 21.4 percent from the same period of 2019 and before-tax profits were 3.5 percent of total sales. In the three-month period ending in mid-September, the company reported year-over-year sales growth of 11.2 percent and before-tax profits equal to 2.5 percent of sales. In their 10-Q report filed for the three-month period ending in early December, Albertsons showed year-over-year sales growth of 9.3 percent, and profits as a percent of sales of just 1.0 percent. Data for the Kroger Company indicates that year-over-year sales growth subsided from 11.5 percent for the three-month period ending in May 2020 to 8.2 percent for the three-month period ending in August, and further to 6.3 percent for the three-month period ending in November. Profits as a percent of sales fell from 3.8 percent to 3.5 percent, and further to 2.8 percent during the same three quarterly periods. (Source: EDGAR Company Filings, U.S. Securities and Exchange Commission. <https://www.sec.gov/edgar/searchedgar/companysearch.html>.)

⁶ Supra 3

Many stores incur losses in normal years

The 1- to 2-percent net profit levels cited above reflect industry averages. There is considerable variation around these averages among individual stores, with some doing better and some doing worse. As one indication of this variation, the 2020 Independent Grocer Financial Survey found that, while the nationwide average profit before tax for all stores was 1.1 percent of sales in 2019, about 35 percent of the respondents reported negative net profits during the year.⁷ This national result is consistent with feedback we received from California grocers, which reported that even in profitable years, anywhere from one-sixth to one-third of their stores show negative earnings. While chain operations can subsidize some store losses with earnings from other stores, a major mandated wage increase would eliminate earnings for even the most profitable stores, making cross-subsidies within supermarket chains much less feasible. As discussed below, the consequence would likely be a closure of some unprofitable stores.

Mandated wage increases would push most stores into deficits

The grocery business is very labor intensive. Labor is the industry's second largest cost, trailing only the wholesale cost of the food and other items they sell. According to a benchmark study by Baker-Tilly, labor expenses account for 13.2 percent of gross sales of grocers nationally.⁸ The Independent Grocer Survey, cited above, found that labor costs account for 15 percent of sales nationally and 18.4 percent for independent grocers in the Western region of the U.S.⁹

Respondents to our survey of California grocers reported that labor costs equate to 14 percent to 18 percent of sales revenues. For purposes of this analysis, we are assuming that the wage base potentially affected by the mandated hourly pay increase is about 16 percent of annual sales.¹⁰

A mandatory \$4-\$5 per hour increase, applied to an average \$18.00 per hour wage base, would increase labor costs by between 22 percent and 28 percent. This would, in turn, raise the share of sales devoted to labor costs from the current average of 16 percent up to between 19 percent and 20.5 percent of annual sales. The up-to-4.5 percent increase would be double the 2020 profit margin reported by the industry, and three times the historical margins in the grocery industry.

Potential Impacts on Consumers, Workers and Communities

In order to survive such an increase, grocers would need to raise prices to consumers and/or find substantial offsetting cuts to their operating expenses. As an illustration of the potential magnitude of each of these impacts, we considered two extremes: (1) all of the higher wage costs are passed through to consumers in the form of higher retail prices; and (2) prices are not passed forward and all the additional costs are offset through a reduction of jobs or hours worked.

⁷ Supra 3

⁸ White Paper, "Grocery Benchmarks Report", November 5, 2019, Baker Tilly Virchow Krause LLP.

⁹ Supra 3

¹⁰ This recognizes that not all labor costs would be affected by the hazard pay proposal. Grocers report that both in-store and warehouse staff would receive the increase, as would supervisors and managers, although some executive and administrative staff may not. In addition, costs for health coverage would probably not be affected, at least not immediately, but payroll taxes and some other benefit costs would be.

Higher costs passed along to consumers

Aggregate impacts. If a \$5.00 per hour wage increase were imposed statewide and all of the increase were passed along to customers in the form of higher product prices, Californians would face a rise in food costs of \$4.5 billion annually. If imposed locally, the City of Los Angeles's \$5 per hour proposal would raise costs to its residents by \$450 million annually, and the \$4.00 per hour increase in Long Beach would raise grocery costs to its residents by about \$40 million annually.¹¹

Impact on household budgets. The wage increase would add about \$400 to the annual cost of food and housing supplies for the typical family of four in California.¹² While such an increase may be absorbable in higher income households, it would hit low- and moderate-income households especially hard. The impact would be particularly harsh for those who have experienced losses of income and jobs due to the pandemic, or for those living on a fixed retirement income including many seniors. For these households, the additional grocery-related expenses will make it much more difficult to cover costs for other necessities such as rent, transportation, utilities, and healthcare.

According to the BLS Consumer Expenditure Survey, California households with annual incomes of up to \$45,000 already spend virtually all of their income on necessities, such as food, housing, healthcare, transportation and clothing.¹³ For many of these households, a \$33 per month increase in food costs would push them into a deficit.

These increases would add to the severe economic losses that many Californians have experienced as a result of government-mandated shutdowns in response to COVID-19. According to a recent survey by the Public Policy Institute of California, 44 percent of households with incomes under \$20,000 per year and 40 percent with incomes between \$20,000 and \$40,000 have reduced meals or cut back on food to save money.¹⁴ Clearly, imposing a \$4.5 billion increase in grocery prices would make matters worse, especially for these lower-income Californians.

Higher costs are offset by job and hours-worked reductions

If grocers were not able to pass along the higher costs resulting from the additional \$5/hour wage requirement, they would be forced to cut other costs to avoid incurring financial losses.¹⁵ Given

¹¹ Our estimates start with national U.S. Census Bureau estimates from the Annual Retail Trade Survey for 2018 (the most current data available), which indicates that nationwide sales by grocers (excluding convenience stores) was \$634 billion in 2018. We then apportioned this national data to California as well as the cities of Los Angeles and Long Beach based on relative populations and per-household expenditure data from the Consumer Expenditure Survey. We then updated the 2018 estimate to 2021 based on actual increases in grocery-related spending between 2018 and 2020, as reported by the U.S. Department of Commerce, and a projection of modest growth in 2021. Our estimate is consistent with the industry estimate of \$82.9 billion for 2019 that was by IBISWorld, as adjusted for industry growth in 2020 and 2021. (See IBISWORLD Industry Report, Supermarkets & Grocery Stores in California, Tanvi Kumar, February 2019.)

¹² Capitol Matrix Consulting estimate based on U.S. Bureau of Labor Statistics, Consumer Expenditure Report, 2019. <https://www.bls.gov/opub/reports/consumer-expenditures/2019/home.htm>

¹³ U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, State-Level Expenditure Tables by Income. <https://www.bls.gov/cex/csxresearchtables.htm#stateincome>.

¹⁴ "Californians and Their Well-Being", a survey by the Public Policy Institute of California. December 2020. <https://www.ppic.org/publication/ppic-statewide-survey-californians-and-their-economic-well-being-december-2020/>

¹⁵ Circumstances where stores would not be able to pass forward high costs include communities where customers are financially squeezed by pandemic-related losses in jobs or wages, or where the increased is imposed locally and customers are able to avoid higher prices by shifting purchases to cross-border stores.

that labor costs are by far the largest controllable expense for stores, it is highly likely that the wage mandates will translate into fewer store hours, fewer employee hours, and fewer jobs. For a store with 50 full-time equivalent employees, it would take a reduction of 11 employees to offset the increased wages, which is about a 22 percent decrease in staff/hours.

Aggregate impacts. As an illustration, if the full California grocery industry were to respond to a statewide \$5.00 wage mandate by reducing its workforce, we estimate that up to 66,000 industry jobs would be eliminated. This is about 22 percent of the 306,000 workers in the grocery industry in the second quarter of 2020 (the most recent quarter for which we have detailed job totals).¹⁶ If the mandate were imposed locally in the City of Los Angeles, the impact would be about 7,000 workers, and in the City of Long Beach (at \$4.00 per hour), the impact would be about 775 jobs. Stores could alternatively avoid job reductions by cutting hours worked by 22 percent across-the-board.

Under these circumstances, some workers receiving the wage increases would be better off, but many others would be worse off because of reduced hours or layoffs. Customers would also be worse off because of reduced store hours, and fewer food choices and services.

Without any external constraints imposed by the local ordinances, it is likely some combination of higher prices and job and hour reductions would occur. Stores within some jurisdictions imposing the mandatory wage increase might be able to raise retail prices sufficiently to cover a significant portion of the mandated wage increase, thereby shifting the burden onto customers. However, the degree to which this would occur would vary from jurisdiction to jurisdiction, depending on the price-sensitivity of their customers and (if the mandate is imposed locally) the availability of shopping alternatives in neighboring communities that have not imposed the wage mandate.

Of course, if the local ordinances contain provisions prohibiting stores from cutting hours, then stores would be forced to pass costs on to consumers in the form of higher prices, or to close stores in those jurisdictions.

Some communities would become food deserts

Many of the up-to one third of stores already incurring losses may find it impossible to raise prices or achieve savings that are sufficient to offset the higher wage costs. For these stores, the only option would be store closure. Indeed, a consistent theme of feedback we received from California grocer representatives is that it would be extremely difficult, if not impossible, to justify continued operation of a significant portion of their stores following a government-mandated 28-percent increase in wages. This would leave some communities with fewer fresh food options.

According to the Propel LA: “The United States Department of Agriculture (USDA) defines a food desert as ‘a low-income census tract where either a substantial number or share of residents has low access to a supermarket or large grocery store.’ There are a large number of census tracts in Los Angeles County, including Antelope Valley and San Fernando Valley, that are considered to be food deserts. The population of food deserts is predominantly Hispanic or Latino, followed by Black and White, respectively.”¹⁷ The map also shows several food deserts in and around the City of Long Beach. The hazard pay proposal would exacerbate this problem.

¹⁶ Employment Development Department. Labor Market Information Division. Quarterly Census of Employment and Wages. <https://www.labormarketinfo.edd.ca.gov/qcew/cew-select.asp>

¹⁷ “Food deserts in LA, an Interactive Map.” Propel LA, <https://www.propel.la/portfolio-item/food-deserts-in-los-angeles-county/>

Closing even one supermarket in many neighborhoods would result in residents having to commute significantly farther to find fresh and healthy food at reasonable prices. Tulane University studied the impact of food deserts and concluded that while the majority of items at smaller stores are priced higher than at supermarkets, price is a consideration in deciding where to purchase staple foods, and transportation from a food desert to a supermarket ranges from \$5 to \$7 per trip.¹⁸

Thus, mandating hazard pay would likely impose significant hardships on some communities, especially in lower-income areas. The loss of a grocery store means both fewer jobs for members of the community and higher costs for all residents in the community, who must pay higher local prices or incur additional time and expense to shop.

Conclusion

Hazard pay initiatives like those passed in the City of Long Beach, and proposed in the City of Los Angeles and in other local jurisdictions, would have far-reaching and negative consequences for businesses, employees and customers of grocery stores in the jurisdictions where levied. They would impose an up-to-28 percent increase in labor costs on an industry that is labor-intensive and operates on very thin profit margins. The increases would be more than double the average profit margins for the grocery industry in 2020, and triple the margins occurring in normal years, and thus would inevitably result in either retail price increases or major employment cutbacks by grocery stores, or a combination of both. If the increased costs were passed forward to consumers, a typical family of four in California would face increased food costs of \$400 per year. This would intensify financial pressures already being felt by millions of low- and moderate-income families, many of whom are already cutting back on basic necessities like food due to COVID-19-related losses in jobs and income. Establishments not able to recoup the costs by raising prices would be forced to reduce store hours and associated jobs and hours worked by employees. For a significant number of stores that are already struggling, the only option may be to shutter the store. This would be a “lose-lose” for the community. It would mean fewer jobs with benefits, less local access to reasonably-priced food, and more time and expense spent by customers that would have to travel greater distance to find grocery shopping alternatives.

¹⁸ “Food Deserts in America (Infographic),” Tulane University, School of Social Work, May 10, 2018. <https://socialwork.tulane.edu/blog/food-deserts-in-america>