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# CITY OF POMONA

## COUNCIL REPORT

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August 1, 2022

To: Honorable Mayor and Members of the City Council

From: James Makshanoff, City Manager

Submitted By: Anita Gutierrez, Development Services Director

**Subject: ADOPT RESOLUTIONS REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 8, 2022 WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THAT DATE, CALLING FOR THE PLACEMENT OF A SPECIAL TAX MEASURE ON THE BALLOT AT THE NOVEMBER 8, 2022 GENERAL MUNICIPAL ELECTION, AND PROVIDING FOR THE FILING OF PRIMARY AND REBUTTAL ARGUMENTS AND SETTING RULES FOR THE FILING OF WRITTEN ARGUMENTS REGARDING A CITY MEASURE TO BE SUBMITTED AT THE NOVEMBER 8, 2022 GENERAL MUNICIPAL ELECTION**

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### RECOMMENDATION:

It is recommended that the City Council adopt the following resolution (Attachment No(s). 1, 2 & 3) in order to add one measure to the November 8, 2022 ballot:

**RESOLUTION NO. 2022-142 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 8, 2022 WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THAT DATE PURSUANT TO §10403 OF THE ELECTIONS CODE**

**RESOLUTION NO. 2022-143 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, CALLING FOR THE PLACEMENT OF A SPECIAL TAX MEASURE ON THE BALLOT AT THE NOVEMBER 8, 2022 GENERAL MUNICIPAL ELECTION FOR THE**

**SUBMISSION TO THE QUALIFIED VOTERS OF A PROPOSED ORDINANCE ADDING ARTICLE XIII TO CHAPTER 50 (TAXATION) OF THE POMONA MUNICIPAL CODE TO ESTABLISH A SPECIAL PARCEL TAX UPON INDUSTRIAL PROPERTY WITHIN THE CITY OF POMONA, TO FUND LOCAL STREET, ROAD, SIDEWALK AND RIGHT OF WAY MAINTENANCE AND IMPROVEMENTS**

**RESOLUTION NO. 2022-144 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, PROVIDING FOR THE FILING OF PRIMARY AND REBUTTAL ARGUMENTS AND SETTING RULES FOR THE FILING OF WRITTEN ARGUMENTS REGARDING A CITY MEASURE TO BE SUBMITTED AT THE NOVEMBER 8, 2022 GENERAL MUNICIPAL ELECTION**

**EXECUTIVE SUMMARY:**

For Council's consideration is proposed ballot measure to establish a Special Parcel Tax ("Industrial Tax") on industrial properties within the City of Pomona. If ultimately passed by the voters (2/3 voter approval needed), the proposed tax would generate up to approximately \$14 million annually to address much needed road improvements due to the acceleration of road damage caused by heavy truck trips.

**FISCAL IMPACT:**

The City identified approximately \$1.2 billion of capital infrastructure costs associated with improvements to address impacts from industrial land uses. To evaluate a realistic amount of capital needs that can be delivered, the analysis assumed that 1.50% of the total identified costs can be delivered annually, which equates to \$17,884,104. A total of 1,370 parcels with industrial-related zoning or an LA County Assessor industrial use code assigned to it were identified within the City limits and four parcel tax scenarios were identified ranging from \$0.05 per square foot to \$0.20 per square foot. The resulting annual tax revenue was compared to the annual capital cost scenario to generate four tax options. The lowest tax rate option presented (\$0.05 per square foot) would generate \$4,634,091 annually, which represents 26% of the annual infrastructure cost identified. The highest tax rate option presented (\$0.20 per square foot) would generate \$18,536,364 annually, which represents 104% of the annual infrastructure cost identified. The staff recommendation is to pursue a maximum rate of \$0.15 per square foot, which would generate \$13,902,273 annually, representing 78% of the annual infrastructure cost identified. If a maximum levied tax of \$3,000 collected per parcel for those parcel less than one acre in size is adopted, a reduction in projected revenue of approximately \$280,203 or 2% of overall projected revenue can be expected, which would adjust the projected annual revenue to \$13,622,070.

**DISCUSSION:**

During the City Council meeting of June 6, 2022, Staff brought forward a discussion item regarding a potential moratorium and other strategies to address cumulative impacts from warehousing development in the City of Pomona (see Attachment No. 4 for Staff Report). Staff

reported that due to high market demand, Pomona and the surrounding region is experiencing increased interest in the development and redevelopment of industrially zoned land. The warehousing demand, if fulfilled in Pomona without additional regulation, will likely increase impacts from truck traffic, poor warehouse design, and location to sensitive receptors. Staff identified four strategies for Council's consideration to address the cumulative impacts from unprecedented warehousing demand in the region— 1) an immediate moratorium, 2) updating the City's zoning code, 3) creating an Environmental Justice element in the General Plan, and 4) adopting a warehouse tax. The Council directed staff to pursue the four-prong strategy and bring a moratorium forward at the next City Council meeting for Council consideration.

As directed by Council, on July 18, 2022, Staff brought forward Urgency Ordinance No. 4319 for Council consideration. The urgency ordinance proposed a 45-day moratorium on the establishment, expansion, or modification of warehouses, trucking facilities, and related uses that are located within the City of Pomona. An exemption was included for existing warehouse establishments that propose expansions that are no greater than 20,000 square feet and include no more than one at-grade, roll-up door. All other industrial uses, such as manufacturing, are exempt from this moratorium. The Ordinance was adopted on a 6-1 vote.

Industrial uses transport goods to and from their locations using semi-trucks and due to high consumer demand as well as a booming e-commerce market the trucks are getting bigger to accommodate more goods and the number of trucks needed to meet demand are increasing, which has damaging effects on City roadway network as these trucks traverse to and from destinations. The benefits of these facilities are felt throughout the U.S., but the transportation effects of these facilities are greatest at the local level. As roads deteriorate at a faster pace due to heavy truck usage, the cost to maintain, replace and upgrade these roads rises as well. Innovative solutions are needed to ensure funding is available to address these impacts and maintain the City's infrastructure. The Industrial tax along with the three others prongs of warehousing strategy provide an unprecedented opportunity in the City to address environmental justice through infrastructure improvements, air pollution reduction (less idling on better operated roads) and better design standards centered on pedestrians not the vehicle.

## **WHAT IS A SPECIAL PARCEL TAX?**

A parcel tax is levied on parcels of real property, unlike property tax, the parcel tax is not based on the value of the property. The simplest parcel tax is a flat amount per parcel, the same tax regardless of the value, size, or use of the parcel, but a parcel tax can also be based on the size of the parcel, the improvements on the parcel, and the use of the parcel.<sup>1</sup> A tax on square footage is more equitable than a flat tax because the increase in value from better public services will be roughly proportional to parcel size<sup>2</sup>. The parcel tax will be a special tax, the proceeds of which are to be deposited into a Special Revenue Fund, created and maintained by the City, and used only for the specific purposes identified above. Finally, under Proposition 218, approved by voters in

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<sup>1</sup> Sonstelie, Jon (2014). California's Parcel Tax. Lincoln Institute of Land Policy, <https://www.lincolnst.edu/sites/default/files/pubfiles/sonstelie-wp14js1.pdf>

<sup>2</sup> Sonstelie, Jon (2015). Parcel Taxes as a Local Revenue Source in California. Public Policy Institute of California, [https://www.ppic.org/wp-content/uploads/content/pubs/report/R\\_415JSR.pdf](https://www.ppic.org/wp-content/uploads/content/pubs/report/R_415JSR.pdf)

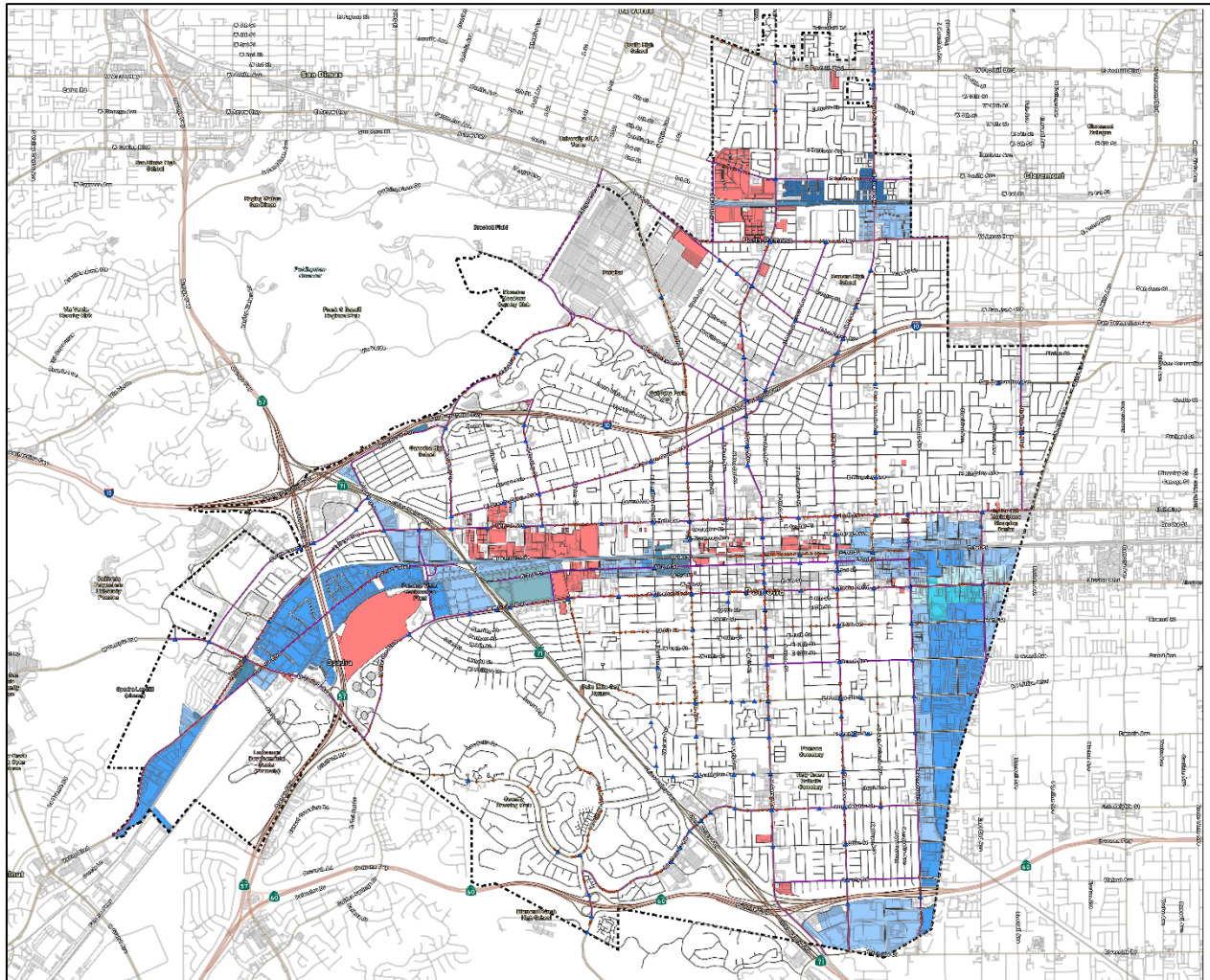
1996 and added to the State Constitution all parcel taxes must be approved as special taxes, thereby requiring them to be approved by two-thirds of local voters.

### **APPLICABILITY:**

Staff used the Los Angeles County Assessor parcel database and GIS analysis to identify parcels that may be subject to the industrial parcel tax. To capture the most parcels, staff utilized one of two methodologies provided by Willdan Financial Services, which included all parcels in the City Zoned for industrial as well as parcels with an assigned industrial use code by the LA County Assessor, regardless of zoning, this also included both vacant and occupied parcels. There are a total of 33,273 parcels (13,348 acres) within the City of Pomona and using the above methodology, approximately 1,370 parcels (2,127 acres of land), would be eligible for the proposed parcel tax. Properties assigned residential use codes were filtered out of the parcel count.

The Map below depicts the areas zoned industrial in blue and the parcels with an Assessor's assigned land use code of industrial in red. These parcels would be subject to the proposed tax.

### **Proposed Tax Exhibit Map**



In addition to selecting the applicable parcels, staff used the following criteria for identifying truck impacted roadways (See Exhibit Maps in Attachment No. 5):

- Roadways - Public Works reviewed the City's roadway network to determine what streets are most likely to be traveled by trucks. This includes roadways that lead to and from Industrial uses from neighboring cities as well as freeway on-ramps/off-ramps.
- Traffic Signals - Public Works identified Traffic Signals within the roadway network that may need improvements such as: signal timing synchronization, pole/equipment replacements; to reduce congestion and damages due to Truck traffic.
- Street Lights - Public Works identified Street Lights located along the roadway network that are likely to be impacted by Truck Traffic. This includes Street Lights that are damaged by Trucks or Street Lights that should be relocated to avoid potential damage by Trucks.

## **TAX PROPOSAL:**

City Staff engaged Willdan Financial Services to provide an analysis of revenue resulting from the implementation of a parcel tax imposed on industrial parcels in the City (Attachment No. 6). The analysis also examines costs that could be funded with parcel tax proceeds. Willdan estimated potential annual industrial parcel tax revenue for each group of industrial parcels under four scenarios, ranging from \$0.05 per square foot to \$0.20 per square foot. Staff is recommending pursuing the \$0.15 per square foot option as shown in Table 1 below, which would generate \$13,902,273 annually, representing 78% of the annual infrastructure cost identified. This tax scenario was recommended to keep the tax rate at a reasonable rate as to not overburden businesses. A \$0.15 per square foot tax rate would be roughly equivalent to a 1% to 5% percent increase in property tax. While the proposed tax does not affect property tax in any way, the comparison is used to illustrate a tangible understanding of financial impact upon each business.

**Table 1 – Annual Revenue -\$0.15 per square foot**

	Tax per square foot	Total Number of Parcels	Total
	\$0.15	1,370	\$13,902,273
Annual Infrastructure Cost			\$17,884,104
% of Annual Cost funded			78%

Seventy-four percent (74%) of the 1,370 parcels are less than one acre and would in total generate \$2,737,507 annually. The remaining twenty-six percent (26%), range in size from one acre to thirty-two acres and all parcels in total would generate \$13,902,273 annually. The average sized industrial parcel is 55,865 square feet (1.28 acres). An option for Council's consideration to add more certainty that the levied tax is not unduly burdensome on small businesses is to impose a cap of maximum tax at \$3,000 collected per parcel for those parcel less than one acre in size. This

would result in a reduction in projected revenue of approximately \$280,203 or 2% of overall projected revenue.

The tax rate proposed is a maximum rate, and once adopted, the City Council, by resolution or ordinance, may levy a tax at any rate or amount that is equal to or less than the maximum rate, and may later restore the rate up to the maximum rate provided herein without another vote of the People

## **WHAT IMPROVEMENTS WOULD BE FUNDED?**

For the purposes of this Ordinance, the “City’s costs of improving, maintaining and operating public streets, roads and sidewalks include, but are not limited to, the following: All costs of capital improvement, operation, maintenance, repair and/or restoration of Pomona public streets, roadways and sidewalks, including the salaries, benefits, training, and all other City personnel dedicated to the purposes above, as well as the costs of acquiring or leasing, operating, and maintaining real property, vehicles, equipment and apparatus used for the purposes of the above mentioned improvements.

The City identified approximately \$1.2 billion of capital infrastructure costs associated with industrial land uses (as defined in the map above) in the City. These capital infrastructure costs include improving intersections, repaving roads, upgrading traffic signals, de-emphasizing street sections and streetlight improvements. A more in-depth summary of benefit of these impacts is provided below.

**Reinforcing the intersections** - Improving the intersections by constructing concrete road approaches is a best practice measure along major truck routes. The purpose for this is that asphalt concrete is a relatively malleable/flexible material compared to concrete. Asphalt Concrete (AC) offers less vibration, creates less cabin noise in the vehicle, and is much more ride friendly offering a smoother ride. Unfortunately, because of its flexibility, constant wear and frictional forces can cause the material to move and take shape due to those constant frictional forces being applied. What occurs at intersections experiencing a high frequency of heavy truck trips is a movement of the pavement called “shove”. Large trucks have higher frictional forces due to the weight it is travelling with and the rate of speed used to slow down and stop, those forces are transferred to the wheels and onto the AC road. It is this high frictional force that will cause the AC to “shove” when many trucks travel on the same route happen to stop and start continuously and constantly. AC roads tend to create “pockets” or “valleys” based on the trucks wheel base thus molding and damaging the AC at the intersection approaches (where many of these events happen). As areas of AC are disturbed, the thickness of the AC is diminished and the roadbed creates “valleys”, which can cause accidents for normal vehicles due to improper roadbed consistency where vehicle wheels tend to pull into these valleys. Hence, by installing concrete approaches at the intersection, we can prevent the AC “shoving” by constructing a concrete base at the intersection approaches.

**Installing curb extensions (bulb-outs)** - Installing curb extensions (bulb-outs) at intersection approaches including median islands will help deemphasize or prevent trucks from turning onto or traveling onto collector streets or non-truck route streets. By preventing truck turning

movements through the use of curb extensions and median islands pedestrian visibility is increased at the intersection, which promotes closer pedestrian crossing, and establishes the corridors use for vehicles/bikes only. In addition, these treatments at the intersection leads to redesigning the collector/deemphasized street to promote traffic calming/mitigation measures such as road dieting, meandering lanes (chicanes), added bike lanes, better roadway and pedestrian lighting, and additional pedestrian enhancements such as adding wider sidewalks.

**Installing Asphalt Concrete (AC) Asphalt Rubber Hot-Mix (ARHM)** - Installing AC asphalt rubber hot-mix (ARHM) and asphalt rubber aggregate membrane interlayer (ARAMI) along the street corridors is the most effective and cost effective solution to managing our street pavement structure and street pavement strength. The membrane layer acts as a supportive base structure that sits on top of the previous old pavement and is resurfaced with 5” thick of new asphalt. The thickness of the new asphalt will provide a longer lasting street pavement with substantial strength to maintain the high volumes of vehicles, as well as, the truck traffic that will be utilizing high truck traveled street corridors.

**Intelligent Transportation Systems (ITS)** - Intelligent Transportation Systems (ITS) technologies is comprised of an interrelated group of improvements that work hand-in-hand with managing the truck and vehicle corridor. These improvements include upgrading our signalized intersections with new traffic signal poles, intersection equipment, vehicle detection equipment (loop detector, vehicle/bicycle detection cameras, thermal detection cameras), emergency pre-emption equipment, integrated communications (ie. fiber optic communication, radio frequency (RF) communication, infrared communication (IF)), vehicle traffic synchronization software and technology, HD cameras, integrated smart street lighting technology, and much more. The purpose for this is to provide seamless real-time vehicle synchronization along stretches of truck route corridors that carry truck traffic throughout the City. Signalized synchronization processes real-time data and adjusts the timing of the signalized intersections to continuously move vehicles along the corridor with minimal stops. This will help decrease truck idling and thus carbon pollution while keeping vehicle flow demands moving along peak hour periods.

## **NEXT STEPS:**

If approved by Council the proposed Industrial Tax would be placed on the November 8, 2022 ballot for voter consideration. A 2/3 affirmative vote is required for the measure to pass. The City Council may designate up to three councilmembers to write a statement in support of the ballot measure that would appear in the voter guide. If ultimately approved by the voters the special parcel tax will be established starting on July 1, 2023 and may be imposed each year thereafter until ended by voters. Prior to any expenditures, a capital spending plan would be brought forth for Council approval outlining specific projects that funds would be spent on.

## **COUNCIL PRIORITIES & GOALS:**

This item supports the following 2021-2022 City Council priorities and goals:

Priority 5: Infrastructure – Goal P: Improve condition of streets, alleys, and associated sidewalks.



Prepared by:

A handwritten signature in black ink, appearing to read "Anita Gutierrez", written in a cursive style.

Anita D. Gutierrez, AICP  
Development Services Director

Vinny Tam, AICP  
Senior Planner

**ATTACHMENT(S):**

- Attachment No. 1 – Resolution No. 2022-142
- Attachment No. 2 – Resolution No. 2022-143
- Attachment No. 3 – Resolution No. 2022-144
- Attachment No. 4 – Staff report dated June 6, 2022
- Attachment No. 5 – Exhibit Maps
- Attachment No. 6 – July 20, 2022 Willdan Report - Industrial Parcel Tax Capital Plan and Revenue Generation Scenarios