



# Frequently Asked Questions

## The City Council declared a fiscal emergency in June 2019. What does this mean?

This year's budget included a structural deficit of \$1.2 million — a gap between ongoing revenues and ongoing costs — which is anticipated to grow in future years. The City will run out of reserves in four to five years and will have to cut close to 10% of the overall budget if the situation continues. To address our financial challenges and secure a strong future for Duarte, the City Council has declared a fiscal emergency to explore financial solutions that will protect public safety and other City services.

## Will City services be impacted during the fiscal emergency?

Residents won't see any difference in the day-to-day operation of the City and will continue to enjoy high-quality public safety and community services.

## How was this budget shortfall created?

The City's challenges started over a decade ago with the "Great Recession." Key revenue sources such as sales and property taxes are not keeping pace with the rising costs of maintaining City service levels. Our City is proactive when it comes to addressing issues. That's why we're engaging our community to learn what services are most important to you and evaluating options for additional funding to maintain these services.

## What has the City done so far to reduce the budget deficit?

Since fiscal year 2008/2009, the Duarte City Council has taken several steps to reduce costs, including service cuts totaling approximately \$2 million and delaying \$1.5 million in capital projects (improvement and maintenance of city property). The City renegotiated labor agreements with its employees to reduce pension, retirement benefits and medical insurance costs, implemented a furlough (unpaid vacation) program and eliminated 12 staff positions.

## Is the City exploring options to raise revenues?

Cuts to services alone won't solve the budget deficit. The City has created an Ad Hoc Citizens' Finance Advisory Committee to evaluate Duarte's long-term financial future. The Committee is considering several options, including a proposed three-quarters of a cent (3/4¢) sales tax measure, further cost-cutting options and other opportunities to increase City revenues. The 16-person Committee includes residents, representatives from City Commissions, Youth and Family Committee, Duarte Chamber of Commerce, City of Hope and the City employees' union. This Committee will report back to Council with its recommendations.

## Would the revenue from a 3/4¢ sales tax increase be used outside of Duarte?

Absolutely not. Any local sales tax measure the Council puts on the ballot will ensure that all revenue raised will stay in Duarte to improve our local community and will not be taken by the State, County, regional agencies or special districts.





### Why is local control of revenue important?

The City receives approximately one penny of the 9.5 cents in sales tax for every dollar spent on taxable purchases made in Duarte. The remaining 8.5 cents is divided up between the State and County for various services including regional public safety, transportation and homeless programs. This year, Duarte is expected to send \$11.75 million to the County in special sales taxes, but only receive \$1.28 million in return.



### What happens if the County or another agency introduces a sales tax measure?

If a local sales tax measure isn't approved by Duarte voters, any future sales tax adopted by the County, regional agencies and special districts would be assessed on Duarte and we would lose the ability to use those funds to improve our local community.



### What would a 3/4¢ sales tax increase provide for the City?

It is estimated an additional 3/4¢ could generate approximately \$2.6 million per year in local revenue to safeguard the City's finances and ensure that our residents and businesses continue to have access to high-quality public safety services, repairs to streets and sidewalks, parks and recreation programs and facilities, and youth and senior services.

### If the budget deficit persists, what cuts can we expect the City to make?

If the budget deficit isn't closed by new revenue, the City Council will need to evaluate cuts to services. These could include services such as public safety, road paving, street and traffic improvements, infrastructure maintenance, landscaping, parks and recreation, City department staffing hours, and youth and senior services.

### How does the current sales tax rate in Duarte compare to other cities in our area?

Duarte's current sales tax rate of 9.5% is among the lowest in the region. Several nearby cities including Arcadia, El Monte, Glendora, Monrovia and Pasadena already have additional local sales tax measures in place or their voters will consider adopting them in November.

### Who would pay for this increase?

We estimate that 70% of the a potential 3/4¢ sales tax will be paid for non-Duarte residents including visitors who shop at our local businesses and dine at our restaurants.

### How can we be sure the funds are being used locally and as promised?

If the City Council decides to place a sales tax measure on the March 2020 ballot for Duarte voters to consider, the measure would include strict accountability requirements such as public disclosure of all spending and annual independent financial audits to ensure funds are used effectively and as promised, and only to benefit the Duarte community.

### How can I learn more about the budget and our options going forward?

The City continues to engage all community members on its current fiscal situation and potential solutions to secure Duarte's future. For additional information on the City's budget and the Ad Hoc Citizens' Finance Advisory Committee, please visit [www.duarteforall.com](http://www.duarteforall.com).

