



# **City's Budget & Fiscal Future**

## **Evaluating Our Fiscal Crossroads**



# **CURRENT FISCAL REALITY**

***Why are we here and what decision lies ahead.***

- The City faces a structural deficit that threatens core services.
- A policy decision, and ultimately, the community, will need to decide if and how to preserve core services.
- Ongoing expenses exceed ongoing revenues.
- Projected shortfall: \$8–\$9.4 million by FY 2026-27.
- One-time solutions are exhausted.

# **THE BUDGET REALITY**

- Operating costs are rising faster than revenues.
- Ongoing costs were backfilled with one-time funds (ARPA, reserves, transfers).
- Most one-time sources are now gone.
- Reliance on one-time fixes is not sustainable.

# **FISCAL OUTLOOK – TAKEAWAYS**

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**Even with mitigation measures, either new revenue, or significant expenditure cuts are necessary in future years**

- Additional headwinds exist
  - Sales tax softening and persistent volatility; increases to City's pension payment, impacts of inflation on City operating costs
- Altogether, absent unanticipated revenue increases, budget cuts of between \$8-\$9.4 million likely to be necessary in FY 2026-27
  - This will require reductions to current services provided by the City without a significant increase to revenues



The background of the slide is a photograph of a parking sign. The sign is a vertical post with two rectangular signs. The top sign is maroon with a white flower icon and the text 'COMMERCIAL' and 'P-3'. The bottom sign is white with a maroon 'P' and the text 'PUBLIC PARKING IN REAR'. The sign is set against a clear blue sky with some green trees visible at the bottom.

# CITY FUNDING 101: REVENUE SOURCES

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# **IMPORTANT GENERAL FUND INFORMATION**

- The General Fund is essential for financing core city services, including Police, Parks & Recreation, Community Development, and Public Works. These services are critical for community safety and quality of life, making the General Fund a central element of city operations.
- Discretionary revenues are limited primarily to Property Tax, Sales & Use Tax, and various Fees/Franchises. These sources are essential for funding core services and initiatives, but they are not sufficient to cover all city needs.
- California's Proposition 13 (property tax cap) and sales tax caps significantly limit the city's ability to increase revenue without voter approval. This creates constraints on budget flexibility and demands careful planning for future financial needs.

# GENERAL FUND EXPENDITURES BY DEPT

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**55.6%**

Police

**16.5%**

Parks

**9%**

Public Works

**8.2%**

Community  
Development

**3.4%**

Admin Services

**1.8%**

City Manager

**2.2%**

City Attorney

**1.9%**

Human  
Resources

**0.8%**

City Clerk

**0.6%**

All Others &  
Non-Departmental



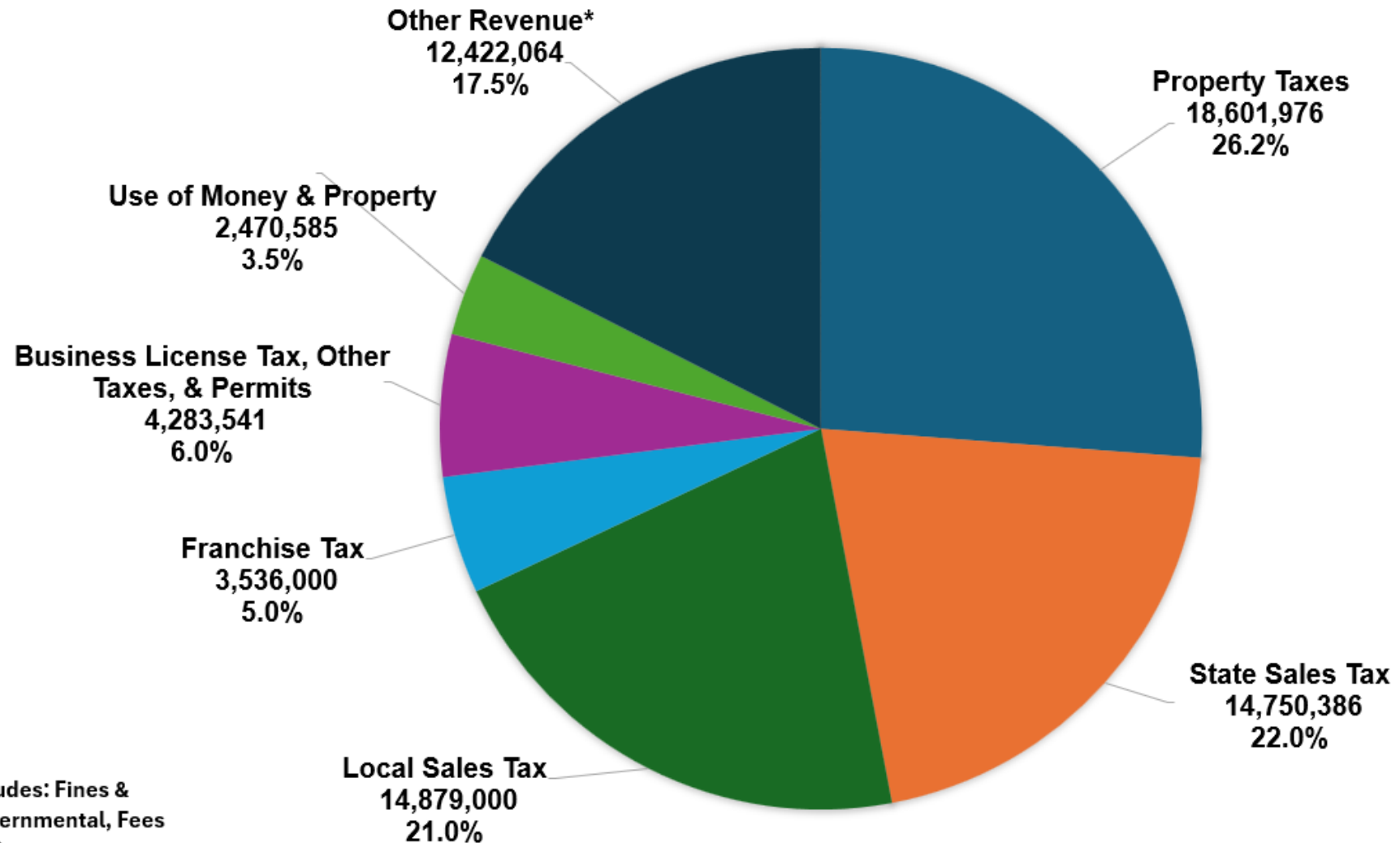
# MODERATE REVENUE GROWTH

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Understanding the imbalance between expenditures and revenues

# GENERAL FUND REVENUES BY SOURCE

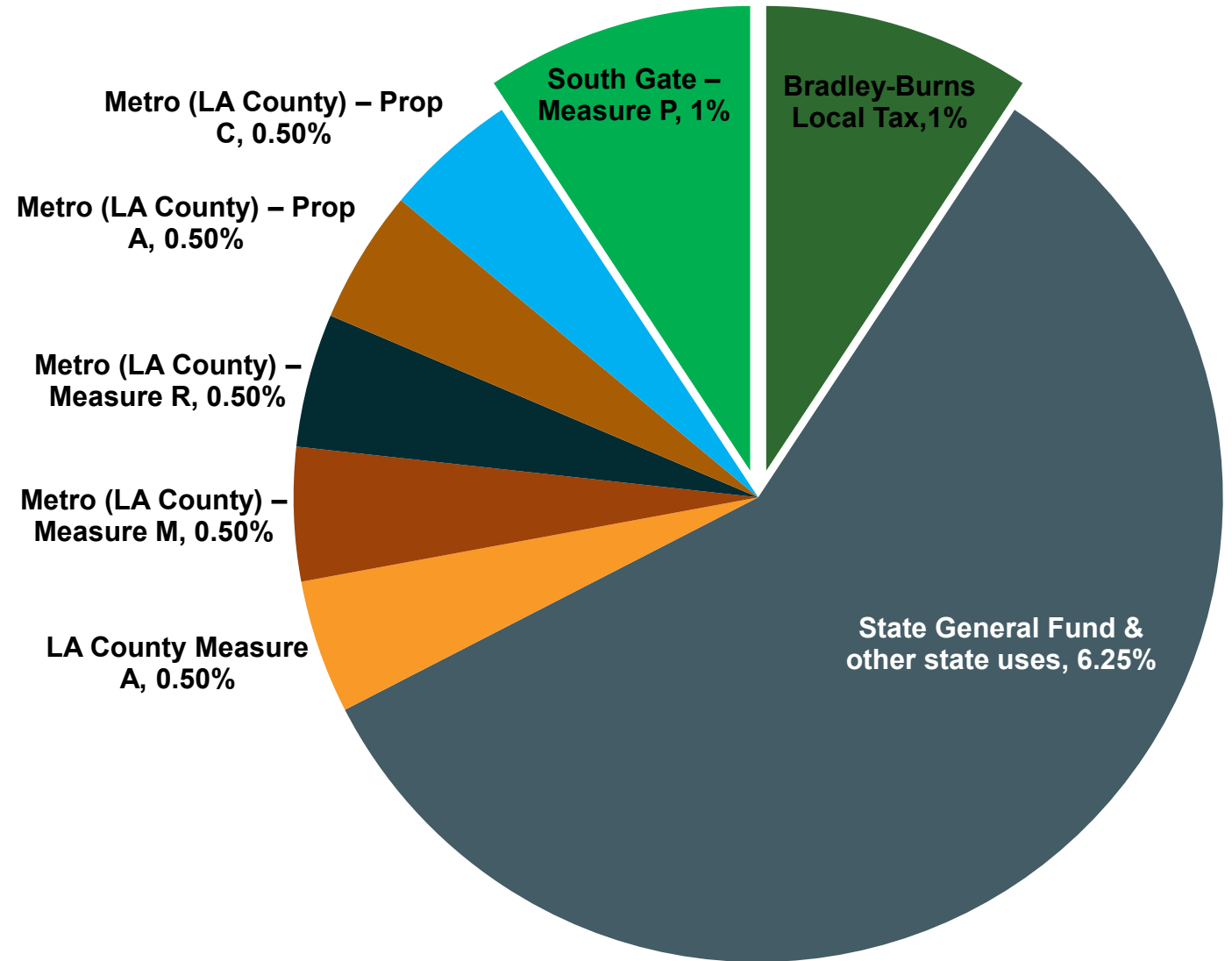
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\*Other Revenue includes: Fines & Forfeitures, Intergovernmental, Fees & Charges, & Other Revenues.

# SALES TAX

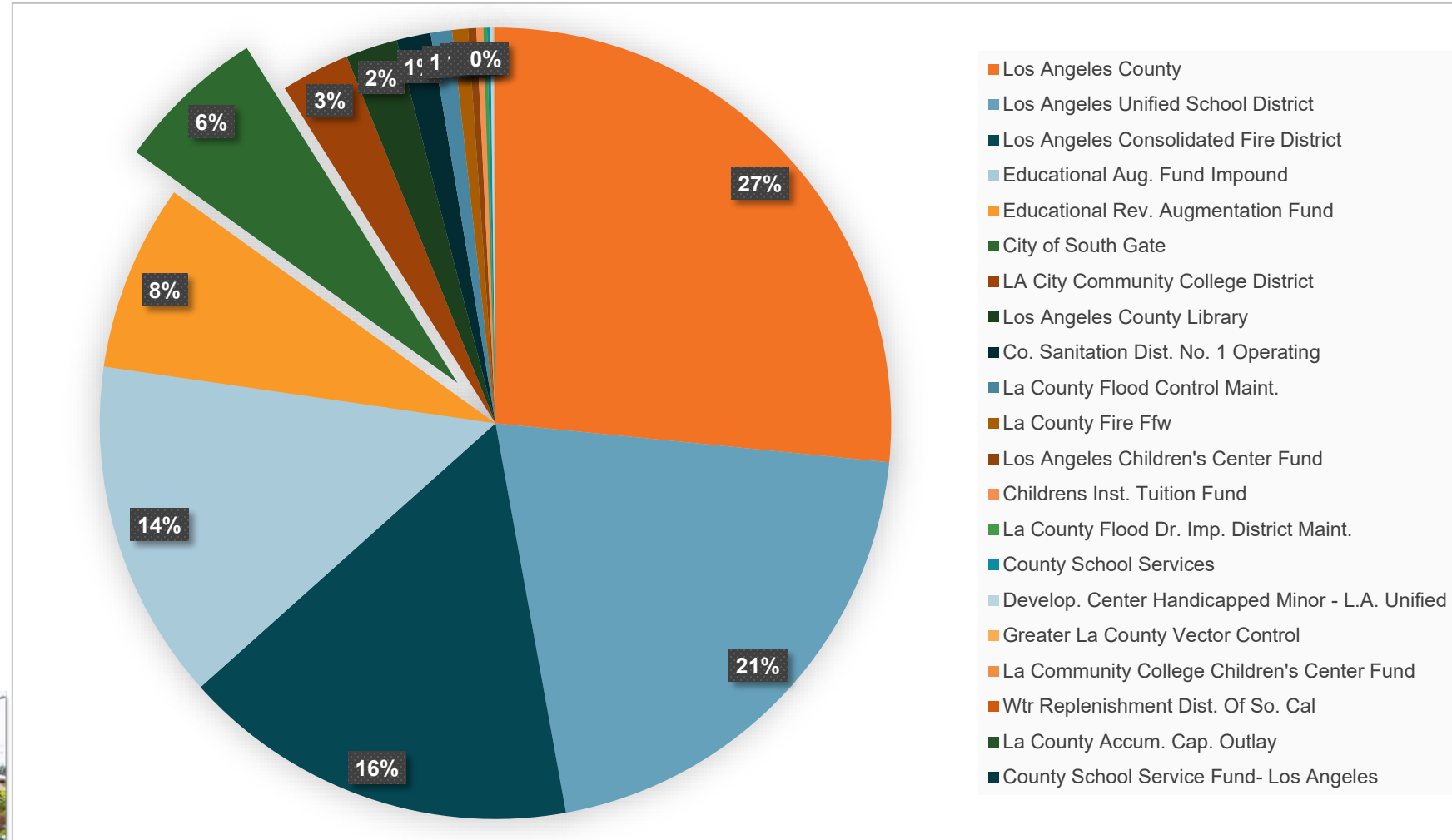
- Sales tax rate in South Gate: 10.75% (state + county + local measures)
- South Gate keeps  $\approx 2.00$  percent
- Other agencies keep the other 8.75 percent
- On a \$100 taxable purchase, about \$2 stays with the City.





# PROPERTY TAXES

- Most property tax goes to LA County, school districts, and special agencies.
- Only a small portion supports city services like street repair and public safety.
- For every \$1 of the basic 1% property tax, the City receives ≈ \$0.0615 (6.15%).
- Proposition 13 constraints mean this revenue grows slowly unless there's turnover or new construction.



# WHY THIS MATTERS

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- City services like park maintenance, police, and emergency response require funding.
- South Gate depends heavily on outside grants, which are temporary and competitive.
- We need a more reliable source of revenue to serve residents consistently.
- Predictable Base: Property taxes deliver stable, annually assessed revenue for core services.
- Sales taxes tie revenue to local economic activity, with visitors helping fund services.
- Property tax and sales tax together they make up the majority of flexible General Fund dollars, enabling priority-driven allocations.





# **FAST RISING COSTS**

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Understanding the imbalance between expenditures and revenues



# **UNDERSTANDING THE STRUCTURAL DEFICIT**

- Ongoing expenditures are projected to exceed available revenues, leading to fiscal challenges
- Projected shortfall is estimated at approximately \$8m to \$9.4 million for FY 2026-27 without corrective measures.
- To maintain the current level of services, the City needs significant additional revenue to bridge the gap and help fund deferred capital needs.
- Increased costs driven by pension amortization, insurance premiums, and inflation, are driving the gap.

# **DRIVERS OF INCREASES FROM FY 2024-25**

## **Non-Controllable Cost Increases**

- Increases in Unfunded Actuarial Liabilities (UAL)
- Health insurance increases
- Insurance premiums (Workers Compensation, General Liability)
- Increases in cost for labor, goods, and services due to inflationary pressures

# HISTORICAL PERSONNEL SALARY INCREASES

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	AVERAGE
GF Revenue Growth	-3.83%	8.81%	4.12%	11.67%	5.83%	-0.37%	4.37%
MOU Average Increase	3.55%	0%	0%	7.41%	3.63%	3.20%	2.97%

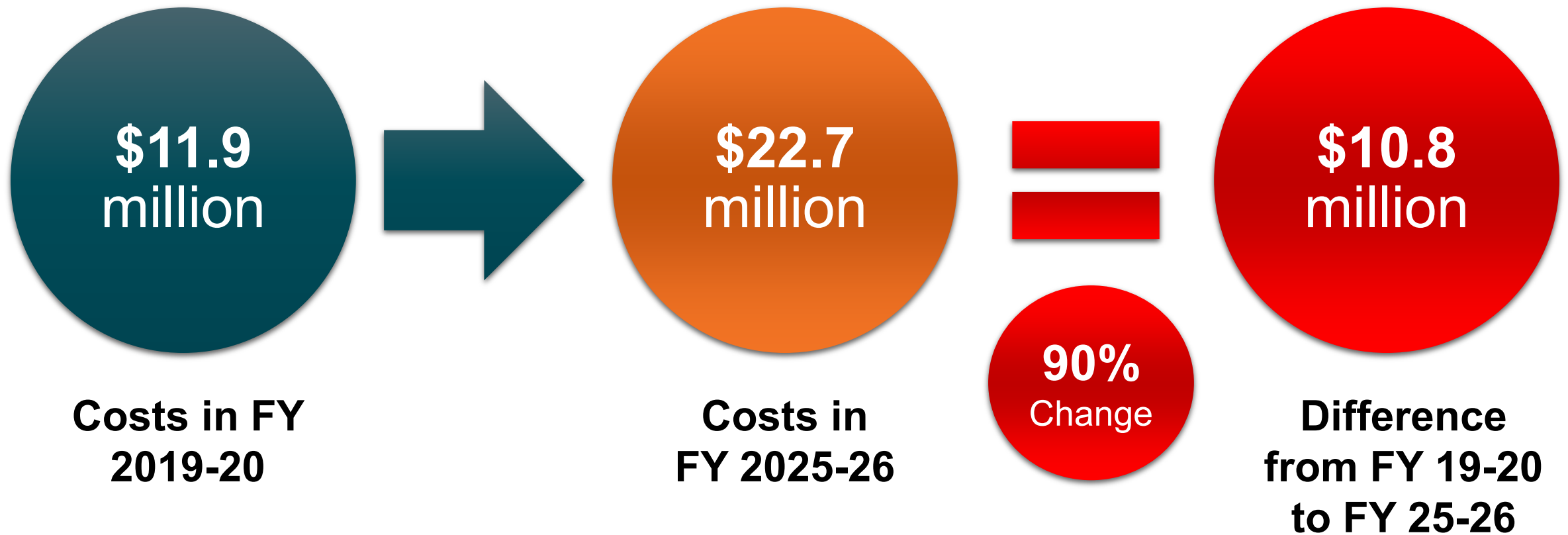
- Over the last five years, the General Fund has grown at an average annual rate of 4.37%, while cost-of-living adjustments for employees have averaged 2.97%—demonstrating that overall budget growth has outpaced salary increases.
- In each fiscal year from 2019-20 through 2024-25, raises have remained moderate, providing cost-of-living support without matching the faster expansion of the City’s General Fund.
- By keeping annual increases below General Fund revenue growth, the City has maintained financial flexibility to address unexpected needs, invest in infrastructure, and build reserves.
- Our approach balances fair compensation with prudent stewardship of public funds—ensuring sustainable service levels and fiscal health for the community.



# SUMMARY OF KEY COST INCREASES

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-2023	FY 2023-24	FY 2024-2025	FY 2025-2026	Growth
Unfunded Pension Liability	\$ 6,054,025	\$ 6,838,719	\$ 8,032,066	\$ 8,993,781	\$ 8,353,201	\$ 9,234,198	\$ 10,341,963	\$ 4,287,938
Health Insurance	\$ 3,345,272	\$ 3,493,889	\$ 3,477,801	\$ 3,743,808	\$ 3,941,505	\$ 4,790,860	\$ 5,529,279	\$ 2,184,007
WC & General Liability Ins.	\$ 1,896,531	\$ 2,408,166	\$ 2,963,695	\$ 3,780,742	\$ 4,444,910	\$ 4,719,060	\$ 5,242,739	\$ 3,346,208
Street Lighting & Landscape	\$ 627,436	\$ 494,909	\$ 240,814	\$ 953,567	\$ 1,607,277	\$ 1,208,164	\$ 1,569,986	\$ 942,550
<b>TOTAL</b>	<b>\$ 11,923,264</b>	<b>\$ 13,235,683</b>	<b>\$ 14,714,376</b>	<b>\$ 17,471,898</b>	<b>\$ 18,346,893</b>	<b>\$ 19,952,282</b>	<b>\$ 22,683,967</b>	<b>\$ 10,760,703</b>
<b>Change in Dollars</b>	<b>\$ 1,312,419</b>	<b>\$ 1,478,693</b>	<b>\$ 2,757,522</b>	<b>\$ 874,995</b>	<b>\$ 1,605,389</b>	<b>\$ 2,731,685</b>	<b>\$ 10,760,703</b>	

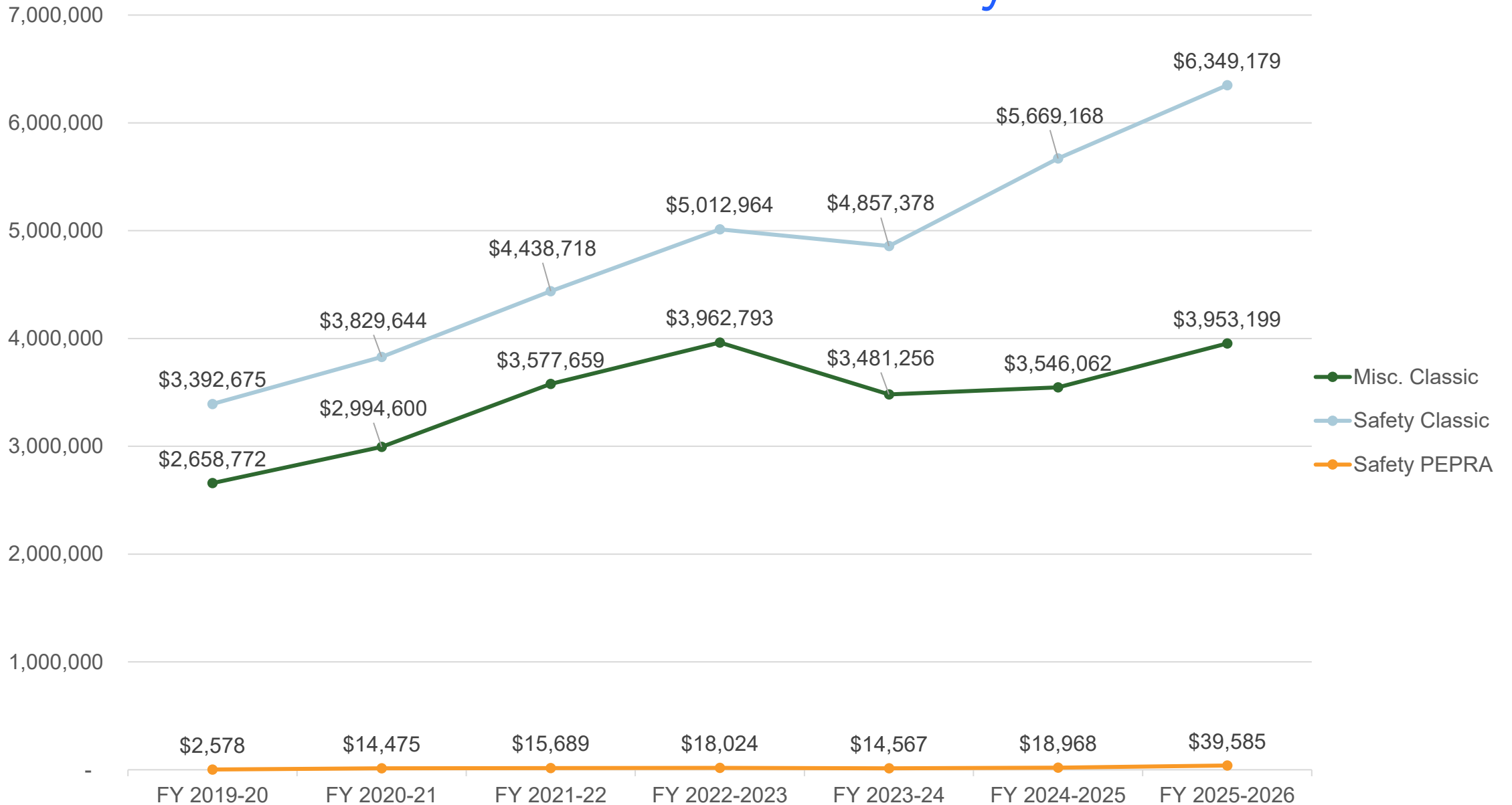
# SUMMARY OF KEY COST INCREASES



# Street Lighting and Landscape Fund



# UAL History

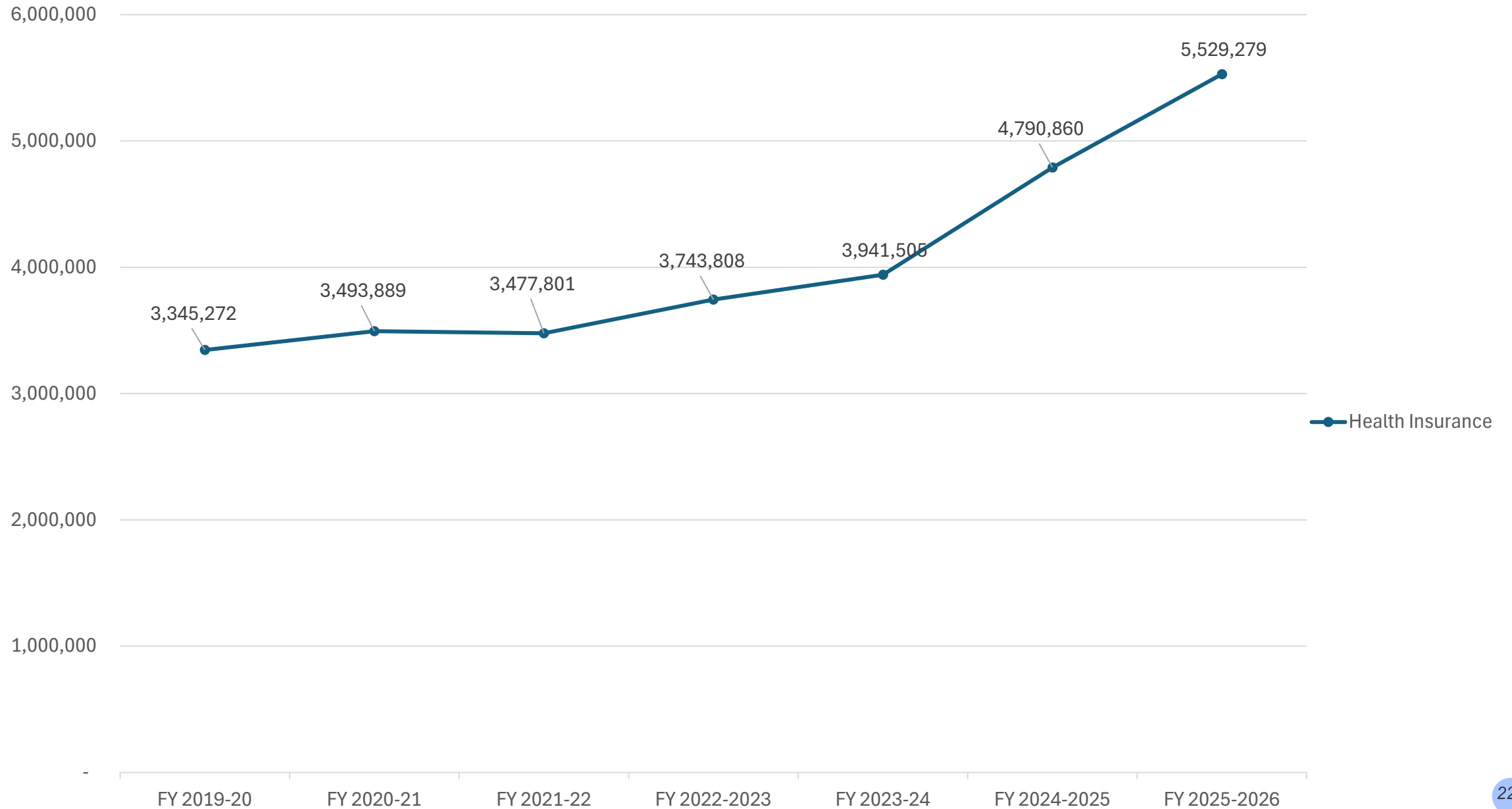




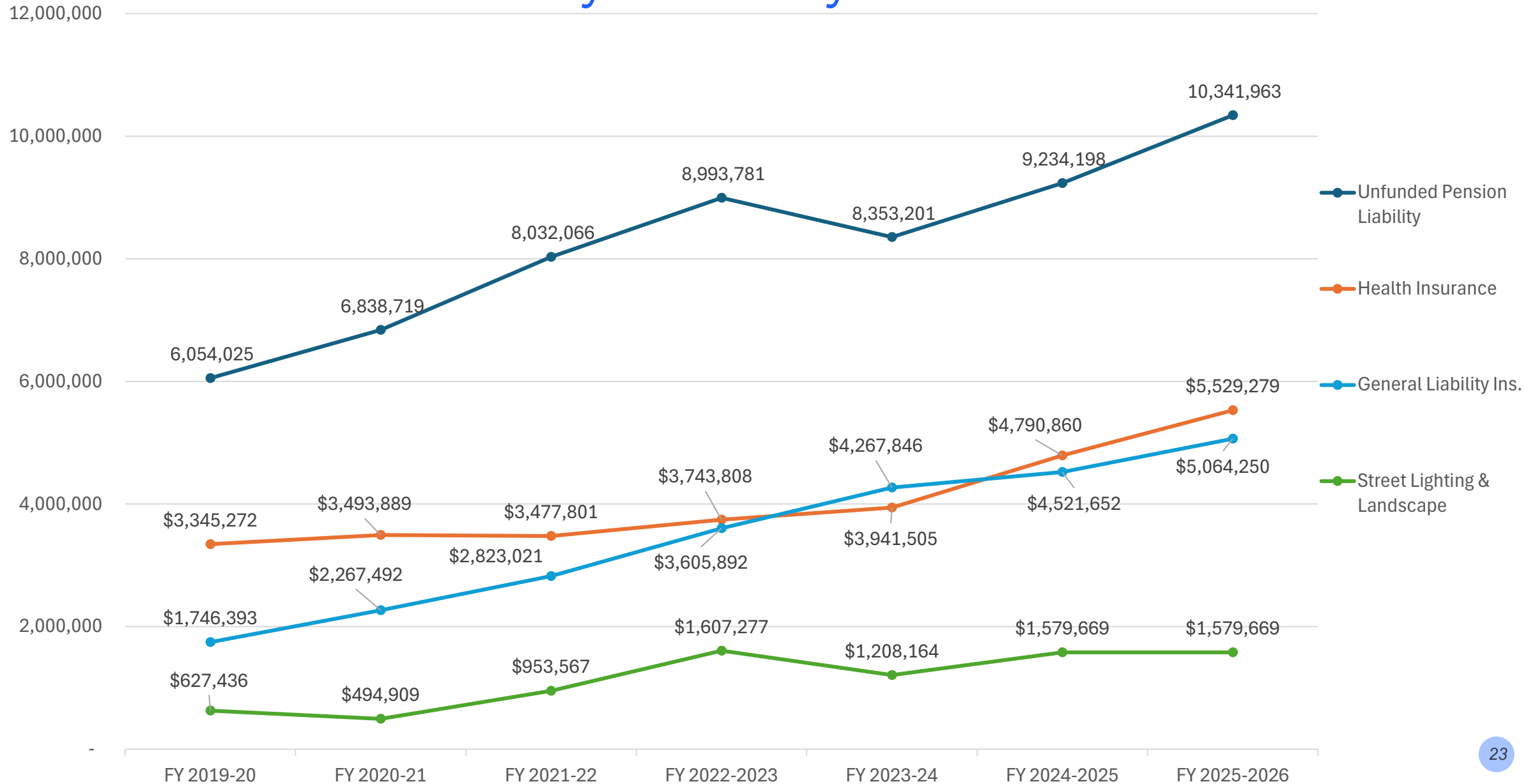
# Excess Liability Insurance



# Health Insurance



# Summary of Key Cost Increases





A photograph of the Municipal Auditorium building, a large, modern structure with a light-colored facade and a green roof. The building has large glass windows and doors. In the foreground, there is a paved plaza with a bench and some landscaping. The text 'MUNICIPAL AUDITORIUM' is visible on the building's facade.

# **TWO POSSIBLE PATHS FORWARD**

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*Option: Preserving*

**Maintain Current Services  
with Significant  
Additional Revenue**



*Option: Cutting*

**Significant Reductions to  
Balance Budget**

# **BUDGET REDUCTION EXERCISE**

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- As part of the budget development for the current year (FY 2025-26), department directors, at the direction of the City Manager, evaluated operations and submitted proposed budget reductions of almost \$6.5 million.
- This exercise was necessary and is the first step to understanding the impacts that cuts of this magnitude would have on operations.
- In the following slides, you'll see the details of the expenditure reductions that would be proposed to balance the budget in future years without significant additional revenue.
- This is intended as a starting point, and more expenditure cuts would need to be identified to close the \$8m to \$9.4m gap.

# **SIGNIFICANT REDUCTION**

## **EXPENDITURE CUT LIST**

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- **IT Capacity Reduced**
  - Eliminate position – delays on all major tech projects, slows Tech Master Plan
- **Finance Leadership Underfill**
  - Deputy Finance Director replaced by Accounting Manager – talent gap, audit compliance, and retention risk
- **Public Works Engineering Freeze**
  - Deputy City Engineer & Principal Civil Engineer frozen – CIP delays, strategic bottlenecks
- **Facility Maintenance Deferrals**
  - Defund City Hall Roof Repair: immediate leak risk; deferred \$970,200
  - Defund HVAC Improvements: continued cooling failures; deferred \$1,264,000

# **SIGNIFICANT REDUCTION**

## **EXPENDITURE CUT LIST**

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- **School Crossing Guard Program Eliminated**
  - Student safety in jeopardy during peak commute times
- **Aquatics & Recreation Facilities**
  - Pool closed 3 months (Nov–Jan) – no public swim or team practice
  - Swim Stadium closed Fridays – reduced weekday access
  - Golf Course closed 2 days/week – limited tee times for public & schools
  - No Free Play at Sports Center in summer – fewer options for kids
- **Youth & Special Events**
  - Cancel Youth Sports Second Seasons – baseball/softball/basketball cut
  - Eliminate Christmas Parade & Breakfast with Santa – major community traditions



# **SIGNIFICANT REDUCTION**

## **EXPENDITURE CUT LIST**

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- **Police Officer Eliminations**
  - 8 full-time positions cut – extended response times, delayed investigations
- **Forensic Investigator Positions Eliminated**
  - No in-house forensics; sworn officers absorb duties or outsource
- **Community Development Downsizing**
  - Code Enforcement Staffing Cuts
  - Lay off Assistant Planner, freeze Supervisors & Technicians
  - Public counter wait times spike; reduced zoning/building support

# REVENUE GROWTH OPPORTUNITIES

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- **Increase Street Lighting and Landscape Maintenance District Tax** – would need to go to the voters to approve a new rate to cover existing costs, plus include a CPI% annual increase. – This could generate an additional \$1.6 million
- **Implement a Utility Users Tax (UUT)** - needs voter approval - could generate up to \$13 million annually
- **Increasing Transient Occupancy Tax (TOT)** - this is a hotel tax and increasing it would require voter approval. We have a lower rate than most cities (8%) - possible additional revenue of \$75,000 for each 1% increase in rate
- **Adjust Fees and Fines** for all permits, services (including Recreation fees), and citations based on costs of service – A study would be conducted – Possible additional revenue of \$100,000-\$200,000
- **Implement Impact Fees** added for new development – Such as Traffic Fees, Park-in-Lieu fees, etc. This revenue would be restricted for specific use, not general fund – Amount TBD
- **Increasing Economic Development** to encourage more sales tax-generating businesses. Takes time and will be slow – Ex. Chik fil A/In-Out Burger type restaurant annual revenue in the \$90,000 range.
- **Increasing Street Sweeping fees** to mitigate negative fund impact. Services are costing more than the revenue being brought in.

# What Revenue's do other Cities Have?

## 2025 SERVICE & TAX SURVEY

FOR ILLUSTRATIVE PURPOSES ONLY (NON-AUDITED NUMBERS)

								RATES			DOLLARS					PER CAPITA DOLLARS	
City	2025 Population	Total GF Revenue	Police Services	Fire Services	Library Services	Total Sales Tax Rate	Weighted Property Tax Share (%)	UUT Tax Rate	Cannabis Tax Rate	Local Sales Tax Measure	Total Local Sales Tax (mil)	Cannabis Tax (mil)	Utility User Tax (mil)	Special Assessments (mil)	Pension Tax (mil)	Direct Local Revenue (\$) Per Capita	GF Revenue Per Capita
Bellflower	76,656	\$ 50,326,200	Sheriff	LACFD	County	10.50%	6.66%	5.00%	8.50%	0.75%	7.29	3.50	3.70	0.04	0.00	\$ 189.49	\$ 656.52
Carson	91,812	\$ 140,258,534	Sheriff	LACFD	County	10.50%	6.74%	2.00%	18.00%	1.00%	29.29	0.00	10.00	0.02	0.00	\$ 428.05	\$ 1,527.67
Downey	111,871	\$ 125,580,565	Local	Local	Local	10.50%	14.53%	5.00%	0.00%	0.50%	13.46	0.00	8.60	2.85	0.00	\$ 222.64	\$ 1,122.55
Gardena	60,263	\$ 86,419,896	Local	LACFD	County	10.50%	11.32%	5.00%	0.00%	0.75%	12.19	0.00	6.67	1.70	0.00	\$ 341.22	\$ 1,434.05
Huntington Park	53,051	\$ 47,160,900	Local	LACFD	County	10.50%	7.35%	9.75%	0.00%	1.00%	7.55	0.00	6.41	1.95	7.90	\$ 448.81	\$ 888.97
Lynwood	66,660	\$ 47,072,671	Sheriff	LACFD	County	10.75%	11.30%	9.00%	5.00%	1.00%	6.72	1.00	5.35	2.25	5.75	\$ 316.01	\$ 706.16
Norwalk	101,075	\$ 75,722,656	Sheriff	LACFD	County	10.50%	9.24%	5.50%	0.00%	0.75%	11.12	0.00	5.73	0.00	0.00	\$ 166.68	\$ 749.17
Paramount	52,371	\$ 45,975,300	Sheriff	LACFD	County	10.50%	6.72%	5.50%	0.00%	0.75%	8.22	0.00	4.79	0.00	0.00	\$ 248.34	\$ 877.88
Pico Rivera	60,858	\$ 61,249,788	Sheriff	LACFD	County	10.75%	8.79%	4.50%	0.00%	1.00%	12.93	0.00	4.17	2.04	0.00	\$ 314.50	\$ 1,006.44
Whittier	87,850	\$ 104,336,823	Local	LACFD	Local	10.50%	7.24%	5.00%	0.00%	0.75%	12.60	0.00	8.50	0.54	0.00	\$ 246.34	\$ 1,187.67
Bell	33,315	\$ 77,626,186	Local	LACFD	County	9.75%	7.38%	10.00%	0.00%	0.00%	0.00	0.00	4.72	0.41	4.10	\$ 277.05	\$ 2,330.07
Cudahy	22,132	\$ 20,339,346	Sheriff	LACFD	County	10.50%	6.59%	8.00%	15.00%	0.75%	1.11	0.75	1.40	0.07	0.00	\$ 150.65	\$ 919.00
Santa Fe Springs	18,680	\$ 83,740,000	Contract	Local	Local	10.75%	6.37%	5.00%	0.00%	1.00%	28.50	0.00	8.00	0.20	0.00	\$ 1,964.67	\$ 4,482.87
Monterey Park	59,269	\$ 74,133,000	Local	Local	Local	10.50%	15.83%	3.00%	0.00%	0.75%	8.31	0.00	3.93	1.00	13.00	\$ 442.80	\$ 1,250.79
Maywood	24,496	\$ 13,194,100	Sheriff	LACFD	County	9.75%	6.63%	4.00%	10.00%	0.00%	0.00	1.75	1.40	0.17	1.30	\$ 188.60	\$ 538.62
South Gate	92,955	\$ 66,655,001	Local	LACFD	County	10.75%	6.15%	0.00%	0.00%	1.00%	14.56	0.00	0.00	2.00	0.00	\$ 178.10	\$ 717.07

Average Population:	63,332																	\$ 396.39	\$ 1,311.90
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# 2025 SERVICE & TAX SURVEY

FOR ILLUSTRATIVE PURPOSES ONLY (NON-AUDITED NUMBERS)

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Downey	111,871	\$ 125,580,565	Local	Local	Local	10.50%	14.53%
Gardena	60,263	\$ 86,419,896	Local	LACFD	County	10.50%	11.32%
Huntington Park	53,051	\$ 47,160,900	Local	LACFD	County	10.50%	7.35%
Lynwood	66,660	\$ 47,072,671	Sheriff	LACFD	County	10.75%	11.30%
Norwalk	101,075	\$ 75,722,656	Sheriff	LACFD	County	10.50%	9.24%
Paramount	52,371	\$ 45,975,300	Sheriff	LACFD	County	10.50%	6.72%
Pico Rivera	60,858	\$ 61,249,788	Sheriff	LACFD	County	10.75%	8.79%
Whittier	87,850	\$ 104,336,823	Local	LACFD	Local	10.50%	7.24%
Bell	33,315	\$ 77,626,186	Local	LACFD	County	9.75%	7.38%
Cudahy	22,132	\$ 20,339,346	Sheriff	LACFD	County	10.50%	6.59%
Santa Fe Springs	18,680	\$ 83,740,000	Contract	Local	Local	10.75%	6.37%
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South Gate	92,955	\$ 66,655,001	Local	LACFD	County	10.75%	6.15%



# 2025 SERVICE & TAX SURVEY

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City	RATES			DOLLARS				
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Carson	2.00%	18.00%	1.00%	29.29	0.00	10.00	0.02	0.00
Downey	5.00%	0.00%	0.50%	13.46	0.00	8.60	2.85	0.00
Gardena	5.00%	0.00%	0.75%	12.19	0.00	6.67	1.70	0.00
Huntington Park	9.75%	0.00%	1.00%	7.55	0.00	6.41	1.95	7.90
Lynwood	9.00%	5.00%	1.00%	6.72	1.00	5.35	2.25	5.75
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Paramount	5.50%	0.00%	0.75%	8.22	0.00	4.79	0.00	0.00
Pico Rivera	4.50%	0.00%	1.00%	12.93	0.00	4.17	2.04	0.00
Whittier	5.00%	0.00%	0.75%	12.60	0.00	8.50	0.54	0.00
Bell	10.00%	0.00%	0.00%	0.00	0.00	4.72	0.41	4.10
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Santa Fe Springs	5.00%	0.00%	1.00%	28.50	0.00	8.00	0.20	0.00
Monterey Park	3.00%	0.00%	0.75%	8.31	0.00	3.93	1.00	13.00
Maywood	4.00%	10.00%	0.00%	0.00	1.75	1.40	0.17	1.30
South Gate	0.00%	0.00%	1.00%	14.56	0.00	0.00	2.00	0.00

# 2025 SERVICE & TAX SURVEY

FOR ILLUSTRATIVE PURPOSES ONLY (NON-AUDITED NUMBERS)

City	PER CAPITA DOLLARS	
	Direct Local Revenue (\$) Per Capita	GF Revenue Per Capita
Bellflower	\$ 189.49	\$ 656.52
Carson	\$ 428.05	\$ 1,527.67
Downey	\$ 222.64	\$ 1,122.55
Gardena	\$ 341.22	\$ 1,434.05
Huntington Park	\$ 448.81	\$ 888.97
Lynwood	\$ 316.01	\$ 706.16
Norwalk	\$ 166.68	\$ 749.17
Paramount	\$ 248.34	\$ 877.88
Pico Rivera	\$ 314.50	\$ 1,006.44
Whittier	\$ 246.34	\$ 1,187.67
Bell	\$ 277.05	\$ 2,330.07
Cudahy	\$ 150.65	\$ 919.00
Santa Fe Springs	\$ 1,964.67	\$ 4,482.87
Monterey Park	\$ 442.80	\$ 1,250.79
Maywood	\$ 188.60	\$ 538.62
South Gate	\$ 178.10	\$ 717.07



# UNDERSTANDING UTILITY USERS TAX (UUT)

Many neighboring cities have adopted a Utility Users Tax (UUT) to create a locally controlled revenue stream. This approach allows cities to fund essential services more effectively by tapping into utility usage as a tax base



# Understanding UUT

## Definition

The Utility User Tax (UUT) is a local tax imposed on utility services provided to residents and businesses.

## Purpose

UUT aims to generate revenue for essential city services, ensuring the community has the necessary resources.

## Benefits

The tax supports local programs, including public safety, infrastructure, and community services that enhance quality of life.



# How UUT Works



## Utility Examples and Their Impact

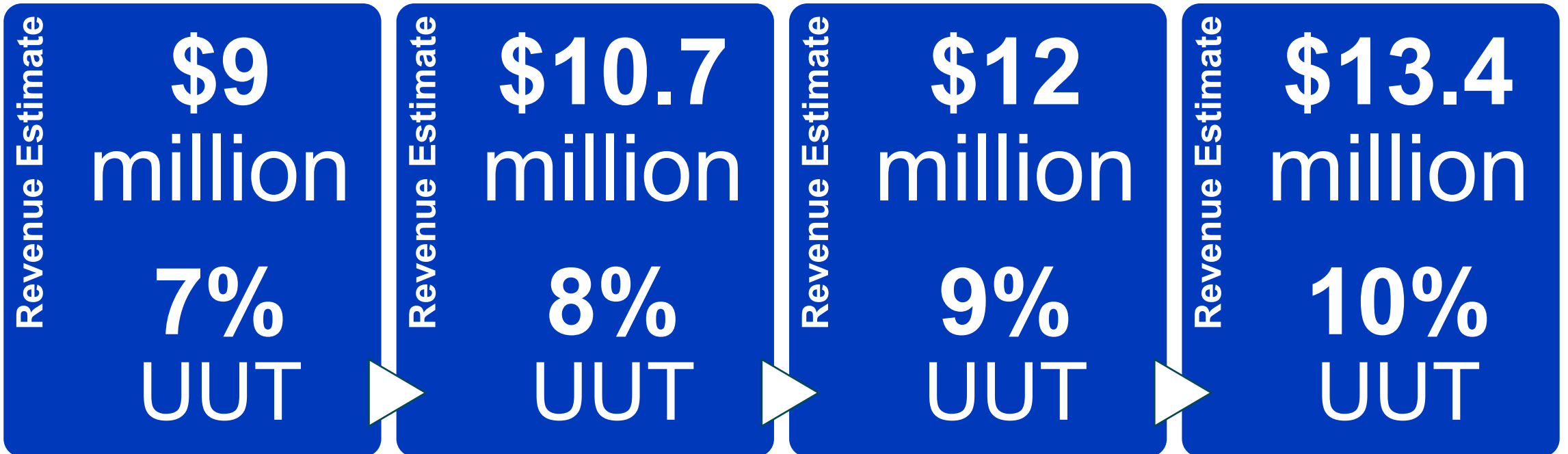
UUT applies to various utility services like electricity, water, sewer, gas, and cable.



## Calculation Methods for UUT

UUT is calculated based on the total utility bill amount.

# ESTIMATED UUT REVENUE



# COMPARING UUT REVENUES

**\$0**

**South Gate**

Population: 92,955

**\$4.8 Million**

**Paramount**

Population: 52,371

**\$5.4 Million**

**Lynwood**

Population: 66,660

**\$8 Million**

**Downey**

Population: 111,871

**\$4.7 Million**

**Bell**

Population: 33,315

**\$10 Million**

**Carson**

Population: 91,812

**\$6.7 Million**

**Gardena**

Population: 60,263

**\$6.4 Million**

**Huntington Park**

Population: 53,051

**\$3.7 Million**

**Bellflower**

Population: 76,656

**\$4.7 Million**

**Norwalk**

Population: 101,075

**\$4.2 Million**

**Pico Rivera**

Population: 60,858

**\$8.6 Million**

**Whittier**

Population: 87,850

# COMPARING UUT RATES

**0%**

**South Gate**

Population: 92,955

**5.5%**

**Paramount**

Population: 52,371

**9%**

**Lynwood**

Population: 66,660

**5%**

**Downey**

Population: 111,871

**10%**

**Bell**

Population: 33,315

**2%**

**Carson**

Population: 91,812

**5%**

**Gardena**

Population: 60,263

**9.75%**

**Huntington Park**

Population: 53,051

**5%**

**Bellflower**

Population: 76,656

**5.5%**

**Norwalk**

Population: 101,075

**4.5%**

**Pico Rivera**

Population: 60,858

**5%**

**Whittier**

Population: 87,850

# Exemption Examples

## Senior Exemptions

**Seniors may qualify for reduced UUT rates or low-income seniors could be exempt from payment.**





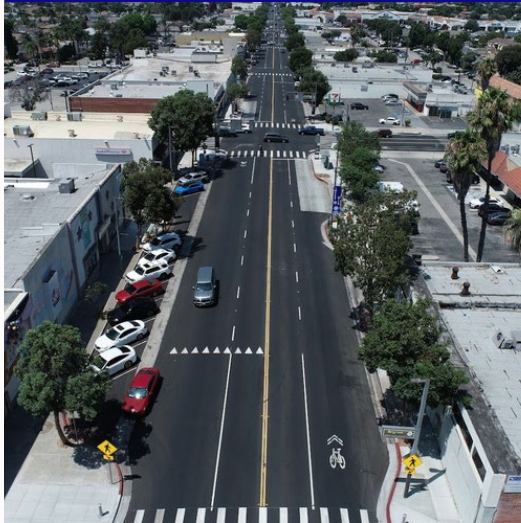
# What UUT Can Fund

## Safety



**Funding supports essential police and fire services.**

## Streets



**Funds allocated for repairing and maintaining roads.**

## Parks



**Investments enhance public parks and recreational programs.**

## Programs



**Investment in community programs enriches local services.**

# Household Cost Examples

## Low Usage

**A monthly utility household spend of \$372.**

**Estimated UUT costs:**

**7% → \$26.04**

**8% → \$29.76**

**9% → \$33.48**

**10% → \$37.20**

## Medium Usage

**A monthly utility household spend of \$560.**

**Estimated UUT costs:**

**7% → \$39.20**

**8% → \$44.80**

**9% → \$50.40**

**10% → \$56.00**

## High Usage

**A high monthly utility household spend of \$750.**

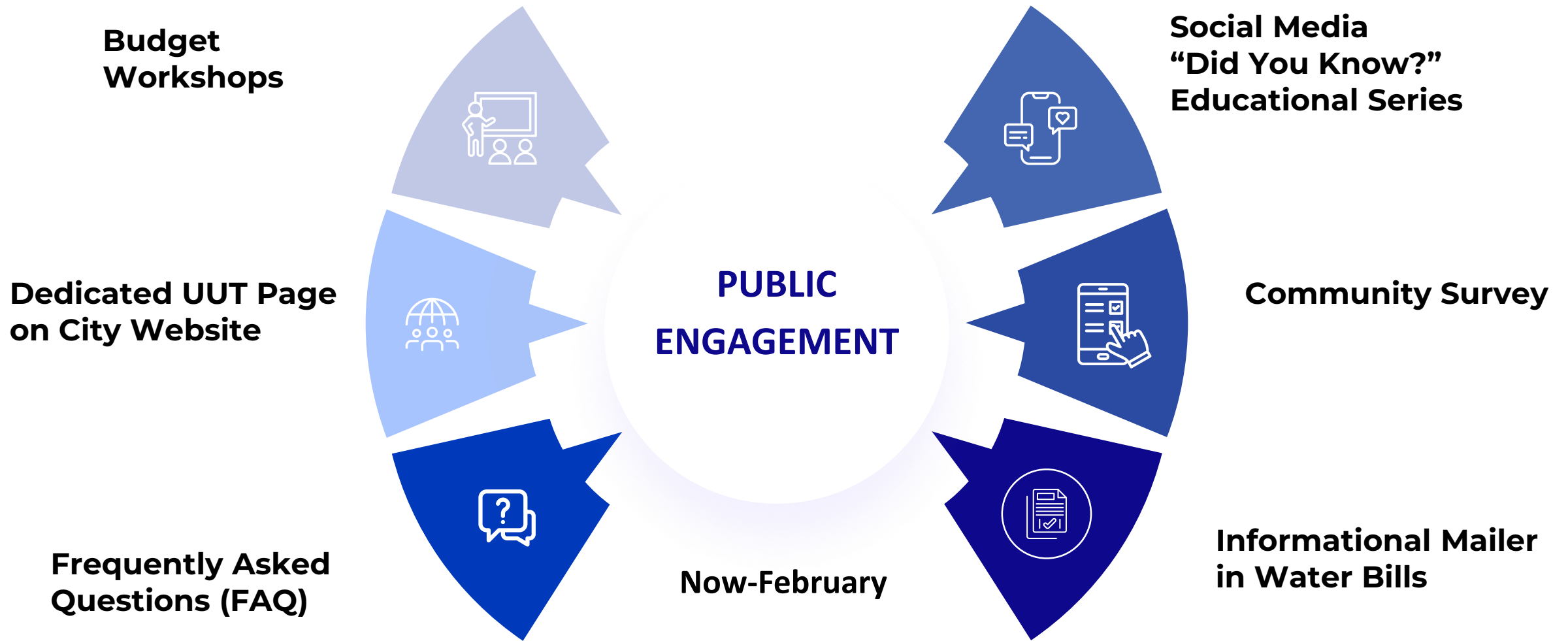
**Estimated UUT costs:**

**7% → \$52.50**

**8% → \$60.00**

**9% → \$67.50**

**10% → \$75.00**





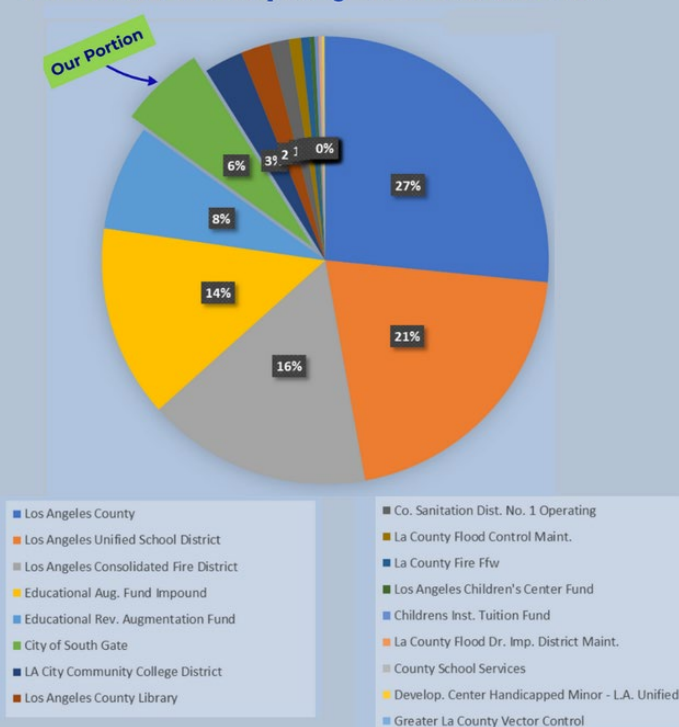
# Outreach Material

## DID YOU KNOW...

South Gate Only Gets 6.15¢  
of Every Property Tax Dollar?



## FY 2025-26 Property Tax Breakdown



## We Want to Hear From You!



### Help Us Plan for the Future of Our Community

Like many California cities, South Gate is facing rising costs for public safety, street repairs, and community services while revenue remains flat. Even after years of cost-saving measures, the City's budget is under strain and we are facing millions in cuts to services for our community in the coming year.

### Why This Matters

South Gate operates with a lean budget and has already implemented cost-saving measures. However, several factors are contributing to a growing budget gap:

- Rising costs for public safety, infrastructure, and maintenance
- Inflation driven increases in utilities, construction, and staffing
- A growing backlog of needed maintenance and repairs to streets, facilities, and equipment
- State mandates

Without identifying a new local source of revenue, cuts to community services including public safety, public works and community recreation activities, will become unavoidable.

### What Is a Utility Users Tax (UUT)?

A Utility Users Tax (UUT) is a local tax on utility services such as electricity, gas, water, and telecommunications used by residents and businesses. South Gate is one of the few cities in Los Angeles County without a UUT, which limits our ability to generate local, voter-controlled funding. A UUT can help support essential City services, including public safety, street maintenance, and emergency response.

### Do Neighboring Cities Have a UUT?

Yes. While South Gate does not currently have a UUT, many nearby cities rely on one to help fund essential services:

- **Downey:** 5% on electricity and gas; 4.8% on telecommunications
- **Bell:** 5% on electricity, gas, water, telephone, and cable
- **Bellflower:** 5% on electricity, gas, water, telephone, and cable
- **Lynwood:** 9% on electricity, gas, water, telephone, and cable

### Is the City Considering a Utility Users Tax?

Like many cities in California, South Gate is experiencing structural budget pressures, costs for public safety, infrastructure maintenance, and community services are increasing faster than current revenue streams allow. The City's General Fund, which pays for most day-to-day services, is under strain.

While no decision has been made, a UUT is one locally-controlled revenue stream that the City is considering to maintain services for our residents.

### We Want Your Feedback!

Visit our online community survey to:

- ☐ Rank your priorities for City services
- ☐ Share your comments about how South Gate should address its budget challenges
- ☐ Learn more about how local funding supports essential services



Scan the QR code or visit  
[tinyurl.com/SouthGateCitySurvey](https://tinyurl.com/SouthGateCitySurvey)  
to share your thoughts today.



# Sample Ballot Language

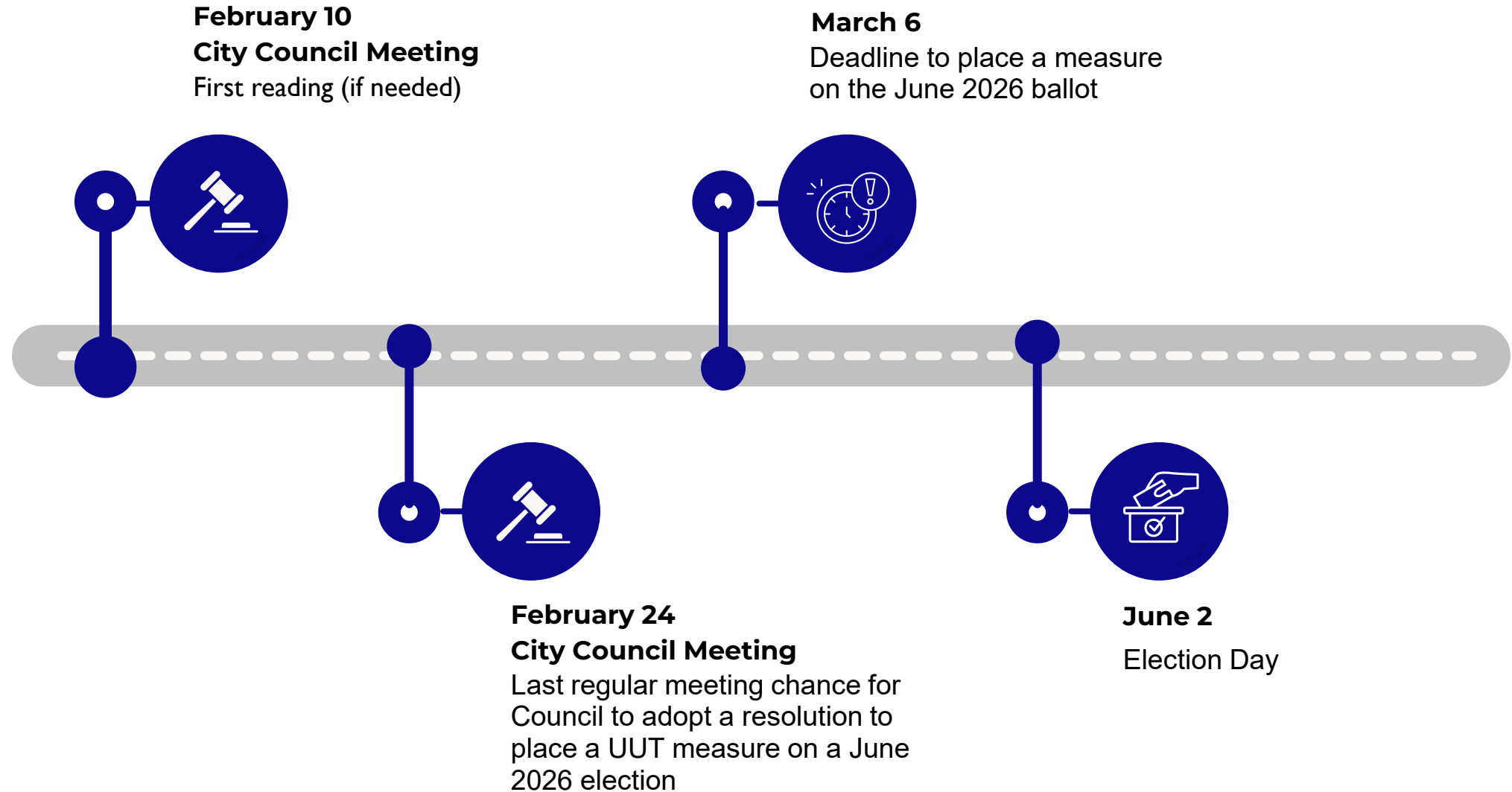
SOUTH GATE PUBLIC SAFETY, STREET REPAIR AND NEIGHBORHOOD SERVICES MEASURE. Shall the ordinance to preserve police staffing /9-1-1 emergency response; protect water supplies; repair streets / potholes / sidewalks / deteriorating infrastructure; maintain senior/youth services; continue homeless reduction / prevention; and other General Fund uses by establishing a 7% utility user tax, providing approximately \$9,000,000 yearly until ended by voters; requiring independent yearly audits, public spending disclosures/all funds locally controlled to benefit South Gate residents, be adopted?

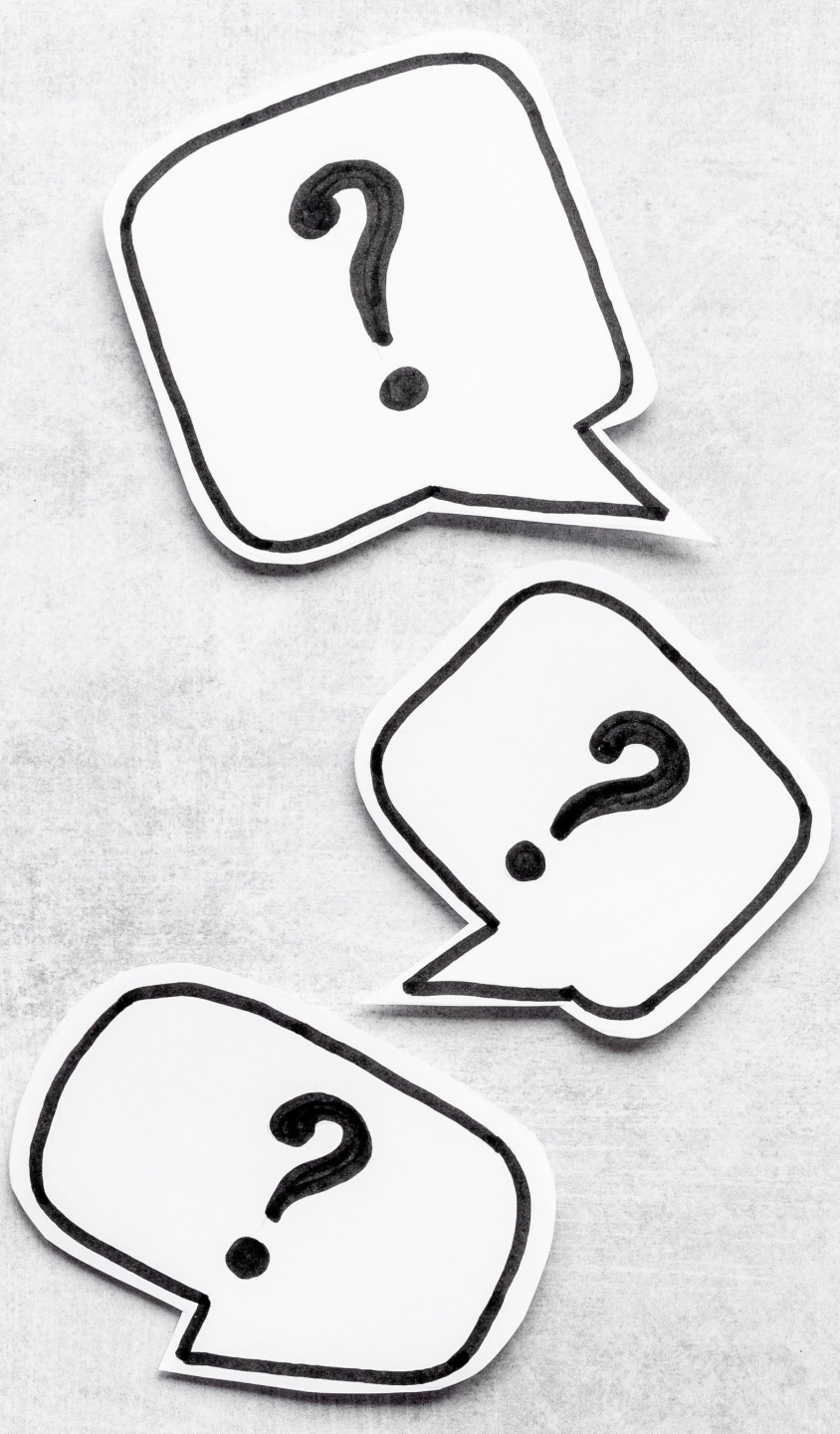


# Council Actions : Next Steps

- Make a Declaration of Fiscal Emergency and adopt a resolution calling for a Utility Users Tax election no later than 88 days before the targeted election date.
- A unanimous vote of all council members present at meeting is needed to Declare a Fiscal Emergency.
- To place the UUT on the ballot you need 2/3 of all members, present or not (i.e., 4), to propose a general tax.

# Council Actions : Timeline





**Questions?**