

A wide-angle photograph of a beach at sunset. The sun is low on the horizon, casting a golden glow across the sky and reflecting on the water. The beach is sandy and has some gentle waves washing onto it. In the background, a city skyline is visible, including a prominent tall building and a lifeguard stand. The sky is filled with wispy clouds, and the overall atmosphere is peaceful and scenic.

Potential Extension of Measure A

July 2, 2019

Background

- On July 7, 2016, Long Beach voters approved Measure A
- A 10-year sales tax increase for public safety and infrastructure
- 1% for six years, then declining to 0.5% for four years, expiring in 2027
- Five-member citizens advisory committee was established to review the use of the funds by the City
- Measure A will generate \$60 million per year at 1%, and \$31 million per year at 0.5%

Background

- The City is facing new challenges related to community health services
- The City's infrastructure challenges remain despite the initial investment, and long-term funding solutions over the next 30 years
- However, half of the tax (0.5%) is dedicated towards funding operations, as 2027 nears those positions could be at risk for elimination
- Measure A has been an enormous success:
 - Added public safety officers
 - Maintained public safety personnel that would have otherwise been reduced
 - Funded an unprecedented investment in the City's infrastructure

A blue-tinted photograph of a beach and ocean. The foreground shows gentle waves washing onto a sandy beach. In the middle ground, a city skyline is visible across the water, featuring several buildings of varying heights. The sky is filled with soft, wispy clouds. The overall mood is serene and coastal.

Projects and Services Funded by Measure A

Services Funded by Measure A

- Added 41 new public safety positions:
 - Paramedic Rescue 12 and Fire Engine 8 have been restored to service.
 - Police South Patrol Division has been restored to the same operational level as the other three Patrol Divisions in the City
 - Supporting the staffing needs of the Police Academy
 - Supporting the Fire Department's Homeless Education and Response Team (HEART) and the Police Department's Quality of Life Units
- Maintained 108 additional public safety positions
- Provided for Police and Fire academies, and the future renovation of training facilities
- Provided new technology for Public Safety (radios, body-worn cameras)

Projects Funded by Measure A

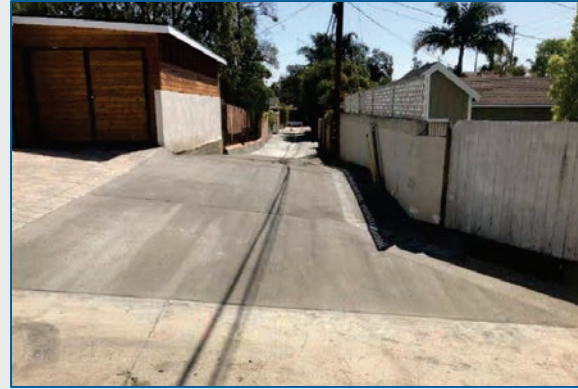
Project Category	FY 17-19 Measure A Funds
Mobility Arterial and Residential Streets, Alleys, Sidewalks, Curbs, Bridges, Street Lights, Signage	\$42,357,978
Parks & Recreation Community Centers, Playgrounds/Tot Lots, Building Repairs, Irrigation Improvements, Sports Courts, Park Restrooms	\$26,880,915
Public Facilities Fire Stations, Police Stations, Libraries, Health Facilities, Emergency Communications & Operations Center, Animal Care Facility	\$15,385,000
Utilities Stormwater Protection	\$3,488,500
TOTAL	\$88,112,393

Projects Funded by Measure A (Cont.)



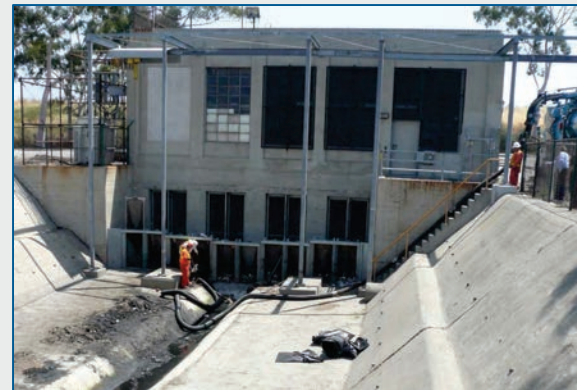
Projects Funded by Measure A (Cont.)

- 232 lane miles of streets slurry sealed
- 3 miles of dirt alleys paved
- New park space (Red Car Greenbelt)
- New Houghton Park Community Center



Projects Funded by Measure A (Cont.)

- 5 playgrounds have been replaced (another 4 in the works)
- Roof repair or replacement funded for more than a dozen facilities (parks, public safety, libraries, health facilities)
- Stormwater protection
- Park improvements



Projects Funded by Measure A (Cont.)

- 102 lane miles of complete street projects, which may include curb ramps, and sidewalks
- Repairs and upgrades funded for more than 30 public facilities
- Parking lot improvements



A blue-tinted photograph of a beach and ocean. The foreground shows gentle waves washing onto a sandy beach. In the distance, a city skyline is visible under a cloudy sky. The overall scene is serene and coastal.

Funding Needs

Community Health

- The City's Community Health needs are increasing, straining existing resources
- Community Hospital of Long Beach stopped accepting Basic Life Support patients in Spring 2018 and closed completely on July 3, 2018
- 27,200 emergency service visits in 2016, and, since its closure, ambulance transport times have increased by 10 percent
- In order to reopen the facility for both acute medical care services and the ability to offer other services critical to address mental health and homelessness in the community, the City's cost-share would be \$25 million over the next 15 years
- Without additional revenue, Long Beach would likely face service reductions to public safety and other services

Infrastructure

- In 2016, the estimated infrastructure backlog of \$2.3 billion. Thus far, Measure A has expended or committed \$88 million in additional funding towards this infrastructure backlog
- There are four infrastructure plans to assess and prioritize investments:
 - [Pavement Management Plan](#): The City's current PCI is 62 and the street infrastructure need is \$510 million
 - [Alley Assessment Plan](#): The City's alley infrastructure need is \$98 million
 - [Sidewalk Management Plan](#): The City's sidewalk infrastructure need is \$631 million
 - [Facilities Investment Plan](#): The City has 200+ facilities. Only 17 facilities have been assessed thus far, with a total repair/renovation/replacement need of \$38 million. The total replacement need could exceed \$500 million
- The backlog of need, and the associated costs, will continue to grow

Public Safety

- Public Safety remains the City's top priority (70% of every general fund dollar)
- Personnel costs are the leading cause of cost growth each year, even without any negotiated salary increases
- Measure A has been enormously helpful in both adding public safety personnel, but also funding existing positions to offset the growth in providing current public safety services and saving those positions from reduction
- Additional revenue will be needed maintain police and fire positions without significant reductions to Police and Fire or other City services
 - 150 positions are funded by Measure A

A wide-angle photograph of a beach and ocean, tinted in shades of blue. The ocean waves are visible in the foreground, washing onto a sandy beach. In the distance, a city skyline is visible under a cloudy sky. A lifeguard stand is on the right side of the beach.

Public Support

Sales Tax Comparisons

- In 2016, Long Beach voters approved Measure A with 60% of the vote. Long Beach was one of a handful of cities to propose and enact an additional 1% sales tax. Since that time, 16 California cities have increased or proposed to increase their local sales tax

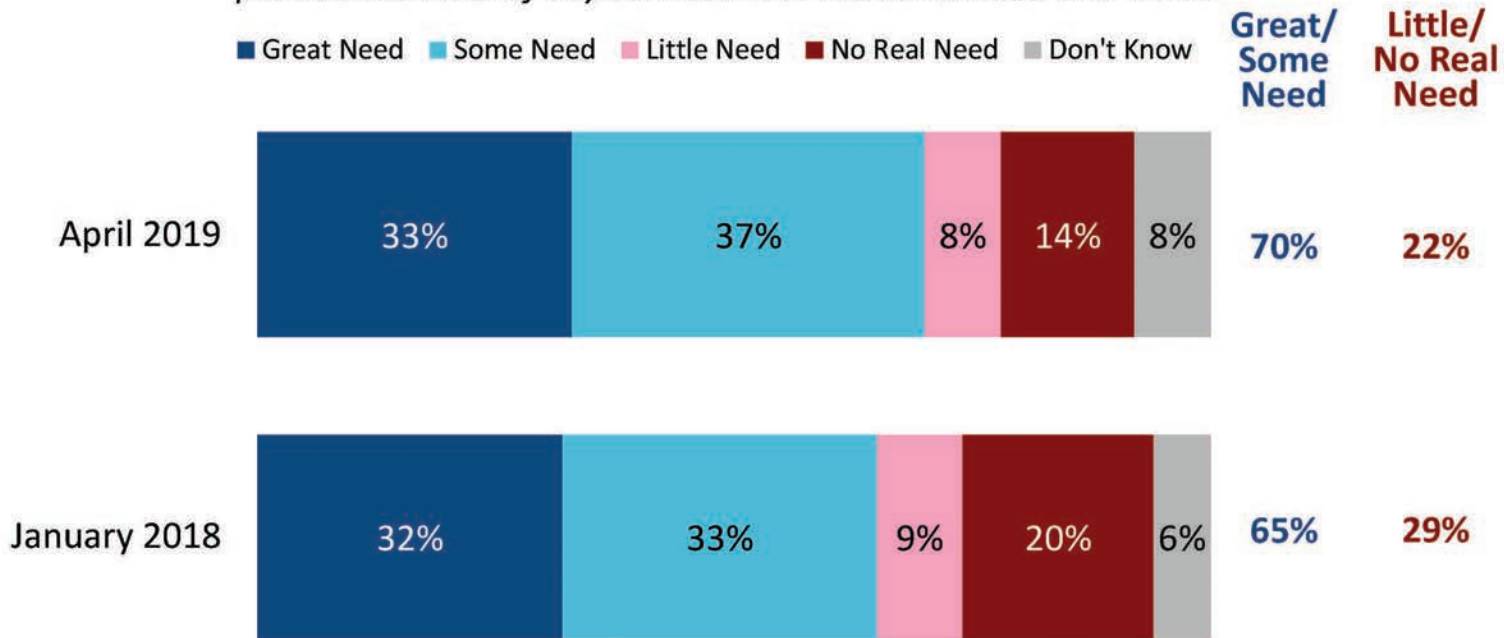
10.0%	10.25%		10.5%
Avalon	Arcadia	Lawndale	Santa Fe Springs
Commerce	Burbank	Long Beach	
Downey	Compton	Lynwood	
El Monte	Covina	Monrovia*	
Inglewood	Cudahy	Pasadena	
La Puente	Culver City	Pico Rivera	
San Fernando	Glendale	Pomona	
So. El Monte	Glendora	Santa Monica	
	Hawthorne	South Gate	

Polling

- In April 2019, a telephone poll of 600 known Long Beach voters was conducted to determine support for the proposed extension of sales tax provided for through Measure A
- Interviews were conducted in English and in Spanish
- Conduction by Fairbank, Maulin, Metz & Associates (FM3)
- FM3 has done this type of polling for 135+ California cities, as well as the County of Los Angeles and the Long Beach Unified School District

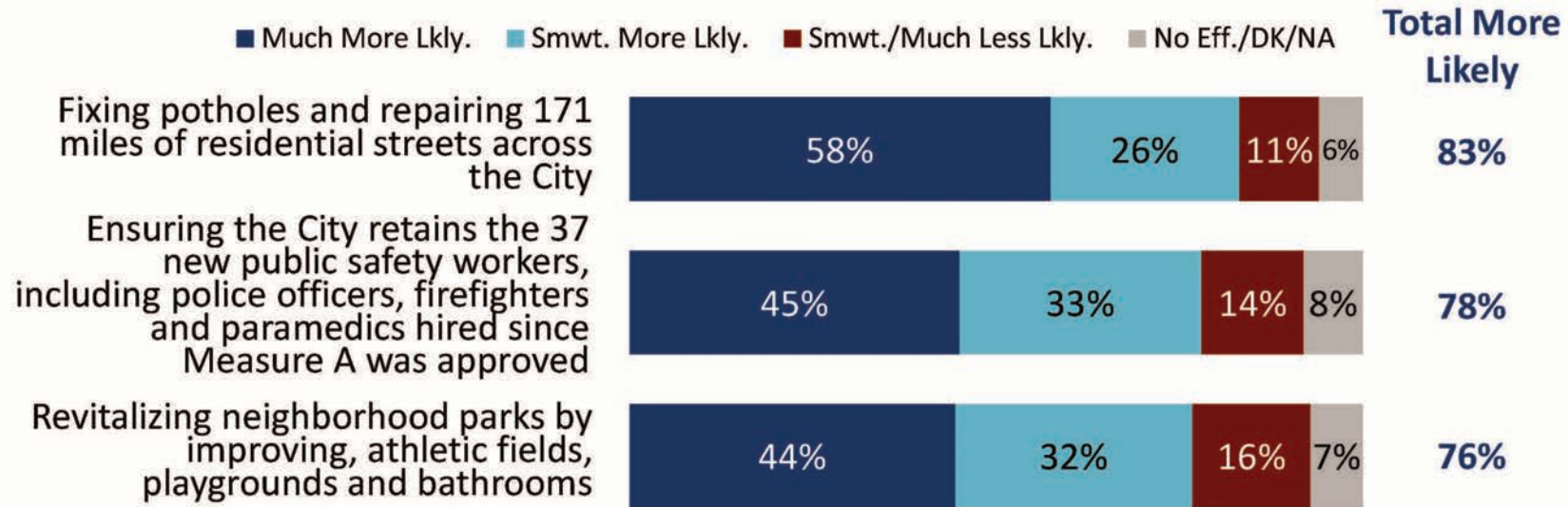
Today, seven in ten voters think the City needs additional funds to provide quality services to Long Beach residents.

In your personal opinion, do you think the City of Long Beach has a great need, some need, a little need, or no real need for additional funds to provide the level of city services that residents need and want?

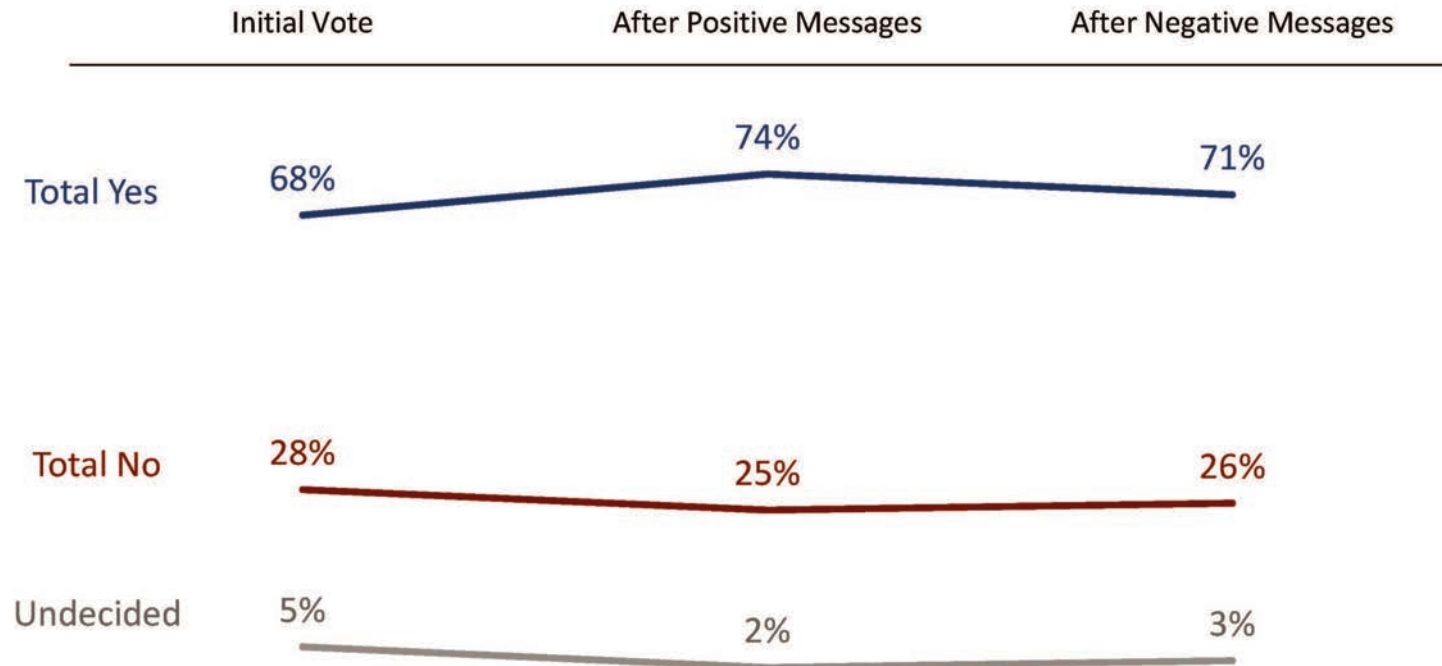


Identifying how Measure A funds have been used – fixing roads, hiring first-responders, improving parks and libraries – incentivizes voters to support renewal.

I am going read you different ways that Measure A funds raised are being used. Please tell me whether that use of Measure A funds makes you more likely or less likely to vote yes to continue the City's one-cent sales tax rate.



More than seven in ten Long Beach voters support renewal of Measure A after hearing opponent statements.





Need for Additional Revenue

Current Financial Situation

- Three factors have made the major difference in Long Beach's ability to maintain and improve services:
 1. Ongoing revenue from the termination of all redevelopment authorities in the State
 2. Cost savings from pension reform enacted by the State and the City and its employees
 3. Revenue from Measure A
- These three factors provide the General Fund budget with about \$55 million a year for services and \$30 million a year for infrastructure and other one-time uses
- These funds are fully used, yet costs continue to rise leading to future shortfalls

Budget Projections

Budget Outlook FY 20 – FY 24: With Measure A Extension				
	FY 20	FY 21	FY 22	FY 23
Range of Surplus (Shortfall)	0	(5) to (12)	(11) to (18)	(7) to (21)
Measure A Extension				15
Range of Surplus (Shortfall)	0	(5) to (12)	(11) to (18)	8 to (6)

- These projections assume a continued strong economy with no recession. They also assume no new services and no increased investment in infrastructure or facility maintenance beyond measure A
- The outlook could change, potentially significantly, due to a number of other factors

- Extending Measure A indefinitely would result in a substantial reduction in the size of the projected shortfall in FY 23 and FY 24
- In FY 27 and FY 28, the combined impact of a Measure A extension over those two years would be to prevent any budget shortfall at that from increasing by \$30 million over those two years

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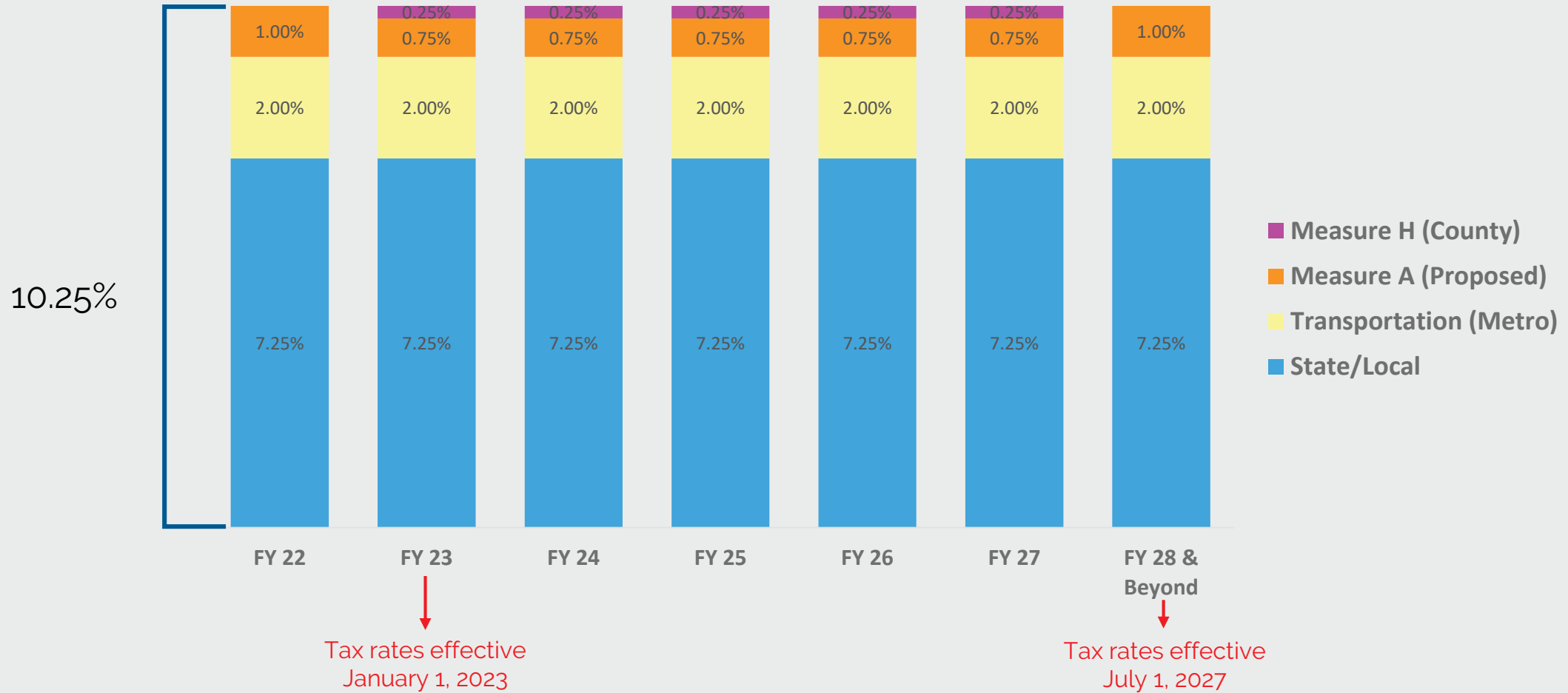
Ballot Measure

- State law currently places a total cap on sales tax at 10.25% for local taxes, inclusive of both City and County taxes
- Any extension of Measure A needs to take that cap into account. Staff would recommend that any extension work in concert with Measure H, which currently has a sunset provision
- The proposed extension would levy a 0.75% tax from 2023 to 2027, then when Measure H expires in 2027, the rate would be 1.0%, the same amount levied from 2017 to 2023

Timing of Ballot Measure

- With the passage of County Measure H for Homelessness, after 2023 the City of Long Beach has 0.25% remaining under the current cap with its existing Measure A and County taxes
- Other governmental agencies (e.g., SCAQMD, LA County) are considering sales tax ballot measures, which, if enacted, would use up the 0.25% remaining under the cap
- Thus, the sales tax rate in Long Beach after 2023 would continue to be 10.25%, but the 0.25% increase would not be spent locally
- It is important to act as quickly as possible to ensure the tax revenue stays in Long Beach

Sales Tax With Proposed Extension of Measure A



Fiscal Emergency Declaration

- Proposition 218 requires new and increased taxes and extensions of taxes to be voted on only at a regular general election of the City at which members of the City Council are elected, unless the City Council adopts a finding of emergency by a unanimous vote of the Council members present
- The declaration of a fiscal emergency will allow the City to bring the proposed tax measure to the voters at a March 3, 2020 special election
- Staff recommends this measure be put to voters at the earliest possible election to determine the level of support for this additional revenue and to provide the City Council with that direction prior to the development of the FY 21 budget

Summary

- The extension of Measure A would provide a major positive financial impact
- \$15 million a year would be available after FY 22
- \$45 million a year would be available after 2027 (on top of the \$15 million revenue increase after FY 22)
- The extension of Measure A would put the City in a stronger financial position

Next Steps

- City Attorney to prepare Ordinance calling for a permanent Transactions and Use (Sales) Tax for general purposes at a rate of 0.75% for years 2023 through 2027 and 1% thereafter for the sale and/or use of all tangible personal property sold at retail in the City
- Ordinance and Resolution declaring an emergency will return to the City Council in July
- If an emergency is declared, the ballot measure would appear on the March 3, 2020 election ballot

Recommendation

- To continue to provide the quality services our residents expect, as well as have an opportunity to address infrastructure needs and emerging community health needs, it is recommended that a measure be placed on the ballot for the March 3, 2020 election that would extend the current Measure A sales tax rate of 1%, with a reduction to 0.75% from years 2023 through 2027 to accommodate the County Measure H tax



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