



**Date:** October 1, 2014

**To:** Mayor and Members of the City Council

**From:** Patrick H. West, City Manager *[Signature]*

**Subject:** **November 2014 Election – Statewide Ballot Measures**

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**Introduction**

On Tuesday, November 4, 2014, voters will consider six statewide ballot measures. Below is a summary of each ballot measure and examples of major organizations that support or oppose each measure. For more information on these initiatives, please visit the California Secretary of State Official Voter Information Guide at: <http://voterguide.sos.ca.gov/>

**Proposition 1: Water Bond. Funding for Water Quality, Supply, Treatment and Storage Projects.**

Governor Brown signed Assembly Bill 1471 (Rendon) on August 13, 2014, which removed Proposition 43 (the 2010 State Water Bond Proposal) from the November ballot and replaced it with Proposition 1. Upon voter approval, this measure enacts the Water Quality, Supply, and Infrastructure Improvement Act of 2014. In total, Proposition 1 authorizes \$7.12 billion in general obligation bonds for state water supply infrastructure projects. These include projects such as public water system improvements, surface and groundwater storage, drinking water protection, water recycling and advanced water treatment technology, water supply management and conveyance, wastewater treatment, drought relief, emergency water supplies, and ecosystem and watershed protection and restoration. In addition, Long Beach would have access to \$200 million in competitive grant funding for stormwater management projects, as well as \$35 million in funding to the San Gabriel Rivers and Mountains Conservancy. The Long Beach Water Commission voted to support this ballot measure on September 18.

***Supporters:*** Long Beach Water Department, Governor Jerry Brown, US Senators Dianne Feinstein and Barbara Boxer, California Farm Bureau Federation, The Nature Conservancy, Audubon California, California Chamber of Commerce, Delta Counties Coalition, Los Angeles Area Chamber of Commerce

***Opponents:*** California Sportfishing Protection Alliance, California Striped Bass Association, California Water Impact Network, Center for Biological Diversity, Central Delta Water Agency, Concerned Citizens Coalition of Stockton, Factory Farm Awareness Coalition, Friends of the River

**Proposition 2: State Budget. Budget Stabilization Account. Legislative Constitutional Amendment.**

Proposition 2 amends the State Constitution by replacing existing rules for the State Budget Stabilization Account (SBA), commonly known as a “rainy day fund,” with a new set of rules designed to pay down State debts. For the next 15 years, Proposition 2 would require California to spend at least 0.75 percent of General Fund revenues (about

\$800 million in FY 2014) each year to pay down: (1) debts for pension and retiree health benefits and (2) specified debts to local governments and other State accounts. Additionally, when State tax revenues from capital gains are higher than average, this measure will require the State to spend a portion of the higher-than-average revenues on the above mentioned State debts.

**Supporters:** *Governor Jerry Brown, Assembly Speaker Emeritus John Perez, California Chamber of Commerce, California Democratic Party*

**Opponents:** *Educate Our State*

**Proposition 45: Healthcare Insurance. Rate Changes. Initiative Statute.**

This ballot measure would require an insurance company, which seeks to change its health insurance rates, to obtain approval from the State Insurance Commissioner. The rate approval process proposed by this measure is similar to a process that is currently used for other types of insurance, such as automobile and homeowner's insurance. Proposition 45 would apply to a number of rate changes, including premiums, benefits, copayments, and deductibles. The Insurance Commissioner would have the sole authority to approve these rates. Additionally, this measure also prohibits an insurance company from using an individual's credit history or the absence of prior insurance coverage to determine rates or eligibility for health, automobile, or homeowner's insurance. The Legislative Analyst's Office estimates increased state administrative costs in the low tens of millions of dollars annually to regulate health insurance rates. Proposition 45 exempts employer large group health plans. Consequently, the City's health care plans, considered a "large group" plan, will be unaffected by this measure.

**Supporters:** *Consumer Watchdog, California Nurses Association, Dolores Huerta, Congress of California Seniors*

**Opponents:** *Wellpoint Inc., Kaiser Foundation Health Plan, Anthem Blue Cross, Blue Shield of California, Health Net Inc., United Healthcare Insurance Company, California Association of Health Plans*

**Proposition 46: Drug and Alcohol Testing of Doctors. Medical Negligence Lawsuits. Initiative Statute.**

Proposition 46 lifts the \$250,000 cap on pain and suffering damages in medical negligence lawsuits, as established in the Medical Injury Compensation Reform Act (MICRA), to approximately \$1.1 million. The cap on the amount of damages would also be adjusted annually thereafter to reflect any increase in inflation.

Additionally, this ballot measure would require the random drug and alcohol testing of doctors, and the reporting of positive tests to the California Medical Board. Upon receiving the positive test, the Board would be required to suspend the doctor pending investigation of positive tests, and take disciplinary action if the doctor was impaired while on duty. Health care practitioners would also be required to report doctors suspected of drug or alcohol impairment or medical negligence.

Finally, health care practitioners would be required to consult the state prescription drug history database before prescribing certain controlled substances (e.g. OxyContin,

Vicodin, and Adderall). If a patient already has a prescription for these substances, the health care provider must determine if there is a legitimate need for another one.

The Legislative Analyst Office estimates that State and local government costs from raising the cap on medical malpractice damages range from tens of millions to several hundred million dollars annually, offset to some extent by savings from requirements on health care providers.

The City Council voted to adopt a resolution to oppose legislation or ballot measures that weaken MICRA on February 4, 2014.

**Supporters:** *US Senator Barbara Boxer, Consumer Watchdog, Consumer Attorneys of California, Congress of California Seniors*

**Opponents:** *City of Long Beach, Civil Justice Association of California, California Citizens Against Lawsuit Abuse, California Medical Association, California Hospital Association, California Chamber of Commerce, California Small Business Association, Service Employees International Union (SEIU) California, State Building and Construction Trades Council of California, AFSCME California PEOPLE, IBEW Ninth District, California Correctional Peace Officers Association (CCPOA), California State Firefighters' Association, American Civil Liberties Union (ACLU) of California, Planned Parenthood Affiliates of California, California Teacher Association*

**Proposition 47: Criminal Sentences. Misdemeanor Penalties. Initiative Statute.**

This ballot measure changes sentencing requirements for certain felony offenses. Existing law treats some crimes as “wobblers,” where the prosecutor has discretion in charging the crime either as a felony or a misdemeanor based on the criminal history of the offender. Some of these wobblers include drug offenses and property crimes. This measure lowers the crime charged to a misdemeanor in several instances where a prosecutor can charge a person for a felony.

For example, Proposition 47 makes significant changes to how the law treats grand theft as a crime. Under existing law, a person commits felony grand theft when s/he steals property valued in excess of \$950. However, the statute recognizes that some stolen items should always be treated as felony grand theft, regardless of the value of the item. In California, the law considers the theft of a gun as felony grand theft, regardless of the gun’s value. Furthermore, existing law recognizes that a person who commits a string of petty thefts (e.g. thefts of goods valued at \$950 or less), usually a misdemeanor, should be charged at a higher level—felony grand theft—at the discretion of the prosecutor. This ballot measure eliminates the discretion of the prosecutor in instances of repeated petty thefts, and eliminates the charge of felony grand theft for guns. If approved by voters, Proposition 47 would lessen punishment for those who steal guns by treating gun thefts as a misdemeanor (for guns valued at \$950 or less), as opposed to a felony per existing law.

Proposition 47 also eliminates the commercial burglary charge used by prosecutors to charge an individual with prior petty theft convictions with felony burglary when the individual repeatedly commits petty theft at a place of business. Under the proposed

changes in Proposition 47, so long as the theft occurs when the business is open, and the value of the goods stolen is under \$950 in a single trip, this act could only be charged as a misdemeanor. Thus, a thief could steal numerous times without much penalty.

Additionally, Proposition 47 reclassifies the forgery of checks of \$950 or lower from a wobbler to a misdemeanor. Existing law defines writing a bad check totaling \$450 or less as a misdemeanor, unless the person has a prior conviction for a theft-related offense (then the prosecutor has the discretion to charge the person with a felony). The proposed changes in Proposition 47 would increase the amount to \$950 for writing a bad check and would require that a person write three bad checks of \$950 or above before the prosecutor could charge the person with a felony.

Finally, this ballot measure makes changes to how prosecutors charge drug related offenses. Current law treats possession of illegal drugs (such as cocaine or heroin) for personal use as a misdemeanor, a wobbler or a felony—depending on the amount and type of drug. Under this ballot measure, the possession of illegal drugs for personal use would be considered a misdemeanor—consequently making it a much less serious crime.

Proposition 47 permits re-sentencing for anyone currently serving a prison sentence for any of the offenses that the initiative reduces to misdemeanors. Consequently, persons serving time for felony offenses related to repeatedly committing property crimes or for possessing illegal drugs, such as cocaine and heroin, could potentially be released before serving the completion of their felony conviction(s). These early releases would add to the burden that realignment has already imposed on cities.

**Supporters:** *California Democratic Party, NAACP - San Diego and San Jose Branches, Victims/Survivors Network of Los Angeles, AFL-CIO, AFSCME, California Labor Federation, California Teachers Association, Service Employees International Union California, United Food and Commercial Workers, American Civil Liberties Union of California, Latino Coalition for a Healthy California, etc.*

**Opponents:** *Long Beach Police Officers Association, California Police Chiefs Association, California District Attorneys Association, California Coalition Against Sexual Assault, Crime Victims United, California Retailers Association, Crime Victims Action Alliance, California State Sheriffs Association, California Peace Officers Association, California Correctional Supervisors Association*

#### **Proposition 48: Indian Gaming Compacts. Referendum.**

Proposition 48 is a referendum on Assembly Bill 277 (Hall), a gaming compact for two tribes, the North Fork Rancheria of Mono Indians near Madera, and the Wiyot Tribe near Eureka. As a part of AB 277 (Hall), the bill exempts State and local agencies assisting with the construction of the North Fork casino from some requirements under CEQA.

A “yes” vote approves AB 277 (Hall), allowing the North Fork tribe to build a casino and prohibiting the Wiyot tribe from building a casino. Under the negotiated compact, the North Fork Tribe would build a casino in Madera County, near the City of Madera (approximately the midpoint between Merced and Fresno). The proposed location is not

near any State or Federal parks. In contrast, the Wiyot tribe sought to build a casino near the Humboldt Bay National Wildlife Refuge. The State expressed concern that the construction of such a facility would negatively impact the environment. Consequently, the compact prohibits the Wiyot tribe from building their casino, but allows the tribe to receive 2.5 to 3.5 percent of annual slot machine net revenue from the North Fork casino.

**Supporters:** Governor Jerry Brown, State Building and Construction Trades Council, California Labor Federation, California Democratic Party, California Association of Tribal Governments, City of Madera Police Officers Association, UNITE HERE!, North Fork Tribe, Wiyot Tribe

**Opponents:** Stand Up for California, City of Madera

### **Next Steps**

Voters will go to the polls on November 4, 2014 to decide the fate of these propositions.

For information only, the California Supreme Court removed a ballot measure that asked voters to determine if they believe the *Citizens United* ruling by the U.S. Supreme Court should be overturned. The California Legislature passed Senate Bill 1272 (Lieu) in July 2014 that placed an advisory question on the November 4, 2014 statewide general election ballot. This proposed advisory question asked if voters would like Congress to propose an amendment to the United States Constitution that would overturn *Citizens United*. The results would then be conveyed by the California Secretary of State to Congress. The California Supreme Court subsequently removed the ballot measure indicating that ballot initiatives must make changes to State law, and cannot be advisory.

Should you have any questions, please contact Diana Tang, Manager of Government Affairs at 8-6506.

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