



# NB-23

**Date:** July 7, 2020

**To:** Members of the City Council

**From:** Mayor Robert Garcia  
Councilmember Rex Richardson, Ninth District  
Councilwoman Mary Zendejas, First District  
Councilmember Jeannine Pearce, Second District  
Councilmember Al Austin, Eighth District

**Subject:** **Potential November 2020 Ballot Measures**

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## **RECOMMENDATION:**

Request the City Manager to engage California State Lands Commission and other stakeholders regarding potential modifications to the Oil Barrel Production tax.

Request the City Attorney to prepare all necessary documents to place a ballot question on the November 2020 ballot for an increase in the Oil Barrel Production Tax and to work with the City Manager to provide options and financial impact on the amount of the tax and mechanisms for a progressive tax that increases over time and for a resolution defining the City Council's intent for use of the funds.

Furthermore, request the City Manager and City Attorney to explore the feasibility of preparing a ballot advisory question on whether to reinvest future cannabis revenue into economic equity, health equity, and youth investments, and to further strengthen our cannabis equity program to expand equitable ownership opportunities.

## **Discussion**

### *The Problem*

Long Beach is home to several on- and off-shore oil wells, as its history of oil production goes back to the early 1900s. Today, oil operations revenue still contributes to the City's General Fund and essential Tidelands area services, such as police, fire and lifeguards, beach maintenance, lease management, parking operations, and other support functions.

In 1964, Long Beach voters lifted an oil drilling ban, allowing drilling to resume across the City. The Oil Production Tax (OPT) was set at \$0.15 per barrel in 1990, and in 2007, Long Beach voters approved the Police and Fire Public Safety Oil Production Act (Prop H). Prop H amended the City's Municipal Code to assess an additional \$0.25 per barrel special tax on oil producers in Long Beach, with an annual adjustment according to the

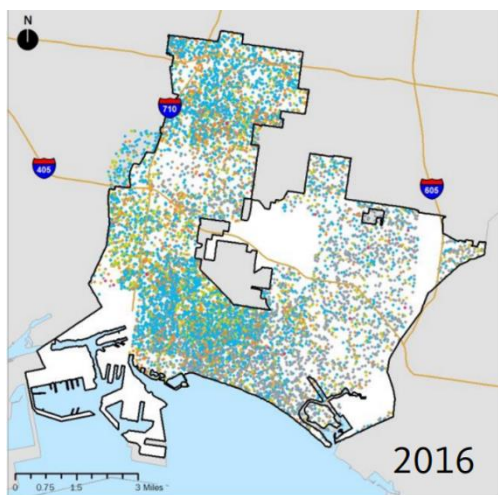


Consumer Price Index. Prop H proceeds can only be used for police officers, firefighters, and related costs (equipment, facilities, training, etc.).

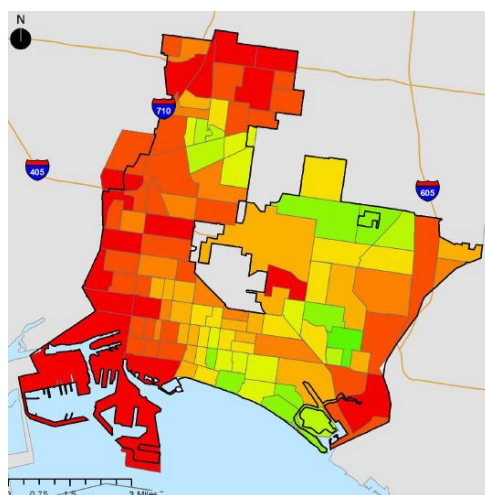
The Aquarium of the Pacific's Climate Resiliency Assessment Report for Long Beach lists oil-related industries as one of the biggest polluting sources within the region, next to vehicles<sup>1</sup>.

According to the City of Long Beach's Draft Climate Action and Adaptation Plan, "more than 13 million barrels of crude oil and 5 billion cubic feet of natural gas" were extracted within Long Beach in 2015. "The resulting lifecycle emissions total 8.3 million MT CO<sub>2</sub>e, which is 2.7 times greater than the City's production inventory emissions." 91% of these emissions occurred due to refining, transport to consumers, and end users of fuel; 9% is comprised of emissions associated with extraction (5%), and natural gas lifecycle emissions (4%)<sup>2</sup>. Each disproportionately impacts the health and quality of life of disadvantaged and low-income communities.

Racial and economic disparities are perpetuated spatially across the City, as low-income people and communities of color are more likely to live in areas with higher environmental health burdens; neighborhoods with less open or green space, located near major freeways, oil refineries, and industrial sectors.



Race/Ethnicity Dot Map by  
Census Tract, 2016



CalEnviroScreen Pollution Burden  
Percentile by Census Tract, 2018

<sup>1</sup> "City of Long Beach Climate Resiliency Assessment Report." 2015.

[http://www.aquariumofpacific.org/downloads/AOPs\\_2015\\_Report\\_on\\_Resiliency\\_\(1-7-16\).pdf](http://www.aquariumofpacific.org/downloads/AOPs_2015_Report_on_Resiliency_(1-7-16).pdf)

<sup>2</sup> "Climate Action and Adaptation Plan Greenhouse Gas (GHG) Emissions, Forecasts and Targets – Draft." July 2019. <http://www.longbeach.gov/globalassets/lbds/media-library/documents/planning/caap/caap-greenhouse-gas--ghg--emissions-forecasts-and-targets--draft-released-053119-logos>



In Long Beach, African-Americans have the highest rates of hospitalization for heart disease, diabetes, and asthma compared to other races and ethnicities<sup>3</sup>. Similarly, African-Americans and Latinos are disproportionately represented in the number positive COVID-19 cases and hospitalizations. These health disparities are exacerbated by climate change, increasing the vulnerability of the poor, elderly (who are socially isolated), the very young, homeless, and those with compromised health.

The Long Beach City Council established the “**Framework for Reconciliation in Long Beach,**” a process to address racial inequities and systemic racism in Long Beach. Environmental and economic equity are prevalent themes that have emerged from this process.

The Long Beach City Council adopted the adult-use cannabis ordinance in 2018, allowing 32 dispensaries to operate. The Cannabis Social Equity Program was adopted as part of this ordinance to address the long-term impacts of federal and state cannabis enforcement policies in low-income, Black and Brown communities in Long Beach. Currently, there is a lack of ownership by African-American and Latino residents within the cannabis industry, due to this history of criminalization. This is an opportunity to reinvest in impacted communities and reduce harm.

### *The Opportunity*

While limitations on Tidelands funding have historically restricted where oil production revenue is invested, an oil production tax gives the City the resources necessary to advance health equity, economic inclusion, and youth opportunity.

Currently, Long Beach has the third highest OPT rate at \$0.48, which includes the \$0.15 per barrel flat rate and the CPI adjusted Prop H tax at \$0.33 per barrel. Recognizing that lower producing cities, such as Signal Hill charge more per barrel, this is an opportunity to bring the City’s oil tax in alignment with other jurisdictions.

City	Oil Barrel Tax
Signal Hill	\$0.67
La Habra Heights	\$0.60
Long Beach	\$0.47
Seal Beach	\$0.45
Beverly Hills	\$0.42
Santa Fe Springs	\$0.41
Huntington Beach	\$0.37

<sup>3</sup> “Community Health Assessment.” July 2013. <http://www.longbeach.gov/globalassets/health/media-library/documents/planning-and-research/reports/community-health-assessment/community-health-assessment>



Proceeds from these efforts could support programs that expand equity, opportunity, and justice across the City: including a youth investment fund, an economic equity fund, and a health and environmental equity fund.

### **Fiscal Impact**

The cost of placing this ballot measure on the November 2020 ballot has previously been previously by the City Manager to cost approximately \$1.4 million; any available update on cost will be provided when the proposed ordinance is introduced. Due to tight timing considerations, this recommendation is expected to have significant staffing impact and will result in reprioritization of other important actions related to immediate priorities, but the recommendation is also consistent with immediate Council priorities. Due to the urgency of the item, no review has been done by Financial Management.

### **Statement of Urgency**

For this proposed ballot question to be on the November 2020 ballot, the City Council needs to provide initial direction to staff on the July 7 agenda in order to make decisions to submit any measure to the ballot no later than August 4, 2020.

### **Suggested Action**

Approve recommendation.



**City of Long Beach Memorandum**  
*Working Together to Serve*

## REQUEST TO ADD AGENDA ITEM

**Date:** July 2, 2020  
**To:** Monique De la Garza, City Clerk  
**From:** Councilmember Rex Richardson, Ninth District  
**Subject:** Request to Add Agenda Item to Council Agenda of July 7, 2020

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Pursuant to Municipal Code Section 2.03.070 [B], the City Councilmembers signing below request that the attached agenda item (due in the City Clerk Department by Friday, 12:00 Noon) be placed on the City Council agenda under New Business via the supplemental agenda.

The agenda title/recommendation for this item reads as follows:

Request the City Manager to engage California State Lands Commission and other stakeholders regarding potential modifications to the Oil Barrel Production tax.

Request the City Attorney to prepare all necessary documents to place a ballot question on the November 2020 ballot for an increase in the Oil Barrel Production Tax and to work with the City Manager to provide options and financial impact on the amount of the tax and mechanisms for a progressive tax that increases over time and for a resolution defining the City Council's intent for use of the funds.

Furthermore, request the City Manager and City Attorney to explore the feasibility of preparing a ballot advisory question on whether to reinvest future cannabis revenue into economic equity, health equity, and youth investments, and to further strengthen our cannabis equity program to expand equitable ownership opportunities.

Council District	Authorizing Councilmember	Signed by
9	Rex Richardson	
1	Mary Zendejas	
2	Jeannine Pearce	

Date: July 2, 2020

To: Mayor and Members of the City Council

From: Thomas B. Modica, City Manager 

Subject: **Ballot Measure to Fund Equity and Reconciliation Proposals**

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The City of Long Beach (City), along with other jurisdictions across the country and around the world, has been grappling with the killing of George Floyd by police in Minneapolis, and the calls for action to address police violence and systematic racism. This historic pattern of injustice has resulted in historic disparities in health, services, and overall well-being in the City's communities with large numbers of Black and low-income residents.

In response to these community actions, on June 23, 2020, the City Council unanimously adopted a [Resolution](#) acknowledging Racism as a Public Health Crisis and establishing a Framework for Reconciliation. This framework includes: (1) acknowledging the existence and long-standing impacts of systemic racism in Long Beach and the country; (2) listening to accounts and experiences of racial injustice, inequity, or harm to community members, while concurrently compiling local and external data on racial disparities in the community; (3) convening stakeholders to analyze feedback from the listening sessions and racial disparity data to recommend initiatives that shape policy, budgetary, charter, and programmatic reform; and, (4) catalyzing action that includes immediate, short-term, medium-term, and long-term recommendations for the City Council's consideration in a Reconciliation Report.

Since June 22, 2020, two town hall meetings and nine of sixteen (16) scheduled listening sessions have been completed. The themes and topics raised by participants have been varied, but center around the nexus between racism and community health, housing and homelessness, and policing and public safety, as well as economic inclusion and budget reforms as summarized below:

- **Reimagining public safety.** Decreasing investment in traditional models of law enforcement and policing; creation of different oversight structures; and, creating alternatives to police being utilized for activities that might be better suited for a community health worker or mental health professional.
- **Budget reform.** Creating a more equitable and inclusive budget with increased investments in violence prevention, well-being, and safety (as defined by the community).
- **Health Equity.** Advancing health equity and well-being in communities with concentrations of Black residents through enhanced services in areas such as youth programs, supporting community-based organizations that serve the Black community, mental health services, housing, education, and other opportunities.
- **Economic Inclusion.** Advancing economic inclusion by increasing access to good paying jobs, developing policies to increase procurement relationships between small

businesses and local government agencies, equity in new sectors, such as cannabis, increasing access to capital, and other efforts to increase wealth in the Black community.

- **Racial Equity.** Institutionalizing racial equity into City policies, practices, programs, and services to dismantle current racial inequities.

At its June 23, 2020 meeting, the City Council directed staff to consider all possible funding mechanisms, including a ballot measure, to implement the Reconciliation Framework and the initiatives that result from this process. Given the time constraints for qualifying a ballot measure for the November election, this memorandum provides background information on the initiative process, including election costs and the timeline to qualify a City Council initiative for the November 3, 2020 election. Even though the development of the Framework is still underway, it is important to provide this information to the City Council now as there are upcoming deadlines the City Council needs to be aware of, if a ballot measure is to be considered.

Should the City Council direct the City Manager to place a measure on the November 3, 2020 ballot, over the next two weeks, staff would need to conduct to determine an appropriate level of tax increase and work with the City Attorney to create ballot language. This analysis would be brought back to the City Council for consideration and further direction. According to the City Clerk, the cost estimate for a one issue ballot measure is \$1.1 million, with each additional ballot measure costing approximately \$300,000. Eligible measures on the November ballot could include tax measures or changes to voter-approved ordinances. Changes to the City Charter cannot legally be added to the ballot at this time as the State-required deadlines for considering a Charter change required a first hearing by May 19, 2020. The timeline for qualifying a City Council ballot initiative is summarized below.

<b>2020</b>	<b>Ballot Activity</b>
July 7	City Council directs City Manager to place a measure on the ballot
Mid-July	City Manager and City Attorney present detailed analysis for proposed measure(s) and potential ballot language
August 4	Last day for City Council to adopt a resolution calling the election
August 11	City Council approves Mayor's list of argument writers
August 11 – September 3	Ballot argument and rebuttal preparation
September 24	Sample ballots mailed

If you have any questions, please contact me at (562) 570-5091.

CC: CHARLES PARKIN, CITY ATTORNEY  
DOUGLAS P. HAUBERT, CITY PROSECUTOR  
LAURA L. DOUB, CITY AUDITOR  
LINDA F. TATUM, ASSISTANT CITY MANAGER  
KEVIN JACKSON, DEPUTY CITY MANAGER  
TERESA CHANDLER, DEPUTY CITY MANAGER  
REBECCA G. GARNER, ADMINISTRATIVE DEPUTY CITY MANAGER  
MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #20-0604)  
DEPARTMENT HEADS