Potential Extension of Measure A

July 16, 2019

CITY OF
LONGBEACH

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

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	

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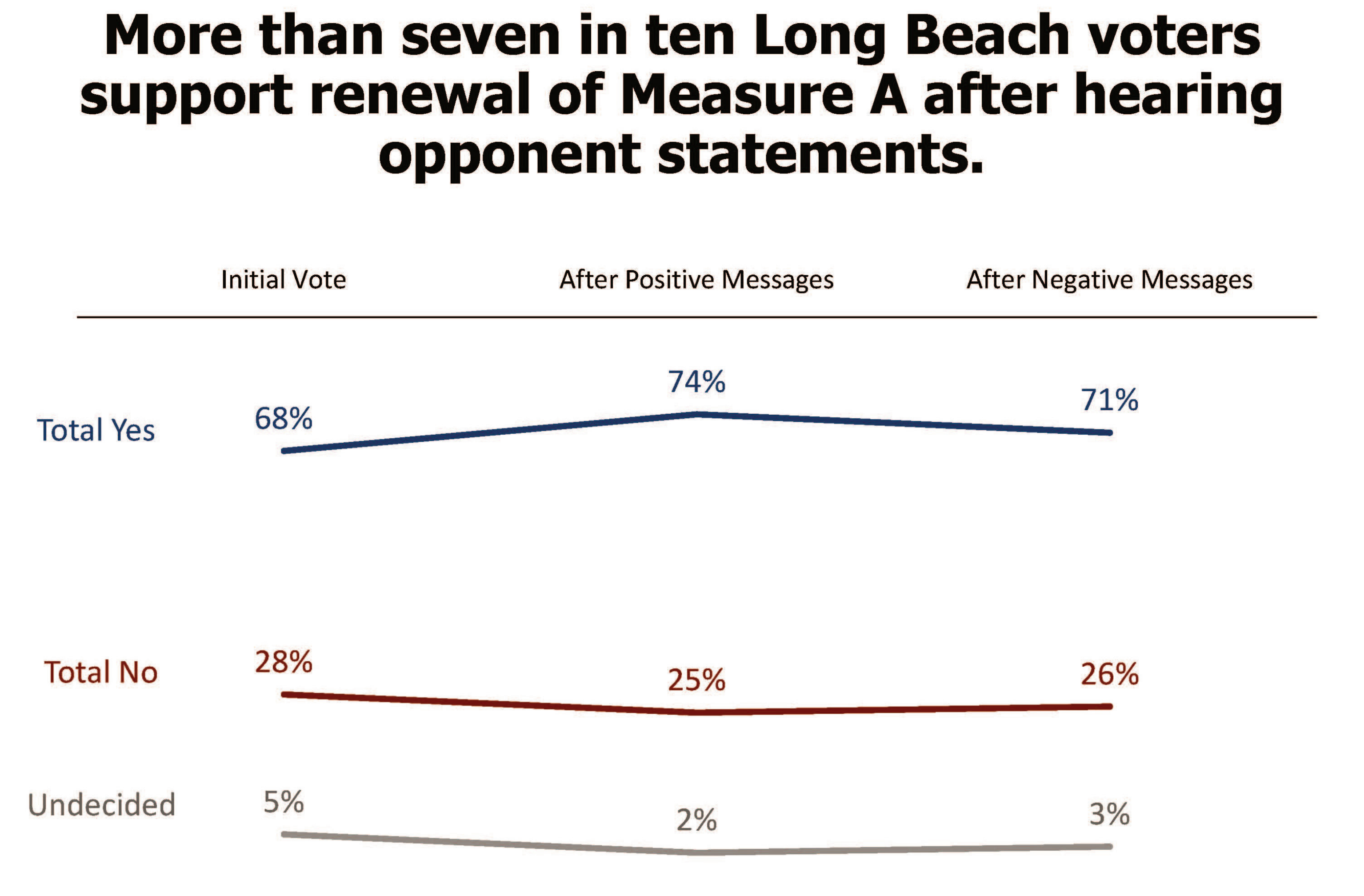
Polling (Cont.)



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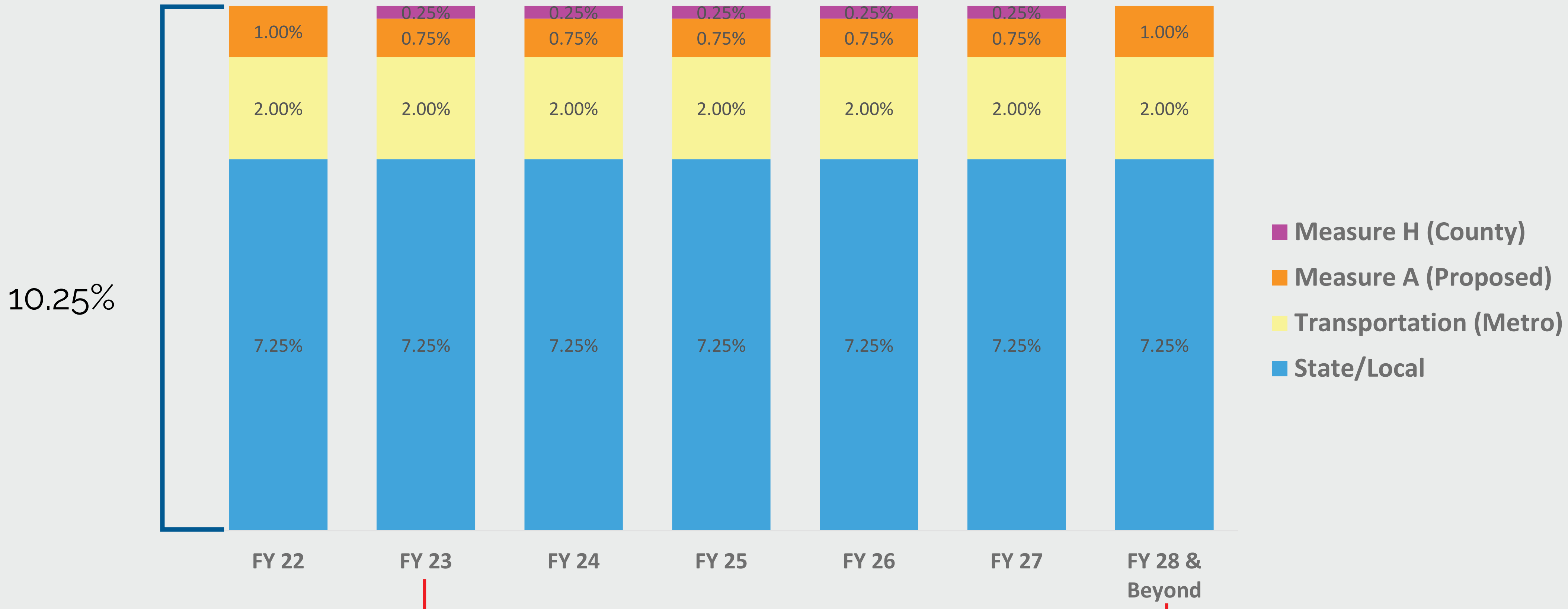
Timing of Ballot Measure

- 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
- 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

Sales Tax With Proposed Extension of Measure A



Tax rates effective
January 1, 2023

Tax rates effective
July 1, 2027

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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 is a stronger financial position

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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