



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6465 • Fax (562) 570-5836

January 26, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the memorandum to the members of the City Council from the Department of Financial Management dated January 13, 2016 entitled, "Responses to Questions from the December 22, 2015 Study Session on the City's Infrastructure Needs," along with the attached Revenue Measure Options presentation; or

Direct the City Manager to provide additional information relative to the implementation of revenue measure options for the City; or

Direct the City Attorney to prepare any and all documents necessary for a possible revenue measure in the City, to be returned to the City Council for a vote to place the measure on a ballot. (Citywide)

DISCUSSION

On December 22, 2015, a Study Session on the City's Infrastructure Needs was given to the City Council. During that meeting the City Council requested information on the potential for new sources of revenue. Following this Study Session, a memorandum dated January 13, 2016 was released, responding to questions raised by members of the City Council that were not answered during the Study Session. In response to a request for options for new sources of revenue, an updated Revenue Measure Options presentation was attached to the memorandum. This presentation was originally given on April 17, 2012, pursuant to a request by the City Council at the time, for options that are available to the City for tax measures. The updated presentation provides a list of potential tax options along with details about the tax, any existing rates, if applicable, limitations on uses, and potential revenue generation. Information on the voting requirements needed by the City Council to put an item on the ballot, the timing of potential ballot measures, as well as the requirements of the electorate to enact the tax, is also discussed.

Should the City Council wish to proceed with a ballot measure, action would be needed to determine the measure type and tax amount, the ballot measure language, and the timing of the ballot initiative. The information provided in the Revenue Measure Options

HONORABLE MAYOR AND CITY COUNCIL

January 26, 2016

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presentation could serve as the basis from which the City Council could start its deliberations on a potential tax measure in the City.

This matter was reviewed by Deputy City Attorney Amy R. Webber and by Budget Management Officer Victoria Bell on January 13, 2016.

TIMING CONSIDERATIONS

City Council action is requested on January 26, 2016, to provide sufficient time to give direction to staff, depending on the direction of the City Council.

FISCAL IMPACT

There are no costs to receive, and filing the report. If the City Council requests additional information, staff will assess the costs depending on the information requested. The potential cost of conducting an election was included in the memorandum to the members of the City Council dated January 13, 2016 entitled "Responses to Questions from the December 22, 2015 Study Session on the City's Infrastructure Needs." The cost varied depending on timing of the ballot initiative and whether the City or the County were to conduct the election. If the City were to expand the June 2016 election to all nine Council Districts, the estimated cost would be \$900,000, assuming that the City conducts the election. If the City were to call a special election and administer it on any date that is not regularly scheduled, and it is the only ballot measure on the ballot, the cost to the City would be \$1.6 million. If the City were to request that the County conduct the election by consolidating it onto either the June 7, 2016 Statewide Primary Election or the November 8, 2016 Statewide General Election, the estimated cost is \$565,000 for the June election, and \$433,000 for the November election.

If the City Council directs the City Attorney to prepare a resolution and/or other documents for a possible revenue measure, the specific cost of the relevant election and the potential new revenue generated would be provided when the resolution is presented for City Council consideration.

SUGGESTED ACTION:

Approve recommendation.

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Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENT – MEMORANDUM DATED JANUARY 13, 2016 RE REVENUE OPTIONS

APPROVED:



PATRICK H. WEST
CITY MANAGER



Date: January 13, 2016

To: Patrick H. West, City Manager *T.H.W.*

From: John Gross, Director of Financial Management
Charlie Parkin, City Attorney *CP*
Maria de la Luz Garcia, City Clerk *MJG*

For: Mayor and Members of the City Council

Subject: **Responses to Questions from the December 22, 2015 Study Session
on the City's Infrastructure Needs**

This memo provides responses to the questions raised by members of the City Council that were not answered on the floor during the December 22, 2015 Study Session on the City's Infrastructure Needs.

Will we be able to use this information to get more State and Federal Sources?

The City may be able to utilize the information provided during the Study Session in our efforts to advocate for additional funding for new and existing programs at the State and Federal levels. However, it is important to note that there is not an expectation that this will necessarily translate to increased State and Federal funding support for Long Beach's infrastructure needs. At a minimum, the infrastructure needs identified at the Study Session help to provide a basis for the development of funding applications for various State and Federal programs.

As indicated during the Study Session, the City continues to benefit from established ongoing funding from various Federal, State and regional sources. These programs primarily support improvements to the City's transportation infrastructure and related sustainability programs. In FY 16, the City anticipates receiving \$24 million in Federal, State and regional infrastructure program funds, including funding from following sources:

- Gasoline Street Improvement Tax
- Proposition A
- Proposition C
- Measure R
- AB2766

Together, these funding sources represent 55% of all Capital Improvement Program (CIP) budget for FY 16, compared to 16% from the General Fund.

In addition to ongoing program funding, the City has been successful in applying for and receiving competitive grants for infrastructure improvement, including funding provided through the Los Angeles Metropolitan Transportation Authority (Metro) and State of California Proposition 84. The City also will pursue grant opportunities under the Prop 1,

Water Bond, Active Transportation Program (ATP) funding administered by Caltrans, the US DOT's Smart City Challenge, other MTA funds, Water quality improvements through the Integrated Regional Watershed Management Plans (IRWMP) and any other funding sources available at the State, Federal and local levels.

Staff will continue to work to identify external funding sources that may be used to help to meet the City's growing infrastructure needs. However, grant funding for infrastructure projects is dependent on a variety of factors, including the availability of Federal, State, and regional funding. Advocacy in support of policies, legislation and grants to increase funding availability for infrastructure improvement are a key focus of the City's State and Federal legislative agenda.

Can Financial Management, the City Attorney and the City Clerk work together to provide options for new sources of revenue?

The topic of the possibility of additional sources of revenue has been discussed several times over the past several years, including being raised this past year in discussions at the City Council retreat and throughout the budget process as a possible option. Financial Management has updated a Revenue Measure Options presentation that was originally given on April 17, 2012 pursuant to the City Council's request at the time to present options that are available to the City for tax measures. The options that are detailed in the attached presentation include the following:

- Parcel Tax
- Utility User Tax
- Local Sales & Use Tax (Transaction & Use Tax)
- Business License Tax
- Oil Barrel Tax
- Oil Severance Tax
- Transient Occupancy Tax
- Parking Tax
- Real Property Transfer Tax
- Admissions Tax
- Funding Mechanisms for Infrastructure (e.g. General Obligation Bonds)

For each option, details about the tax, any existing rates if applicable, limitations on uses and potential revenue generation is included. All of these revenue options require a vote of the City Council to put the item on the ballot and a vote of the electorate to enact the tax. The tax could either be a general tax for general purposes or it could be a dedicated tax for specific purposes. Depending on whether it is a general tax or a special tax, and whether it is conducted during a general election or a special election, the vote count requirements for both the City Council and the public vary, which is explained in the next table. However,

while there are general rules, such as a general tax requiring a simple majority vote of the electorate, there are statutory exceptions, such as a Transaction and Use Tax that always requires two thirds vote of the members of the City Council regardless of the type of tax (general or specific). Therefore, the City Attorney's office should be consulted on the requirements of any specific proposals.

Table 1: General Tax vs. Special Tax

Initiative	General Election (City April Primary or City June Run-Off)		Special Election (Any other election, including State and Federal November elections)	
	Council Vote	Electorate Vote	Council Vote	Electorate Vote
General Tax for General Purposes	Majority Vote (5 members) to put on the ballot	Majority Vote (50%+1)	Unanimous vote declaring fiscal emergency and Majority Vote to put on the ballot	Majority Vote (50%+1)
Special Tax for Specified Purposes	Majority Vote (5 members) to put on the ballot	Two Thirds Vote	Majority Vote (5 members) to put on the ballot	Two Thirds Vote

Should the City Council wish to proceed with a ballot measure, action would be needed to determine the measure type and tax amount, the ballot measure language and the timing of the ballot initiative.

Timing

The next general election for the City is the April 12, 2016 Primary. However, the filing deadline is January 15, 2016, which is too late to put an item on the April ballot as there would not be sufficient time to craft a measure and take action at the City Council to place the measure on the ballot. The following general election is the June 7, 2016 Run-off election. Even if this election is not conducted due to the results of the April primary, this is considered a general election for the purposes of voting requirements. In order to meet the filing requirements for the June election, the City Council will need to adopt a resolution in February to meet the March 11, 2016 filing date. Filing as early as possible prior to the March 11 filing date is recommended as there is a possibility that if the County has too many ballot initiatives, it will exclude the items that were submitted at a later time. Depending on the measure chosen for a general election, it would require a simple majority vote of the City Council to call for a general or a special tax, or a two thirds vote of the City Council for a Transaction and Use Tax or General Obligation Bond. For the electorate to ultimately

approve the tax, it would require either a majority vote for a general tax or a two thirds vote for a special tax, Parcel Tax, or a General Obligation Bond.

The last opportunity for a regularly scheduled election this year is the November 8, 2016 election, which would be considered a special election for the City for the purposes of voting requirements. In order to meet the filing requirements for the November election, the City Council will need to adopt a resolution in July to meet the August 12, 2016 filing date. Depending on the measure, it would require a simple majority vote of the City Council to call for a for a special tax, a two thirds vote of the City Council for a Transaction and Use Tax or a General Obligation Bond, or a unanimous vote of the City Council and declaration of fiscal emergency for a general tax. For the electorate to ultimately approve the tax, it would require either a majority vote for a general tax or a two thirds vote for a special tax, Parcel Tax, or a General Obligation Bond.

The City Council could also choose to call a special election. A special election would follow the same voting requirements as the November election described above.

Costs

The costs of conducting an election depend on the timing of the ballot initiative, the other issues on the ballot at that time, and if the City or the County conducts the election. If the City conducts the election, there would be no additional costs if it was a general election with Citywide candidates on the ballot; however, this is not the case in 2016. The next Citywide ballot is 2018. If the City were to expand the June 2016 election to all nine Council Districts, the estimated cost would be \$900,000 assuming that the City conducts the election. If the City were to call a special election and administer it on any date that is not regularly scheduled, and it's the only ballot measure on the ballot, the cost to the City would be \$1.6 million.

Another option is for the City to request that the County conduct the election by consolidating it onto either the June 7, 2016 Statewide Primary Election or the November 8, 2016 Statewide General Election. The advantage of that would be the measure would be included on the same ballot as other statewide measures and candidates. The estimated cost is \$565,000 for the June election and \$433,000 for the November election. Lastly, we have not explored having the County conduct a special election on behalf of the City, so we do not have a cost estimate for that at this time.

City staff will make the Revenue Measure Options presentation at an upcoming City Council meeting.

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ATTACHMENT

CC: LAURA L. DOUD, CITY AUDITOR
TOM MODICA, ASSISTANT CITY MANAGER
ARTURO SANCHEZ, DEPUTY CITY MANAGER
REBECCA JIMENEZ, ASSISTANT TO THE CITY MANAGER



4,254,220	3,269,240	3,351,078	3,231,871	4,870,191
2,483,320	2,554,791	2,556,040	2,505,799	2,617,969
4,798,519	4,666,207	4,666,207	4,666,207	4,779,552



Revenue Measure Options

January 2016

5,161,749	5,299,024	5,299,029	5,298,826	1,379,915
417,259	487,259	487,259	306,371	445,132
12,838,011	12,259,268	12,262,283	12,262,247	12,399,419
25,504,047	24,503,798	24,656,361	24,648,361	28,708,896
188,466,148	185,814,282	189,595,222	189,590,422	185,779,379
30,821,996	28,734,193	29,186,923	29,133,432	28,042,778



Introduction

- Current Tax Rates in Long Beach
- Tax Measure Types - General vs. Special
- Tax Measure Options
- Considerations
- Next Steps



Current Tax Rates

- Property Tax: City receives 22 cents of every property tax dollar, or \$735 for a \$350,000 home
- UUT Tax: 5%. For example, a combined utility bill of \$150 per month (\$1,800/year) equals \$90 per year in tax
- Sales Tax: 1% of 9% total. City receives \$0.01 for every \$1.00 spent in Long Beach, or \$68 based on per capita taxable sales of \$6,800.
- Transient Occupancy Tax: 12% for the occupancy of a hotel room, or \$18 for \$150 a night
- Real Property Transfer Tax: 55 cents per \$1,000 sales price, equates to \$192.50 for a \$350,000 home
- Business License Tax: Varies, but for a retail store with 5 employees the cost is \$385.40



General Tax vs. Special Tax

	General Election (City April Primary or City June Run-Off)		Special Election (Any other election, including State and Federal November elections)	
Initiative	Council Vote	Electorate Vote	Council Vote	Electorate Vote
General Tax for General Purposes	Majority Vote (5 members) to put on the ballot	Majority Vote (50%+1)	Unanimous vote declaring fiscal emergency and Majority Vote to put on the ballot	Majority Vote (50%+1)
Special Tax for Specified Purposes	Majority Vote (5 members) to put on the ballot	Two Thirds Vote	Majority Vote (5 members) to put on the ballot	Two Thirds Vote

Note: There are exceptions (e.g. Transaction & Use Tax requires two thirds vote of Council even if it is for general purposes and Parcel Tax is always a special tax even if it is for general purposes.) So need to consult with the City Attorney's office for any specific proposals.



Tax Measure Options

- Parcel Tax
- Utility User Tax - Existing & Potential
- Local Sales & Use Tax (Transaction & Use Tax)
- Business License Tax
- Oil Barrel Tax
- Oil Severance Tax
- Transient Occupancy Tax
- Parking Tax
- Real Property Transfer Tax
- Admissions Tax



Parcel Tax

- Based on fee per parcel, not valuation of property
- Parcel fee may vary by type of parcels (i.e. single family, multi-family residential, commercial, professional, industrial)
- May be designed to exempt certain classes or types of property and can include a sunset provision and/or an annual CPI adjustment
- A tax levied on property, other than the property tax, is considered a special tax and always requires a **two-thirds majority** vote of the electorate

For Illustrative Purposes:

Annual Parcel Fee (Residential)	Annual Parcel Fee (Commercial)	New Revenue (Approx.)*
\$50	\$0.0366 / sq ft	\$13.8 million
\$100	\$0.0732 / sq ft	\$27.5 million
\$120	\$0.0878 / sq ft	\$33.1 million

*Projection is based on the 2008 Measure I assumptions (Not passed)



Existing Utility User Tax (UUT)

- Long Beach UUT is imposed on the consumption of utility services
- Current UUT rate is 5%, generating \$38.6 million in FY 15
 - Electric Users Tax - \$20.5M
 - Telephone Users Tax - \$11.4M
 - Gas Users Tax - \$3.0M
 - Water User Tax - \$3.7M
- In 2000, Long Beach voters passed Measure J which decreased UUT rates by 5%, phased in over five years
- This reduction eliminated 50% of the City's UUT revenue, which would have resulted in an additional \$38.6 million in FY 15



Existing Utility User Tax (cont'd)

For Illustrative Purposes:

Increase	Tax Per \$100	New Revenue (Est.)
1.00%	\$1.00	\$ 7.7 million
2.00%	\$2.00	\$15.4 million
3.00%	\$3.00	\$23.2 million

Can be a General or Special Tax, if dedicated for a specific use.

UUT Rate Comparison	
City	Rate
Los Angeles	9.3%
San Francisco	7.5%
Oakland	7.5%
Sacramento	7.2%
Santa Ana	5.5%
Long Beach	5.0%
San Jose	4.7%
San Diego	-
Fresno	-
Bakersfield	-
Anaheim	-



Potential Utility User Taxes

- Additional UUT may be imposed on the consumption of sanitary sewer, refuse collection, and cable television services
- Revenue potential at the current 5% UUT rate varies greatly by service type.

For Illustrative Purposes:

- Sewer Tax - \$800k
- Refuse & Recycling Collection (excl. private haulers) - \$2.1M
- Cable Television Tax - \$5.0M

Can be a General or Special Tax, if dedicated for a specific use.



Local Sales & Use Tax

- A sales and use tax is levied on the sale, storage, use or consumption of tangible personal property
- The current sales tax rate in Long Beach is 9.00%, split with the State (6.50%), LA County MTA (1.50%), and Long Beach (1.0%)
- In FY 15, Long Beach received \$59.4M in revenue from Sales & Use tax
- Per State law, City could add on a “Transaction and Use Tax” of up to 1%, which works generally the same as the Sales and Use Tax; however there are differences so the figures below are rough approximates.

For Illustrative Purposes:

Increase	Tax Per \$100	New Revenue (Est.)
0.25%	\$0.25 (25¢)	\$12 million
0.50%	\$0.50 (50¢)	\$24 million
1.00%	\$1.00 (100¢)	\$48 million

Can be a General or Special Tax, if dedicated for a specific use. However, in either case it requires a two-thirds vote of the City Council to put on the ballot.



Local Sales & Use Tax - FY 14 Rates

Sales Tax Rate Comparison	
City	Rate
Oakland	9.5%
Los Angeles	9.0%
Long Beach	9.0%
San Francisco	8.8%
San Jose	8.8%
Sacramento	8.5%
Fresno	8.2%
Anaheim	8.0%
San Diego	8.0%
Santa Ana	8.0%
Bakersfield	7.5%

Local Communities	
City	Rate
Bellflower	9.0%
Cerritos	9.0%
Compton	9.0%
Lakewood	9.0%
Long Beach	9.0%
Paramount	9.0%
Signal Hill	9.0%
Huntington Beach	8.0%
Seal Beach	8.0%

Increased Rates in LA County	
City	Rate
Avalon	9.5%
Commerce	9.5%
Culver City	9.5%
El Monte	9.5%
Inglewood	9.5%
Santa Monica	9.5%
South El Monte	9.5%
La Mirada	10.0%
Pico Rivera	10.0%
South Gate	10.0%



Business License Tax

- Currently, Long Beach charges a Business License Tax that varies by type of business, with an annual CPI adjustment
- Other cities charge license taxes on wide variety of bases and increments, making comparisons difficult
- In FY 15, the business license tax generated \$12.7 million to the General Fund
- An increase of \$50 per current business license account could generate approx. \$1.5 million annually

Can be a General or Special Tax, if dedicated for a specific use.



Oil Barrel Tax

- The City currently taxes oil production by volume (barrel tax) at the following rates/split:
 - 15¢ per barrel for general purposes
 - 28¢ per barrel (as of June 2014), plus CPI index for Public Safety (Prop. H)
- Citywide 13.3 million barrels were produced in FY 15, generating \$5.7 million for General Fund and Prop H
- Different cities use different indices to calculate their barrel taxes
- Every 10¢ increase in the City's current tax rate would generate approx. \$1.3 million

Can be a General or Special Tax, if dedicated for a specific use.



Oil Severance Tax

- A value-based tax, or severance tax, is based on a percentage of the actual sale price or on a rate from a published price index
- To achieve an equivalent \$5.0 million by a means of a value-based tax, the City would need to institute a tax of 0.65% (based on the FY 15 average sales price of \$57.96/barrel using a monthly barrel price index)
- Only the city of Culver City is known to be assessing a severance tax, at a rate of 1.80%

For illustrative Purposes:

Severance Tax Comparison	
% Tax	Revenue
0.50%	\$3.9M
0.65%	\$5.0M
1.00%	\$7.7M
1.50%	\$11.6M
2.00%	\$15.4M

* Based on FY 15 production totals

Can be a General or Special Tax, if dedicated for a specific use.



Transient Occupancy Tax (TOT)

- Known as the hotel bed tax, it is paid for the occupancy of a room
- The current rate is 12%; effective rate of 15% in the downtown area if self-imposed business license surcharge is included
- TOT generated \$23.9 million in revenue in FY 15, with \$17.2 million going to the General Fund. Every 1% increase in the rate would generate \$1.4M to the General Fund

TOT Rate Comparison	
City	Rate
Anaheim	15.0%
Los Angeles	14.0%
Santa Monica	14.0%
Long Beach	12.0%
Torrance	11.0%
Huntington Beach	10.0%
Newport Beach	10.0%

Can be a General or Special Tax, if dedicated for a specific use.



Parking Tax

- Tax levied on public and private lots located in the City, based on a percentage of total parking revenues or number of spaces
 - Does not include on-street metered parking
- Long Beach does not currently have a parking tax
- Parking lot operators would be required to collect the tax from parking lot occupants and remit the collections to the City
- Annual revenue to be generated from a 10% tax on city-owned parking lots is roughly estimated at \$1.7 million
 - Revenues generated from privately owned lots is difficult to project, but could account for up to 50% of total Parking Tax revenues

Can be a General or Special Tax, if dedicated for a specific use.



Parking Tax (cont'd)

Parking Tax Rate Comparison	
<u>City</u>	<u>Rate</u>
San Francisco*	25.0%
Los Angeles*	10.0%
Oakland**	10.0%
Anaheim	0.0%
Bakersfield	0.0%
Fresno	0.0%
Long Beach	0.0%
Sacramento	0.0%
San Diego	0.0%
San Jose	0.0%
Santa Ana	0.0%
<i>*Excludes on-street and residential parking</i>	
<i>**Excludes City owned parking meters</i>	

- A total of 25 cities in California levy a Parking Lot Tax



Real Property Transfer Tax

- Charge that is applied to the transfer of ownership of real property
- Current transfer tax is \$1.10 per \$1,000 sales price of which the County retains 55¢ and Long Beach retains 55¢
- Currently, the City receives approx. \$1.7M per year
- State law sets the transfer at 55¢ per \$1,000 sales price for all general law cities. As a charter city, Long Beach retains the discretion to set its transfer tax
- However, if the fee is increased, the County retains the full original \$1.10 and the City would receive the rest
- Thus, to double the current annual revenue of \$1.7M to \$3.4M, the City tax would need to be \$2.20 per \$1,000

Can be a General or Special Tax, if dedicated for a specific use.



Real Property Transfer Tax (cont'd)

Real Property Transfer Tax Fee			
Cities	City Rate	County Rate	Per \$1000 Total
San Francisco	\$ 25.00	\$ 1.10	\$ 26.10
Oakland	\$ 15.00	\$ 1.10	\$ 16.10
Los Angeles	\$ 4.50	\$ 1.10	\$ 5.60
San Jose	\$ 3.30	\$ 1.10	\$ 4.40
Sacramento	\$ 2.75	\$ 1.10	\$ 3.85
Anaheim	\$ 0.55	\$ 0.55	\$ 1.10
Bakersfield	\$ 0.55	\$ 0.55	\$ 1.10
Fresno	\$ 0.55	\$ 0.55	\$ 1.10
Long Beach	\$ 0.55	\$ 0.55	\$ 1.10
San Diego	\$ 0.55	\$ 0.55	\$ 1.10
Santa Ana	\$ 0.55	\$ 0.55	\$ 1.10



Admissions Tax

- Can be levied as a gross receipts tax charged for entry to specific entertainment, sporting, recreational, and/or amusement activities or can be imposed on a consumer on a “per tax” basis for the privilege of attending a show, performance or exhibit. Can be extended to include gym memberships, spas, etc.
- This type of tax is often found in cities with major sporting venues or amusement areas (e.g., San Francisco, Pasadena, Pomona)

Cities with Admissions Taxes:

City	Tax	Revenue*
Avalon	4%	\$351,000
Indian Wells	9%	1,211,000
Pasadena (Rose Bowl)	Variable	272,000
Pomona (Amusement Ride Tax)	2¢ per ride	196,000
San Francisco (Stadiums)	Variable	2,435,000
Santa Cruz	5%	2,029,000

* For FY 13, californiacityfinance.com

Can be a General or Special Tax, if dedicated for a specific use.



Funding Mechanisms for Infrastructure

- General Obligation Bonds (GOs)
 - Ad valorem tax (property tax) applies to assessed value of taxable property
 - Bonds can finance only acquisition or improvement of real property
 - Strong credit = Lower bonding costs
 - Requires 2/3rd vote of the City Council and the electorate
- Other Financing Sources
 - Community Facility District (CFD)- must tie to new development
 - Assessment District - must tie to the benefit of the real property from the improvement or service
 - Lease Revenue Bonds - currently used on a case by case basis for financing infrastructure and equipment



Considerations for Tax Measures (cont'd)

Parcel Tax (New)

- Predictable and reliable
- Usually viewed as another form of property tax

Utility User Tax (Increase and/or New)

- Relatively large tax base
- Based on commodities, some of which are in decline

Local Transaction & Use Tax (Increase)

- May affect consumer shopping habits
- Sensitive to economic conditions - grows in a strong economy and declines in a recession

Business License Tax (Increase)

- Revenue increase relatively small compared to other options

Oil Taxes

- Perceived to impact very few taxpayers directly
- May result in decreasing oil production in Long Beach



Considerations for Tax Measures (cont'd)

Transient Occupancy Tax (Increase)

- Increase could be detrimental to convention bookings and tourism
- Revenue increase relatively small compared to other options

Parking Tax (New)

- Few private parking lots; revenue relatively small for private lots
- Could have high costs to administer

Real Property Transfer Tax (Increase)

- Implementation benefits the County at the cost of the property owner
- Revenue increase relatively small compared to other options

Admissions Tax (New)

- Could be detrimental to special events booking and participation
- Revenue increase relatively small compared to other options

Funding Mechanisms for Infrastructure

- Limited to real property acquisition and improvements



Next Steps

- Should the City Council wish to proceed with a ballot measure:
 - Decide on measure type and tax amount
 - Develop ballot measure language
 - Determine timing of ballot measure
- The next general election for the City is the April 12, 2016 Primary. However, filing deadline is January 15, 2016.
- The following general election is the June 7, 2016 Run-off election:
 - Adopt a resolution in February to meet March 11, 2016 filing date
 - Depending on the measure, it would require a simple majority vote or a two thirds vote of the City Council
- The November 8, 2016 election would be considered a special election for the City
 - Adopt a resolution in July to meet August 12, 2016 filing date
 - Depending on the measure, it would require a simple majority vote of the City Council for a special tax, a two thirds vote of City Council for a Transaction and Use Tax, or a unanimous vote of Council and declaration of fiscal emergency for a general tax



Next Steps

- Cost depends on timing, other issues on the ballot and if City or the County conduct the election.
 - **City Conducts:**
 - No additional costs if general election with citywide candidates on the ballot. This is not the case in 2016.
 - \$1.6 million for Special Election if only City measure on the ballot.
 - \$900,000 to expand the June election to all Nine Districts
 - **County Conducts:**
 - June or November Election: \$565,000 for the June election and \$433,000 for the November election
 - Cost for Special Election if only City measure on the ballot has not been explored



4,254,220	3,269,240	3,351,078	3,231,871	4,870,191
2,483,320	2,554,791	2,556,040	2,505,799	2,617,969
4,798,519	4,666,207	4,666,207	4,666,207	4,779,552



Revenue Measure Options

January 2016

5,161,749	5,299,024	5,299,029	5,298,826	1,379,915
417,259	487,259	487,259	306,371	445,132
12,838,011	12,259,268	12,262,283	12,262,247	12,399,419
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