



CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

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GERALD R. MILLER
CITY MANAGER

January 10, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive the supporting documentation into the record, conclude the hearing and adopt the attached resolution, which would place the Long Beach Neighborhood Library Protection Measure on the April 11, 2006 Primary Nominating Election ballot, for the purpose of restoring and enhancing library services citywide.

Approve further community outreach to determine the feasibility of placing a public safety ballot measure on the November 7, 2006 Statewide General Election ballot. (Citywide)

DISCUSSION

On June 21, 2005, the City Council directed City staff to research community support for potential revenue-generating ballot initiatives. As a result, community surveys were conducted in October and November 2005. The findings indicate that likely Long Beach voters recognize the City needs additional resources to provide effective public safety and library services and would support increased taxes for enhancements to these areas.

The City's Financial Strategic Plan (Plan), which was endorsed by the City Council in 2003, outlined a strategy with options to balance what, at that time, was a projected \$102 million deficit in the City's General Fund. These options included both reductions in expenditures for City services as well as proposed new revenue sources, such as increases in fees to improve cost recovery for City services and higher investment returns on City assets. Over the past three years, implementation of the Plan has resulted in over 400 City employee positions being eliminated, efficiency gains in several key service areas, extensive reductions in equipment and support costs, and reduced City service levels. Consequently, the projected \$102 million structural deficit in the General Fund was reduced by \$92 million, with the balance to be eliminated by fiscal year 2007 (October 1, 2006 – September 30, 2007).

As part of discussions conducted during April and May of 2005 to develop future Plan solutions, combined with continued and emergent public safety needs and the desire to

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restore core community services that were impacted through the Plan, the City Council's Budget Oversight Committee researched potential new revenue opportunities. This included surveys by City staff of other communities that had been successful in passing local ballot initiatives to fund core services. On June 21, 2005 the City Council directed the City Manager to conduct further research of Long Beach voters' opinions and to recommend potential revenue generating ballot initiatives as a means of addressing critical funding needs.

To fulfill this recommendation, City staff conducted a competitive Request for Proposals process and received six proposals for strategic advice and public opinion polling. The City selected the team of the Lew Edwards Group (LEG) and Fairbank, Maslin, Maullin, & Associates (FMMA) to provide these services. Both firms have worked in partnership to pass a combined total of \$30 billion in California finance measures with a 90 percent overall success rate. Experts from both firms are regular trainers and speakers for organizations such as the League of California Cities, the California Municipal Treasurers Association, the Local Government Commission, and the Institute for Local Governments. Examples of their clients includes the cities of San Luis Obispo, Escondido, Visalia, and Lawndale.

LEG and FMMA worked with City staff to develop a statistically valid survey of likely voters in Long Beach, as well as a follow-up survey. The surveys evaluated voters' willingness to support potential revenue generating ballot initiatives to address critical funding needs in the areas of *public safety, infrastructure, library services and youth programs*.

RESULTS

The results from the two surveys show strong support for both public safety and library services revenue measures. Nearly two-thirds (64 percent) of likely voters agree with the statement "the City of Long Beach needs additional funds to provide the level of City services that residents need and want."

Public Safety Measure

Research from the initial survey showed that support exists for an increase in the sales tax to fund public safety services, including additional police officers. Sixty-five percent of respondents said that they would support a one-half cent sales tax increase to enhance these services. This included 42 percent that would definitely support the measure, 19 percent that would probably support the measure, and 4 percent that were undecided, but would lean towards supporting the measure.

Of the total respondents, 26 percent voiced the opinion that they would not support the measure. Nineteen percent of respondents were classified as definite non-supporters,

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6 percent were classified as probable non-supporters, and 1 percent was undecided, but leaning towards not supporting the measure. Nine percent of the surveyed sample was completely undecided. The margin of error for the survey was plus or minus 3.5 percent.

When asked to evaluate how important it is to add funds for public safety services, nearly 50 percent or more of voters considered it to be *very important* to fund the following services:

- Hiring more police officers
- Monitoring registered sex offenders living in Long Beach
- Expanding anti-gang programs
- Improving the ability of the City to respond quickly to a terrorist attack
- Expanding neighborhood-based policing
- Improving 9-1-1 response times
- Improving the ability to thwart identity theft
- Improving the ability to respond to property theft and burglary

Nine out of ten likely voters (90 percent) said "crime of all sorts, including gangs, graffiti, and drug abuse, is a serious problem." Four out of ten voters (41 percent) said they believe too little money is spent on police services.

These results suggest that further community outreach and dialog with the public could help develop a well informed sales tax measure that would garner the two-thirds (66 percent) super-majority support required to pass a ballot measure dedicated to public safety. The City's advisors (LEG and FMMA) recommend that significant time and effort be put into working with the community to further define needs and determine the feasibility of a potential public safety measure for the ballot in November 2006.

A one-half cent increase in the sales tax, the maximum legal increase, would provide approximately \$23.75 million annually to be used to enhance public safety services and would increase the sales tax rate levied on retail goods in Long Beach from 8.25 percent to 8.75 percent. Research on other cities in California that have passed similar sales tax increases have shown that the impact on the local economy has been negligible. Annual sales tax revenue of \$23.75 million would provide funds for over 100 more police officers working on the street, 30 additional detectives to prevent and solve crimes, necessary sworn supervisory officers, and associated support and equipment costs.

Library Services Measure

An additional survey was conducted to better understand the public's support of potential revenue measures for library services. This survey showed *very strong* support for a \$35 parcel tax increase to restore and enhance library services. Approximately 73 percent of respondents reported that they would support an annual property assessment on residential property in the amount of \$35 to fund additional library services. This included 55 percent that would definitely support the measure, 15 percent that would probably support the measure, and 3 percent that were undecided, but would lean towards supporting the measure.

Of the total respondents, 16 percent voiced that they would not support the measure, 11 percent of respondents were classified as definite non-supporters, 4 percent as probable non-supporters, and 1 percent undecided, but leaning towards not supporting the measure. Eleven percent of the surveyed sample were completely undecided. The margin of error for the relevant questions was plus or minus 5.6 percent.

According to the City's advisors (LEG and FMMA), this level of support is rarely seen with potential revenue measures, and it suggests there is a strong likelihood that this potential ballot measure, to increase funds for the Long Beach Public Library, would obtain the two-thirds super-majority of votes needed for passage as early as April 2006.

If successful, a \$35 annual parcel tax increase to parcels with single family residential units and condominiums, a \$70 annual parcel tax increase to parcels with two to four residential units, and \$100 annual parcel tax increase to parcels with five or more residential units, would generate approximately \$4 million annually. Qualifying houses of worship or community service organizations that are exempt from ad valorem taxation under California law will receive a rebate for this tax, as will residential parcel owners whose gross household income is 80 percent or less of the Los Angeles County median income.

The survey indicated that the public favors using these resources to provide the following improvements to library services *citywide*:

- Allow the Long Beach Main Library to return to being open and accessible seven days a week
- Allow all Long Beach neighborhood libraries to be open and accessible for a minimum of six days per week
- Restore and increase the Library materials budget

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- **Create stable funding for after-school homework assistance programs and other programs targeted to youth**
- **Restore lost hours of operation and purchase needed books**
- **Expand existing library youth programs and prevent deep cuts in reading programs for children**
- **Support programs that serve teens**
- **Provide literacy programs to help families and adults learn to read**
- **Increase joint educational activities with local schools**
- **Upgrade and enhance information technology in all libraries and improve access to computers and other technology**

Language in the attached proposed ordinance ensures that revenue generated from the annual parcel tax will be in addition to and will not supplant the Library's current baseline General Fund appropriation. The measure would be in effect for ten years, at which time it will sunset unless renewed by voters under the same two-thirds approval requirement.

All funds generated by a potential parcel tax would be deposited and accounted for in a special fund that is separate from the City's General Fund. A Citizens' Oversight Committee would be established to ensure the appropriate use of resources generated by the parcel tax. The purpose of the Committee would be to recommend and review expenditures of funds collected through the measure and to ensure funds are spent as intended.

Additionally, an independent annual financial audit would be required and would contain information regarding the amount of tax revenue collected and expended, as well as the status of any programs funded by this tax revenue.

This matter was reviewed by Assistant City Attorney Heather Mahood and Director of Financial Management Michael Killebrew on January 4, 2006.

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TIMING CONSIDERATIONS

To place a measure on the April 11, 2006 ballot, City Council action is needed by January 13, 2006, which requires approval at the January 10, 2006 City Council meeting. To place a measure on the November 7, 2006 ballot, City Council action is needed by August 11, 2006, which requires approval on or before the August 8, 2006 City Council meeting.

FISCAL IMPACT

A \$35 annual parcel tax increase to parcels with single-family residential units and condominiums, with associated increases for multi-unit parcels, would generate approximately \$4 million annually. It will cost the City approximately \$80,000 to place the *Neighborhood Library Protection Measure* on the April 11, 2006 ballot. The City's current election budget can support this cost.

A one-half cent increase to the sales tax would produce approximately \$23.75 million annually to be used for public safety purposes. Based on historical costs, a proposed public safety revenue measure in November 2006 would cost the City between \$300,000 and \$325,000, and would need to be included in the City Clerk's FY 2007 Proposed Budget. The City would consolidate this election with the County of Los Angeles' election, and this measure would appear on the County's ballot for the Statewide General Election. The cost reflects estimated charges from the County using the County's existing voting system.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



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