



Legislation Text

File #: 18-0208, **Version:** 1

Recommendation to adopt resolution calling for the holding of a General Municipal Election on Tuesday, June 5, 2018, for the submission of a proposed Charter Amendment to Long Beach voters and directing the City Attorney to prepare an impartial analysis of the Charter Amendment; and

On January 10, 2018 and February 13, 2018, the City Council and the Charter Amendment Committee concluded two joint public hearings on a proposed Utility Revenue Transfer Charter Amendment. This third public meeting fulfills the requirements of City Charter §1903 and California Government Code §34458.

Staff recommends placing the Charter Amendment on the June 5, 2018 ballot. To place the Charter Amendment on the ballot, the City Council must (i) call for the General Municipal Election and authorize the Charter Amendment language to be on the ballot; and (ii) request a consolidated election. The City Council will formally authorize primary and rebuttal arguments at a future meeting.

The Resolution calling for the holding of a General Election includes a redline version of the proposed changes to the current City Charter, including technical changes made after the February 13, 2018 hearing.

This matter was reviewed by Deputy City Attorney Richard F. Anthony and by Director of Financial Management John Gross on February 27, 2018.

City Council and Charter Amendment Committee action is recommended on March 7, 2018, to complete the hearing, meeting, and scheduling requirements mandated by the California Elections and Government Codes for placing a Charter Amendment on the June 5, 2018 ballot.

If placed on the June 5, 2018 ballot, the City Charter Amendment election is expected to cost approximately \$565,000, assuming there are no other City ballot items conducted by the County on that election day. The FY 18 budget includes the cost of conducting a local General Election on June 5, 2018, due to the potential of Citywide elected official contests. Depending on these other election outcomes, there could be sufficient funds available to cover the costs of the Charter Amendment election. If not, any shortfall would be funded by a budget increase (or savings) in other areas of the budget.

The Charter Amendment itself will allow the City to offset the financial impacts of the utility fund transfer litigation and allow General Fund neutrality as to service impacts and costs to

the community. Without the ballot measure the City is facing an impact of \$8.3 million to the General Fund for the FY 19 budget due to the settlement of recent litigation related to the Water and Sewer Funds, and potentially an additional impact of \$10 million related to the ongoing litigation related to the Gas Fund. If approved by a majority of the voters, there could be utility revenue transfers from the Water, Sewer, and Gas Funds to the General Fund not to exceed 12 percent of the gross revenues of the respective funds. In any utility fund in any particular year, the transfers could be less than 12 percent. Utility rates would be set to include the transfer costs as they have in prior years. Because of the litigation, the transfers from the Water and Sewer Funds to the General Fund were materially reduced and the water and sewer utility rates were also decreased as of January 1, 2018. If the City Charter Amendment is approved, these transfers would likely be restored to previous levels and the water and sewer rates would likely be reset to generate an equivalent level of revenue transfers before the litigation, plus some additional funding to repay certain prior costs and losses. If the Gas Fund transfer litigation ultimately results in an adverse decision to the City, a similar pattern may occur for the Gas Fund transfer. In general, the limit on the revenue transfers to not exceed 12 percent of gross revenues provides the capacity to maintain the transfers at similar levels of prior years, plus some additional funding to make payments required by the settlement of the water/sewer utility litigation, which may be necessary for the gas utility litigation as well.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH, CALLING FOR THE HOLDING OF A GENERAL MUNICIPAL ELECTION ON TUESDAY JUNE 5, 2018 FOR THE SUBMISSION OF A PROPOSED CHARTER AMENDMENT TO LONG BEACH VOTERS AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS OF THE CHARTER AMENDMENT

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER