

IMPARTIAL ANALYSIS OF MEASURE M

By Charles Parkin, City Attorney

CHARTER AMENDMENT TO AUTHORIZE AND AFFIRM TRANSFERS OF CERTAIN REVENUES FROM CITY UTILITY FUNDS TO THE GENERAL FUND, SUBJECT TO CERTAIN LIMITS AND CONDITIONS

The City of Long Beach General Fund pays for general City services such as police, fire and paramedic response, street repair, parks, libraries and youth/senior programs. On March 7, 2018, the Long Beach City Council placed Measure “M” on the ballot to maintain General Fund revenue.

Long Beach City Charter, Sections 1407 and 1501 currently authorize the City Council or Board of Water Commissioners to transfer revenue from City utility funds to the General Fund if the revenue is not necessary to pay for a utility’s capital improvements, bond/debt service, operations and maintenance, personnel, reserves, and other costs.

Under this authority, the City has, for many years, approved annual transfers of surplus water, sewer and gas utility revenue to the General Fund as part of the budget process. For FY 2016-2017, these transfers amounted to approximately \$21,000,000 in General Fund revenue which paid for general City services.

On July 9, 2015, a lawsuit was filed against the City alleging certain revenue transfers from the gas utility to the General Fund are “general taxes” requiring voter approval under Proposition 26. On September 30, 2016, another lawsuit was filed against the City alleging certain revenue transfers from the water and sewer utilities to the General Fund are also “general taxes” requiring voter approval under Proposition 218. The City prevailed at the trial court in the gas utility revenue case, however, that ruling is being appealed. On November 8, 2017, the City settled the water and sewer utility revenue case.

On March 7, 2018, the City Council voted to place Measure “M” on the ballot for the June 5, 2018 Municipal General Election. If approved by a majority of Long Beach voters, Measure “M” would amend Sections 1407 and 1501 of the Long Beach City Charter as follows:

- Reauthorize and affirm the City’s practice of revenue transfers from the water, sewer and gas utilities to the General Fund, as approved by the City Council/Board of Water Commissioners, subject to a cap of twelve percent (12%) of each utility’s annual gross revenues, as shown by audited financial reports.

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- Clarify that all proceeds from utility revenue transfers to the General Fund shall be used to maintain local General Fund services.
- Clarify that the City Council or Board of Water Commissioners, whichever is applicable, may approve water, sewer and gas rates in an amount sufficient to recover the costs of operating each utility, including Council/Board-approved utility revenue transfers to the General Fund, as outlined above.

Measure “M” requires simple majority approval of Long Beach voters to pass. If Measure “M” does not pass, utility revenue transfers to the General Fund and utility rates may be reduced. In that case, the City Council may be required, as part of the budgeting process, to consider eliminating or reducing general City services funded by these transfers.

A “Yes” vote will approve Measure “M”.

A “No” vote will not approve Measure “M”.

The above statement is an impartial analysis of Measure “M”. If you desire a copy of the Measure, please call the Elections Official’s office at (562) 570-6101 and a copy will be mailed at no cost to you.