


Date: September 4, 2020

To: Mayor and Members of the City Council

From: Thomas B. Modica, City Manager 

Subject: **Proposed Oil Barrel Production Tax**

On July 29, 2020, the City Council approved the placement of a measure on the November 3, 2020 ballot for voters to consider increasing the general purpose Barrel Tax from 15 cents per barrel to 30 cents per barrel, to begin October 1, 2021, with annual CPI increases. On September 15, 2020, the City Council will be voting on a proposed Resolution of Intent that will outline the City Council's intent to spend those General Fund dollars on various areas, with actual spending decisions being made as part of the annual budget process.

The City Council has voted to place several measures before voters over the past several years. For each of those measures that were put on by the City Council, City staff have worked with the City Attorney's Office and outside legal counsel to assemble non-biased information about the measure to help educate voters as to why it was placed before voters, what the practical impact of the measure would be, and to answer basic questions. Staff typically assemble a Frequently Asked Questions (FAQ) document and place it on the City's website. While the website is a good source for those seeking to inform themselves, it does not have a very effective reach for all voters, who typically receive information about the various ballot initiatives via mail. For each of the past several elections, City staff have prepared information sheets providing neutral, non-biased information about the proposed ballot measures (and where to learn more) and mailed them to voters. Prior to being mailed, each document is reviewed by outside legal counsel to ensure it abides by the Fair Political Practices Commission (FPPC) requirements for such information and to make sure it does not advocate for, or against, a specific measure. In fact, FPPC reviewed the City's informational mailers from a previous election based upon a complaint and found that the City acted in accordance with State law.

Given the number of measures placed before voters this year, and the desire to inform voters so they can make an informed decision as to whether to support or oppose the proposed ballot measure, City staff plan again to send informational mailers. At the July 29, 2020 City Council meeting, this issue was brought up for discussion. As promised during the meeting, this memo is let the City Council know of staff's intent to develop these materials similar to what has been done in the past, and to receive any further direction from the City Council on this matter when the Resolution of Intent is discussed on September 15, 2020. No action will be taken prior to that discussion. The cost of the design and mailing of informational pieces is between \$75,000 and \$100,000 depending on number of mailers and the number of households receiving the mailer. The cost to include the mailer in utility bills is approximately \$7,000. These funds would be an expense in the current FY 20 budget, and would normally be funded from any year-end savings. However, due to other large expenses this year, funding would likely be covered by

funds generated by position savings, reductions in other contractual expenses, and/or use of reserves necessary to close the year in balance. Staff believe this is a prudent expense to help inform voters – efforts in the past reached 110,000 voters at a cost per mailer of \$0.45 each, and the utility bill mailers reached 155,000 rate payers at a cost of \$0.04 each.

If you have any questions, please contact me at (562) 570-5091.

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