



Date: April 17, 2018
To: Mayor and Members of the City Council
From: Patrick H. West, City Manager *T.M.*
Subject: Measure M Summary

Attached for your reference is a "Frequently Asked Questions (FAQ)" summary concerning the Utility Revenue Transfer Charter Amendment (Measure M) appearing on the June 5, 2018 ballot. The FAQ summary has been reviewed and approved by the City Attorney, and it can be used to provide information regarding the ballot measure. City staff are not permitted to advocate for the measure, or use City resources for the purposes of advocacy, but are permitted to provide unbiased information. If you receive questions from residents on Measure M, please refer them to www.longbeach.gov/MeasureM website for the FAQ.

Please let me know if you require additional information.

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ATTACHMENT

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
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TOM MODICA, ASSISTANT CITY MANAGER
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DEPARTMENT HEADS

COMMON QUESTIONS AND ANSWERS ON **MEASURE M**

What is Measure M?

Measure M is a City Charter Amendment to explicitly authorize and affirm the transfer of surplus City utility revenues to the City's general fund to support services for Long Beach residents such as police, fire, and 911 paramedic and other general government services. These transfers have been used to support general City services for over 60 years.

Why was Measure M placed on the ballot?

If approved by Long Beach voters, Measure M will eliminate the potential negative impacts on general City services from litigation filed by two individuals who claim that the utility fund transfers to the general fund are not allowed under the State Constitution unless there is a vote authorizing them. Measure M provides the opportunity for Long Beach voters to authorize and affirm these transfers.

What will happen if Measure M passes?

If Measure M passes, the City would continue utility fund transfers to the general fund per past practice, subject to a new 12% cap on transfers from the Water, Sewer and Gas utility funds.

What type of controls and limits are in the Charter Amendment?

The Charter Amendment adds a new limitation preventing any utility fund transfer to the general fund from exceeding 12% of that utility's annual gross revenues. The Amendment also adds a new requirement for an annual independent audit of each utility fund transfer to ensure it complies with the Charter provision.

What is the impact to the City from the utility fund transfer litigation?

The City estimates the utility fund transfer litigation could reduce general fund revenues by between \$8.3 million and \$18 million per year. The impact would likely be a reduction of City services. Significant reductions would likely be necessary to absorb the budget impact of the utility fund transfer litigation.

Mailing provided for informational purposes to describe the practical effects of Measure M.
This information sheet does not advocate a yes or no vote on the measure.

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What City services would be impacted if Measure M is not passed?

General City services affected would likely include 9-1-1 emergency response, police services, firefighting services, paramedic response, maintenance of streets, storm drains, neighborhood parks, senior services, libraries, and homelessness services. These reductions would likely be put in place with the new City budget in October 2018.

What effect will Measure M have on water, sewer and gas rates?

Under Measure M, the average rates are expected to be similar to what ratepayers have historically paid. For context on today's rates, the City's combined Water and Sewer rates in 2017 were on average \$15 per month lower than Los Angeles, San Francisco, San Diego, Oakland, San Jose, Sacramento, and Golden State Water. Gas utility rates for residential customers in 2016 and 2017 were on average \$0.54 per month lower than those of the Southern California Gas Company (SoCalGas).

Are other utilities impacted in terms of rates?

No. Electric, telephone, cable, and internet services are not City services and would not be affected.

How did the lawsuits impact the City?

The lawsuit challenging the water and sewer utility fund transfer was settled by the City and the lawsuit challenging the gas utility fund transfer remains under appeal. The settlement reduced the water and sewer utility transfer to the general fund and reduced water and sewer rates by about \$3 per month for the typical customer. The City will repay the water and sewer utilities approximately \$12 million over a four-year period for prior transfers. The impact of the water/sewer lawsuit is a loss of about \$8.3 million per year in ongoing funding for police, fire, and other general City services. The gas lawsuit is under appeal and, if the plaintiff is successful, could have an impact of another \$10 million per year. Taken together, the potential reduction in funding totals over \$18 million per year.

How much revenue would Measure M provide?

Measure M will authorize and affirm the City's practice of making utility revenue transfers from the City's water, sewer and gas utilities to the General Fund not to exceed 12% of utility gross revenues, or approximately \$26 million annually.

Will these funds be used to balance the Fiscal Year 2019 budget?

No, the FY 19 proposed budget is currently expected to be balanced through budget balancing actions that do NOT include the use of utility revenue transfers above previous levels. Measure M will authorize reinstatement and continuation of utility revenue transfers that will prevent what would otherwise be a shortfall, if those revenues were lost due to litigation.

When is Measure M on the ballot?

The election is on June 5, 2018.

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