

City Ballot Measures

City Ballot Measures

Long Beach has been very fortunate that voters have approved several measures in recent years, which support City services. To increase transparency on how those dollars are spent, this section specifically discusses the various ballot measures approved since 2016 and updates including accomplishments and planned uses of funds.

MEASURE A (2016) – LONG BEACH TRANSACTIONS AND USE TAX

Measure A is a ballot initiative, approved by 60 percent of Long Beach voters on June 7, 2016, which originally added a transactions and use (sales) tax for a period of ten years. Beginning January 1, 2017, Measure A effectively increased sales tax by 1 percent for the first six years. After six years, and for the remaining four years, the tax increase was going to be reduced to 0.5 percent, and then sunset after 10 years. An extension to Measure A was approved on the March 3, 2020 ballot, which eliminated the 10-year sunset and keeps Measure A in effect until voters decide to end it at a later election. This new adoption authorizes the City to continue the additional sales tax beyond 2027, generating revenues at a maximum annual rate of one percent (1%) per the measure, until ended by the voters.

Although Measure A is a general tax to fund City services, the City Council's intent is to prioritize spending of Measure A funds for the following purposes:

- Public Safety, including the costs of providing Public Safety services, consisting of police patrol, response, investigation, apprehension and law enforcement, emergency 9-1-1 response, fire prevention and suppression services, paramedic services, and ambulance services.
- Public Infrastructure, including the costs of improving and maintaining streets, sidewalks and alleys, improving and upgrading the City's water system for conservation, and improving, upgrading storm water/storm drain systems and public facilities, including parks.
- As part of the measure to extend the tax, support for community health services related to the reopening the Long Beach Community Hospital was added to the resolution prioritizing Measure A funds.

Status and Accomplishments to Date

Since 2017 and through FY 22, the revenues generated from Measure A have allowed the City to maintain and restore public safety services that would have otherwise been reduced, fund Measure B, and provide for administrative support at an annualized value of \$34 million as of FY 22; additionally during this time, Measure A has funded \$166 million in infrastructure and \$42 million in other one-time projects. Measure A has been vital to maintaining the health and safety of the community through not only the maintenance and restoration of police and fire services but also through funding for streets, alleys, traffic signage, sidewalks, curb ramps and bike lane projects, homelessness outreach, health care, parks and library improvements, and restoration of City-owned facilities. Key accomplishments through FY 22 are highlighted in Table 1.

City Ballot Measures

Table 1: Measure A Accomplishments

Program	Accomplishments
Public Safety Maintenance	Maintain public safety staffing that may have otherwise needed to be reduced, equivalent to 143 sworn positions.
South Division Restoration	The reestablishment of this Division allowed it to operate at the same functional level as other divisions in the City. The 100+ staff, including sworn staff, transferred from West Division equalized the call volume experienced by the four Patrol Divisions and provides more localized community policing support to the residents, businesses, and tourists located within the Division.
Engine 8 Restoration	The restoration of Engine 8 has improved fire and emergency medical response coverage and response times citywide and in the area immediately surrounding Fire Station 8 by responding to 2,040 calls for service over the 12-month period of June 1, 2021 to May 31, 2022.
PD Academy Restoration	The restoration of 9 sworn positions assigned to Academy operations relieved the Police Department from temporarily re-assigning patrol officers to train police recruits and disrupting the number of assigned officers assigned to 9-1-1 calls-for-service.
Rescue 12 Restoration	The restoration of Rescue 12 has resulted in increased emergency medical response capabilities and improved response times citywide as well as in Uptown Long Beach. Rescue 12 responded to 3,914 calls for service over the 12-month period of June 1, 2021 to May 31, 2022.
Homelessness	Provided funds for two sworn Quality of Life (QoL) Police Officers to support additional street outreach. (Measure A also previously supported the Homeless Education and Response Team (HEART) Unit comprised of two Firefighter/Paramedics prior to the HEART Unit transferring to the Health Department in FY 21).
Engine 17 Temporary Restoration	The temporary restoration of Engine 17 has improved fire and emergency medical response coverage and response times citywide and in the area immediately surrounding Fire Station 17 by responding to 3,947 calls for service over the 12-month period of June 1, 2021 to May 31, 2022.
Mobility	Since Measure A's inception, the City has paved 5.35 lane miles of previously dirt alleys with concrete, rehabilitated 603 lane miles of streets, constructed approximately 2,225 curb ramps and constructed 117 lane miles of complete street projects, which may include curb ramps, sidewalks, and bike lanes.
Libraries	To date, 9 library projects funded with Measure A have been completed. These projects include improvements at Alamitos, Bach, Brewitt, Burnett, Dana, Harte, Los Altos, and Mark Twain branches. Improvements to the Alamitos Branch Library were completed in FY 22. Continued improvements to the Bayshore Library are planned for FY 23.

City Ballot Measures

Program	Accomplishments
Parks	To date, 38 parks projects funded with Measure A have been completed. These projects include new playgrounds at Drake Park, El Dorado Golden Grove, Jackson Park, Los Cerritos Park, Recreation Park, Veterans Park, and Whaley Park. In FY 22, construction was completed on the Colorado Lagoon Playground, Davenport Park Landfill Gas Control System, El Dorado Park Artificial Field Turf, MacArthur Park Restrooms, Recreation Park Playground, and Wardlow Park ADA Restroom Improvements. FY 23 continued improvements will include Davenport Park Expansion, Drake Park Community Center and Restrooms, El Dorado Park Duck Pond, and Scherer Park Community Center. Design and scoping for Drake / Chavez 4-Acre Wetland Expansion, Joe Rodgers Field Improvements, and Coolidge Park improvements will continue.
Facilities	Completed facility condition assessments for approximately 253 City-owned structures. \$435 million of needed maintenance or replacements costs have been identified. The Ronald R. Arias Health Equity Center Improvements were completed in FY 22. The Police Academy is in the design phase with final design being developed. The Fire Training Center is in the planning phase. The design of the new Fire Station 9 is currently underway. Projects anticipated to be completed in FY 23 include the Emergency Communications and Operations Center HVAC improvements, Main Health Generator, and further improvements to the Main Health Building.
Community Hospital	Provided \$1,000,000 in funding in FY 21 to reimburse operator Molina, Wu, Network (MWN) for costs related to the seismic retrofit of Community Hospital Long Beach.
One-time Public Safety and Other Infrastructure Investments	One-time funds to support South Division restoration, additional Police and Fire academies, the modernization of public safety network cameras, public safety handhelds, funds for the Neighborhood Safe Streets Initiative, Police Jail Clinician, funding for utilities at the temporarily Fire Station 9 location, park irrigation pumps, tree stump removal, and tree trimming, etc.
Communication/ Administration	Developed an award-winning communications and community educational effort during the early years of Measure A, which continues to highlight the historic and worthwhile investments made by Measure A funding in Long Beach.
Stabilization Fund	Since its inception, \$2,403,202 has been set aside from Measure A revenue into the Measure B Stabilization Fund through FY 21.

For specifics on individual infrastructure projects, please visit the City's website at www.longbeach.gov/citymanager/measure-a

City Ballot Measures

FY 23 Budget Plan

Measure A revenues are anticipated to generate approximately \$67.5 million in FY 23. The FY 23 Budget for Measure A continues to support the programs previously approved by the City Council and reflects the intent of the initiating ballot measure with all the funds being allocated to maintain and enhance public safety services, as well as support infrastructure investment, public safety, and Community Hospital one-time needs. In addition to the anticipated revenue, the FY 23 Budget plan for Measure A is supported from a planned release of cash set aside from the previous outyear plan in the amount of \$17.7 million and the use of \$7.5 million from a projected \$12.8 million FY 22 operating surplus. The remaining \$5.3 million potential FY 22 operating surplus is not currently allocated but will be included in a future recommendation brought to City Council at FY 22 year-end once final actuals are determined.

A high-level summary of the recommended uses of the anticipated Measure A funds in FY 23 are described in the sections below. Details on the specific funding allocations and additional summaries of the Measure A revenue and spending plan are provided in the Attachments A – D:

- **Attachment A – Measure A FY 23 Summary of Sources and Uses**
- **Attachment B – Measure A FY 23 Infrastructure Project List**
- **Attachment C – Measure A Infrastructure Update**
- **Attachment D – Measure A Outyear Plan and Allocations**

Public Safety

In FY 23, \$44.3 million of Measure A funds have been allocated to support Public Safety operations and one-times. This includes \$29.4 million to maintain Police and Fire services that includes the equivalent of 143 sworn positions retained over the years that may have otherwise been reduced but for Measure A funding, as well as \$2.9 million of additional support added in FY 23 made up of \$1.9 million to solve the Fire Department's budget issue related to their FY 20 budget reduction target, and \$1.1 million to cover the Police Department's increasing cost of doing business such as the crime lab lease costs and other expenses.

The Public Safety allocation also includes \$6.7 million from previous years, representing the addition of 39 public safety positions (37 sworn) for the restoration of Fire Engine 8, Paramedic Rescue 12, the Police South Division, Police Academy staffing, and Quality of Life Officers. The FY 23 Budget includes 11 new sworn positions added to the Police Department to support the Strategic Outreach and Prevention (STOP) Detail, funded by \$2.2 million of Measure A funds that were previously allocated to the Police Department's Neighborhood Safe Streets initiatives. The FY 23 Budget also adds \$609,333 of structural funding for the anticipated City match funding needed for the SAFER grant that would help fund Engine 17. In addition, one-time funds of \$5.4 million have been allocated for the following public safety related one-time uses: public safety communication technology, two-year funding to support outreach and cleanup efforts along the LA River, and support for a Coordinated Response Team to respond to a rise in violent crime with an emphasis on gun-related crimes.

City Ballot Measures

Infrastructure

The Measure A funds set aside for infrastructure in FY 23 is \$35 million, to address the City's aging and deteriorating infrastructure (This figure does not include the anticipated \$50 million in FY 23 from bond proceeds from potential bonds issued backed by Measure A funds. Additional details on potential bond proceeds and uses are described in the section below *Out-year Plan for Future Unallocated Measure A funds*). The breakdown of the \$35 million funding allocation is as follows:

- \$6.9 million for Mobility. This new allocation will be applied to create sidewalk curb cuts to improve access and to support compliance with ADA sidewalk and curb requirements.
- \$28.1 million for Public Facilities. This includes funding for the Police Department Academy Building improvements, additional funding for Fire Station 9 and Fire Station 14, the Fire Training Center, Project Home Key planning support, critical repair needs to the roof and HVAC at the Main Health building, and draining improvements and Mural restoration at the City Place Parking Structure. Funding is also set aside in the amount of \$2,115,000 to contribute to the City's Critical Infrastructure Reserves.

Health and Other

The FY 23 Budget includes \$1.0 million for potential Community Hospital costs, as well as other infrastructure related one-time uses not directly part of the capital improvement plan totaling \$9.8 million and supporting the Citywide Network Camera Modernization efforts, Parks Tree removal program, Crack Seal and Slurry Program vehicles, magnetic door locks and restroom renovation initiatives, reserve for unexpected critical needs and contingency, and potential debt service payments for infrastructure bonds backed by Measure A funds.

The FY 23 continues to allocate \$208,458 for administrative support of Measure A and sets aside \$674,476 for the Measure B Stabilization Fund.

Out-year Plan for Future Unallocated Measure A Funds

As part of the FY 21 Budget Adoption actions items approved by the City Council, staff was requested to begin work on a new five-year infrastructure plan to begin in 2023, when the 2020 voter approved change in Measure A revenues take effect. Originally, the Measure A tax rate was going to change from 1 percent to ½ percent in 2023. With the 2020 voter approved change, Measure A will instead drop to ¾ percent in 2023. Due to County Measure H, which was approved prior to the 2020 voter change to Measure A, and levies a ¼ percent rate, Measure A will not return to the full 1 percent rate until 2028 when Measure H sunsets, in order to stay within the tax rate limit. As a result, the 2020 voter approved Measure A change results in significantly more revenue than was expected beginning in 2023 (being at ¾ percent versus ½ percent), but also total Measure A revenue being collected will be significantly less than it is currently (at the full 1 percent). See Table 2 for the Measure A revenue projection in the out-years.

FY 23	FY 24	FY 25	FY 26	FY 27
67,447,606	64,127,108	66,050,922	68,032,449	70,073,423

City Ballot Measures

Attachment D provides the details of the out-year plan allocations that continues to support past structural restorations and enhancements, public safety maintenance, Community Hospital, administrative support, Measure B allocations, one-time projects, and set asides for infrastructure. The out-year plan also includes a projected debt service for an Infrastructure Bond Program backed by Measure A. The Infrastructure Bond Program proposes a 5-year, \$150 million City Infrastructure Bond Program, with a bond issuance expecting to generate \$50 million in FY 23, and additional issuance in FY 25 and FY 27 each providing \$50 million of funds for those years as well. In total, it is estimated that the funding set aside for infrastructure from FY 23 through FY 27 from the typical Measure A out-year plan along with the anticipated \$150 million in bond proceeds, will total \$228.2 million. The details of the planned uses of these funds over the next 5 years will be made available to the public in a separate document.

Citizens' Advisory Committee

To ensure that the funds are spent as intended by the ballot initiative, Measure A established a five-member Citizens' Advisory Committee to periodically review the City's use of revenues generated by the tax and to affirm that the spending is in line with the resolution of intent. The members of the Citizens' Advisory Committee are appointed by the Mayor and confirmed by the City Council and have met several times a year since the creation of Measure A to review funding uses and progress. The Committee has affirmed, to date, that all City uses of Measure A funding are in compliance with the intent of the Measure A resolution.

MEASURE B (2016) – BUDGET STABILIZATION FUND

Measure B is a companion ballot initiative to Measure A. Approved by Long Beach voters on June 7, 2016, Measure B established a budget stabilization fund. The fund receives automatic deposits/transfers of one percent of any new general tax revenues generated each year, commencing with FY 17. Measure B funds may be used to pay for City operations and services that might otherwise be reduced in scope, suspended or eliminated due to unanticipated shortfalls in General Fund revenues, whether caused by economic recession or other financial hardship of the City. Measure B defines what a financial hardship is and how much of the fund can be used in any given year.

Table 3 below summarizes the amounts set aside in the Measure B Stabilization Fund by year since its inception including projected amounts in FY 22 and FY 23, and showing set asides for ballot measures Measure A, Measure MA, Measure B-TOT, and Measure US.

In FY 20, there was approximately \$1.7 million in the reserve, but with funds needed to mitigate the General Fund shortfall, half of the Measure B reserve was drawn down, with approximately \$863,000 remaining per Measure B regulations that only half of the reserves can be withdrawn in any given year. The funds made available through Long Beach Recovery Act (LBRA) under the category of Securing our City's Future have allowed the City to recover revenue that was lost due to the pandemic. As a result, the City was able to strengthen our reserve status with the Operating Reserve (inclusive of the Measure B Stabilization Fund Reserve) Emergency Reserve. The table below shows the Measure B deposits and drawdowns.

City Ballot Measures

Table 3: Measure B Stabilization Fund Reservations

	FY 17 Actual	FY 18 Actual	FY 19 Actual	FY 20 Actual	FY 21 Actuals	FY 22 Projected	FY 23 Projected	Total by Tax Measure
Measure A	\$ 389,231	\$ 615,439	\$ 663,679	\$ -	\$ 734,854	\$ 818,623	\$ 674,476	\$ 3,896,301
Measure MA	1,539	16,452	38,893	-	121,178	120,578	120,000	418,640
Measure B-TOT					14,646	20,983	21,645	57,274
Measure US	-	-	-	-	-	13,107	12,447	25,554
Total Reserved	\$ 390,770	\$ 631,890	\$ 702,572	\$ -	\$ 870,678	\$ 973,291	\$ 828,568	\$ 4,397,769
Reserve Drawdown	\$ -	\$ -	\$ -	\$ (862,616)	\$ 862,616	\$ -	\$ -	\$ -
Reserve Levels	\$ 390,770	\$ 1,022,660	\$ 1,725,232	\$ 862,616	\$ 2,595,910	\$ 3,569,201	\$ 4,397,769	\$ 4,397,769

MEASURE MA (2016) – BUSINESS LICENSE TAX ON CANNABIS BUSINESSES

Measure MA is a ballot initiative, approved by 68 percent of Long Beach voters on November 8, 2016, which established a business license tax on cannabis businesses. Measure MA was approved by the Long Beach voters at the same time as Measure MM, which authorized medical cannabis businesses. On July 10, 2018, the City Council passed the Adult-Use Cannabis Business Ordinance that authorized recreational (adult-use) cannabis businesses in Long Beach. Measure MA sets a gross receipts tax for sales of both medical and adult-use cannabis and establishes a tax on the sale, cultivation, processing, testing, and distribution of cannabis in the City.

Measure MA initially set the tax rates for cannabis businesses as follows:

- Six to eight percent (6-8%) of gross receipts for medical cannabis dispensaries and/or delivery;
- Eight to twelve percent (8-12%) of gross receipts for adult-use cannabis dispensaries and/or delivery;
- Six to eight percent (6-8%) of gross receipts for processing, distributing, transporting, or testing cannabis and cannabis-related products; and
- Twelve to fifteen dollars (\$12-15) per square foot for cannabis cultivation.
- Additionally, all cannabis businesses are required to pay a minimum tax of one thousand dollars (\$1,000) annually.

On January 7, 2020, the City Council voted to amend the tax rate for medical and adult-use cannabis manufacturing, distribution, and lab testing facilities from six percent (6%) of gross receipts to one percent (1%) of gross receipts. The current cannabis business license tax rates are in Table 4 below, as well as the maximum and minimum rates allowable under the Long Beach Municipal Code. Pursuant to Section 3.80.261 of the LBMC, the City Council has the authority to increase or decrease cannabis tax rates by ordinance, subject to the maximum and minimum rates approved by voters. Such a change does not require voter approval under Article XIII C of the California Constitution.

City Ballot Measures

Table 4: City of Long Beach Cannabis Business License Tax Rates				
Maximum, Minimum and Current Rates				
Business Type	Medical/Adult- Use	Current	Maximum	Minimum⁽¹⁾
Dispensary and/or Delivery	Medical	6%	8%	0%
	Adult-Use	8%	12%	0%
Cultivator ⁽²⁾	Both	\$13.20/sq ft	\$15/sq ft	\$0/sq ft
Manufacturer	Both	1%	8%	0%
Distributor	Both	1%	8%	0%
Testing Laboratory	Both	1%	8%	0%

(1) Pursuant to Measure MA, Cannabis businesses are required to pay a minimum flat tax of \$1,000 per year.

(2) Tax rate for Cultivators is subject to annual Consumer Price Index (CPI) increases.

In recent months, the Council has requested two separate feasibility studies on cannabis taxes. On March 15, 2022 the Council requested a study on eliminating or reducing the local cultivation tax and on May 10, 2022, a study on reducing the adult-use retail tax to match the medical retail tax. Staff is anticipating to report back on these studies in August 2022, and any changes directed by City Council may impact current projections and uses currently proposed in the FY 23 Budget.

Although Measure MA is a general tax to fund City services, the City Council has expressed its intent to prioritize spending of Measure MA funds for the following purposes:

- Regulation and Enforcement, including the costs of regulating and enforcing the cannabis industry, which includes administration and oversight, licensing, plan checks, inspections, enforcement, and legal services.
- Public Health and Safety, including the costs of providing public health and public safety services, related to emergency response, police and fire services, continuum of public safety services, homelessness, drug prevention and treatment, environmental and food safety services, and other health and safety services.

Status and Accomplishments to Date

The City’s cannabis program has made significant strides in licensing and regulating the cannabis industry in Long Beach, as well as expanding the scope of the Cannabis Social Equity Program. Staff from eight Departments were directly involved in cannabis oversight and equity program implementation, including the City Manager’s Office, City Prosecutor’s Office, City Attorney’s Office, Development Services, Economic Development, Fire, Police, and Health and Human Services Departments. Key accomplishments of these Departments are summarized in Table 5 below:

City Ballot Measures

Table 5: Measure MA Accomplishments

Program	Accomplishments
Equity Hire Program	The objective of Equity Hire Program is to provide job search assistance, job fairs and orientations, and employment opportunities in the cannabis industry in Long Beach. To date, the program has verified 189 Equity Employee candidates which includes 121 entry-level candidates and 68 experienced candidates. The program is currently implementing a payroll compliance software (known as E-Comply) to monitor and enforce the 40% Equity Hire requirements for adult-use cannabis businesses.
Direct Technical Assistance	Currently, the Direct Technical Assistance Program facilitates One-on-One Advisory Services for Equity Applicants through two contractors that specialize in business planning, financial planning, accounting, and regulatory compliance. The City recently released an RFP seeking additional direct technical assistance activities and services from a variety of different contractors that can provide support to every Equity Applicant in the program based on their areas of need. This could be in the form of one-on-one consulting and training, including direct interactions in group settings, online asynchronous learning, hands-on workshops, etc.
Cannabis Equity Program	<p>The goal of Cannabis Equity Program is to support equitable opportunities in the local cannabis industry by making legal cannabis business ownership and employment opportunities more accessible to individuals directly impacted by the criminalization of cannabis in the City of Long Beach. This includes providing individuals with support and access to resources such as application workshops, direct grants, fee waivers, and technical assistance to open an Equity Business, whether it is a cultivation, manufacturing, distribution, lab testing and/or dispensary license type(s).</p> <p>Since the inception of the program, a total of 162 individuals have been verified as Equity Applicants to pursue Equity Business ownership opportunities. Out of these 162 Equity Applicants, two (2) are licensed Equity Businesses and eleven (11) are undergoing the licensing process for either one (1) license type or more multiple license types, also known as a “microbusiness.”</p>
Cannabis Grants	The City has issued over \$3.9 million in direct grants and fee waivers to verified equity applicants and equity businesses through grants issued by the Governor's Office of Business and Economic Development (GO Biz) and the Department of Cannabis Control (DCC).

City Ballot Measures

FY 23 Budget Plan

The Measure MA revenue projections for FY 23 are an estimated \$12 million. The planned expenditures are in alignment with the City Council's resolution of intent for Measure MA funds, with funds allocated for Cannabis Regulatory and Enforcement Program, Racial Equity Program Support, Public Health and Safety Program Support, and the set aside for the Measure B Stabilization Fund. These funds have allowed for several enhancements and offsets to be proposed in the FY 23 Budget:

- Add a Restorative Engagement to Achieve Collective Health (REACH) team at \$471,721 in the General Fund in the Health and Human Services Department to expand services for people experiencing homelessness (PEH)
- Add two Counselor II positions at \$246,640 in the General Fund in the Health and Human Services Department to provide support from a holistic perspective for PEH requesting help
- Structurally add funding of \$255,000 in the General Fund in the Health and Human Services Department for the Proactive Homeless Initiative to support the activities of the City's Interdepartmental Work Group, including rapid response, clean-ups, and outreach
- Decrease the Towing Fund Transfer to the General Fund from \$1 million to \$750,000 to provide support for direct Homelessness Waivers and other unreimbursed costs
- Add structural support of \$20,000 in the General Fund in the City Manager's Office to increase interpretation and translation services
- Structurally add a Fire Captain at \$163,248 (partially offset with other revenues) in the General Fund in the Fire Department to continue to lead Fire's Diversity Recruitment Program
- Upgrade 0.5 FTE Community Program Specialist III to 1.0 FTE Public Health Professional III at \$70,938 in the General Fund in the Health Department to lead the Office of Veteran's Affairs
- Add six Maintenance Assistant III positions, one Building Services Supervisor position, and supplies/equipment budget at \$575,234 in the General Fund in the Parks, Recreation, and Marine Department to staff the Park Safety Ambassador Program
- Add four Maintenance Assistant IIs at \$289,090 in the General Fund in the Parks, Recreation, and Marine Department to coordinate with the Park Safety Ambassadors to provide service requests for repairs, power washing, graffiti abatement, and miscellaneous maintenance

Additional information on these enhancements are described in the City Manager's Budget Message. See **Attachment E "Measure MA: FY 23 Summary of Uses"** for the details on the full list of Measure MA fund uses.

City Ballot Measures

MEASURE M (2018) – UTILITY REVENUE TRANSFER

Measure M, approved by voters on June 5, 2018, amended the City's Charter to allow the City to maintain historical Water and Gas Fund utility revenue transfers to the City's General Fund. These transfers can be no more than 12 percent of utility revenues and were to be used to support general City services such as police, fire, library, and parks.

In January 2020, a Los Angeles Superior court ruled that the Water Fund transfers were illegal, while keeping the Gas Fund transfers intact. In December 2021, the California Courts of Appeal justices upheld the lower court's ruling, finding that the practice was unconstitutional, despite voter approval. In March 2022, the California State Supreme Court announced it would not hear the City's final appeal, leaving the appeals court ruling in place that all Water Fund Measure M monies collected and transferred since 2018 had to be repaid. The City has complied with the decision and has remitted \$9 million back to the Water Fund that was previously escrowed (\$3 million escrowed in FY 20 and \$6 million in FY 21) within 30 days of the Supreme Court's response. Additionally, the City will remit the remaining past transfers subject to litigation totaling \$21.8 million by September 2022. Moving forward, beginning in FY 22, the annual transfers to the General Fund from the Water and Sewer Fund will no longer occur. The impacts of this on the budget is further described in the Executive Summary Chapter.

The Gas Fund Measure M transfers are not affected by the courts' rulings will continue to support City services.

MEASURE B (2020) – TOT

On March 3, 2020, voters approved Measure B (TOT), which increased the General Fund portion of the Transient Occupancy Tax (TOT) by 1 percent from 6 to 7 percent, effective July 1, 2020, paid by hotel/motel guests. The City Council passed a resolution during its February 18, 2020 meeting to declare their intent to spend revenues generated by Measure B on the City's arts organizations and the Long Beach Convention and Entertainment Center. When this measure was placed on the ballot, the Mayor and City Council indicated that the added funding was intended to support the growing needs of Arts in the community as there were currently no dedicated financial resources for this purpose. Further, the Long Beach Convention and Entertainment Center requires upgrades to support programs and services in today's artistic climate, including those that are technological in nature, which included a projected \$50 million in infrastructure improvements for the Long Beach Convention Center. Thus, this measure provides a vital funding source for student arts education programs, community arts, music, cultural programs and organizations, local museums and theaters, and the Long Beach Convention and Entertainment Center.

In FY 23, the anticipated revenue generated by the 1 percent TOT tax from Measure B is anticipated to be \$2.16 million. During FY 20, TOT revenues (including those generated from Measure B) were significantly impacted by the pandemic as it is an extremely volatile revenue source, heavily dependent on conventions and business travel. However, it began recovering

City Ballot Measures

in FY 21 and continues to do so in FY 22. FY 23 assumes nearly full recovery to pre-pandemic levels.

Funding will be allocated in the following ways assuming current revenue projections and that Measure B contributions continue to be automatically made in FY 23: 1) \$21,645 for a 1 percent Measure B reserves set aside, 2) \$1,071,446 for the Convention Center, and 3) \$1,071,446 to the Arts Council for distribution to the major art organizations based on the allocation approved by City Council in the FY 22 Budget. This proposed use is in conformance with City Council's intent. Final amounts will be evaluated based on revenue projection updates during FY 23 and any adjustments will be brought to City Council.

MEASURE US (2020) – OIL BARREL PRODUCTION TAX INCREASE

About Measure US

Measure US is a ballot initiative, approved by a majority of Long Beach Voters on November 3, 2020, which increased the rate of the City's General-Purpose Oil Barrel Production Tax (Barrel Tax) from 15 cents per barrel to a maximum of 30 cents per barrel, subject to annual CPI increases. Oil producers conducting, managing, or carrying on business of oil production from any well located in the City, including the City when functioning in the capacity of a unit operator, shall pay an annual maximum business license tax to the City of thirty cents (\$.30) per barrel produced, subject to annual adjustments for inflation/deflation.

Although Measure US is a general-purpose tax to fund City services, on September 15, 2020, the City Council, adopted a Resolution expressing its intent to prioritize spending of Measure US funds for the following purposes:

- **Children and Youth Services and Programs:** May provide funding to create and expand early childhood education; youth programming and youth equity opportunities; implement youth-focused strategic plans; youth job training opportunities; and, other child and youth-focused initiatives as determined by the City Council through the annual budget process.
- **Community Health:** May provide funding for community health and well-being programs and services; trauma-based approaches to community needs; violence prevention services; address health equity and health disparities for at-risk populations; implement health-focused strategic plans; and, other health-focused initiatives as determined by the City Council through the annual budget process.
- **Climate Change and the Environment:** May provide funding to reduce greenhouse gas emissions; educate and inform the public of the consequences of climate change; implement the City's Climate Action and Adaptation Plan or other environmental strategic plans; promote air and water quality; and, other climate and environmental programs as determined by the City Council through the annual budget process.

City Ballot Measures

FY 23 Budget Plan

FY 23 projected revenues are estimated at \$1.24 million for Measure US and assumes an estimated 2 percent CPI increase to the per barrel tax rate, with the increased production decline of 6.9 percent (based on an average 3-year performance) from the estimated number of barrels produced in FY 22.

Consistent with City Council's policy direction on the use of Measure US funds, this budget proposes the allocation of \$1.23 million in Measure US funding after accounting for a 1 percent Measure B Stabilization Fund set aside. The FY 23 Budget allocation supports the structural programs approved in the prior budget as well as additional structural enhancements and new one-time allocations for climate change and environment initiatives, community health and well-being programs, and children and youth services and programs.

Climate Change

City Manager

The budget continues support for a 1.0 FTE program specialist in the Office of Sustainability that was added in the FY 22 Budget with \$86,104 in Measure US funds. This position will continue to implement and lead the Field Work Program supporting the Climate Action and Adaptation Plan (CAAP) implementation program for expanded neighborhood tree planting, urban agriculture support and urban nature stewardship training throughout the City.

Community Health

The budget includes a total of \$267,085 for community health and efforts to address health equity, including:

City Manager

The budget adds 0.3 FTE (\$36,134) to the previously approved 0.2 FTE in FY 22 to fund 0.5 FTE of a Program Specialist totaling \$95,978 of Measure US funds in FY 23. This position is in the City Manager's Office of Equity and will support the Racial Equity Initiative, assisting with racial equity training and technical assistance, including the application of the City's Equity Toolkit. This will ensure that all City departments are developing and implementing equitable policies, programs, and services so that all people in Long Beach can reach their highest level of health and potential for a successful life, regardless of their background and identity.

Health and Human Services

The budget adds 0.5 FTE (\$76,654) to the previously approved 0.5 FTE in FY 22 to fund a full 1.0 FTE of a Public Health Professional III totaling \$171,160 of Measure US funds in FY 23. This position is in the Health and Human Services Department and will support the Older Adult program, assisting the operations of the Healthy Aging Center and leading the efforts outlined in the Long Beach Older Adult Strategic Plan.

City Ballot Measures

Children and Youth Services

The budget includes a total of \$874,234 for the Youth Fund per City Council's request, which provides a variety of children and youth services and programs. The Youth Fund is a designation of Measure US funding (as opposed to a standalone financial fund) but creates significant investment in youth, informed by the Youth and Emerging Adults strategic plan, the Racial Equity and Reconciliation plan, and other youth planning efforts. Investments include:

Health and Human Services

The budget includes \$695,231 in Measure US funds for the Health and Human Services Department's Office of Youth Development to support Children and Youth services. These funds include one-time funding in the amount of \$511,620 for direct youth community grants and community engagement incentives. Also, it includes one-time support in the amount of \$25,000 for the annual Youth Summit. Funding also continues support added in the FY 22 Budget for 0.5 FTE Data Manager who will collaborate with departments to develop, track, and report on performance metrics, and 0.5 FTE Public Health Associate III who will be dedicated to developing youth and family focused grant proposals.

Library

The budget continues support added in the FY 22 Budget of \$179,004 in Measure US funds for the Library Services Department's STEAM Ecosystem and Teen Mental Health programs. The Library Services Department has become the "hub" of STEAM Ecosystem learning and internship opportunities, these funds will support a Community Program Tech and Library Aides/Studio Guides to help with this effort. Teen Mental Health funding expands library programs that focus on teen mental health and supports a Public Health Associate III. The dedicated staff member will continue to assist with mental health programming and services to youth between the ages of 13 and 18. Duties include facilitating programs that have a focus on mental health, wellness, and self-care including Art Therapy, book clubs with mental health focus, and drop-in hours.

See **Attachment F "Measure US: FY 23 Summary of Uses"** for details on the use of Measure US funds.

