

City Ballot Measures

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Long Beach has been very fortunate that voters have recently approved two measures to support City services. In order to be fully transparent on how those dollars are spent, this Budget includes a new section to specifically discuss the ballot measures and how the funds have been used. This chapter includes a summary of the accomplishments and planned uses of the City Ballot Measures approved in 2016.

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

About Measure A

Measure A is a ballot initiative, approved by 60 percent of Long Beach voters on June 7, 2016, which added a transactions and use (sales) tax for a period of ten years on the sale and/or use of all tangible personal property sold at retail in the City. 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 is reduced to 0.5 percent. The tax is anticipated to generate approximately \$48 million per fiscal year, while at 1 percent. When the tax drops to 0.5 percent, it is anticipated to generate approximately \$24 million, per year. Measure A sunsets after 10 years.

Although Measure A is a general tax to fund City services, the City Council has expressed its intent 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.

Measure A will provide a significant and needed investment in public infrastructure along with enhancements and maintenance of critical Public Safety services.

Implementation

To account for the change in the tax rate over time, where the tax decreases from 1 percent to 0.5 percent in year six, only the revenue from the 0.5 percent that is available for all ten years is considered structural, i.e., ongoing, and therefore available to fund City operations. The remaining 0.5 percent in years one through six are considered available for one-time purposes only, and will be used primarily to fund infrastructure during that six-year time period.

City Ballot Measures

FY 17 Status and Accomplishments

The City Council committed \$35,640,000 in anticipated FY 17 Measure A revenues to fund priority public safety maintenance and restorations, as well as capital improvement projects to help rebuild Long Beach's infrastructure projects, and to fund the Measure B contribution and administration of the Measure A tax. Key accomplishments include:

- Restoration of Fire Engine 8
- Restoration of Paramedic Rescue 12
- Reestablishment of Police South Division
- Restoration of Police Academy Staffing
- Maintaining Public Safety, equivalent to 20 sworn positions
- Currently slurry sealing 35 road miles of residential streets in the City
- Improvements to public facilities and parks

Public Safety Restorations - Fire

Due to lack of overall City revenue and associated necessary budget reductions in FY 13, Engine 8 in Belmont Shore was taken out of service on January 5, 2013. This had a city-wide impact and required neighboring engines to cover larger areas and travel further to respond to fires and other emergency incidents. One of the first key accomplishments of Measure A was the restoration of Engine 8 on October 1, 2016. The restoration of Engine 8 has improved fire and emergency medical response coverage citywide and in the area immediately surrounding Fire Station 8. By responding to an average of 5.3 calls for service each day, Engine 8 has reduced the call volume for surrounding resources as well as the distance required for these resources to travel to respond to emergency incidents.

On March 1, 2017, the Fire Department implemented its second major restoration utilizing Measure A funds, when Paramedic Rescue 12 in North Beach was placed back in service. Paramedic Rescue 12 was taken out of service on October 1, 2010, as a result of FY 11 budget reductions. The restoration of Rescue 12 has resulted in increased emergency medical response capabilities on a daily basis Citywide as well as in Uptown Long Beach. Since its restoration, Rescue 12 has responded to an average of 8.5 calls per day. By increasing the number of paramedic rescues from eight to nine, the Fire Department has increased citywide coverage for emergency medical responses, while reducing the distance required for other rescues to travel to respond to medical emergencies.

Public Safety Restorations - Police

As a solution to budget reductions during the most recent recession, the Police Department's Patrol Bureau consolidated the South Patrol Division into the West Patrol Division in FY 13. As part of this plan, approximately 100 South Division sworn staff were transferred to the West Division. The passage of Measure A provided funding to avoid the reduction of additional public safety resources and to improve public safety. The FY 17 budget rebuilt the framework needed to reestablish the South Patrol Division at the

City Ballot Measures

Public Safety Building. The addition of this Division added eight sworn positions that focus on identifying crime patterns and responding to calls for service, along with two administrative staff to support the Division. The reestablishment of the South Patrol Division, and the over 100 staff, including sworn staff, that will be transferred from West Division equalizes 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.

An additional consequence of recessionary budget reductions was the elimination of police academies between FY 10 and FY 12. Annual police academies resumed in FY 13 and back-to-back academies were held in calendar years 2016 and 2017. An ongoing goal of the Police Department is to restore the infrastructure that supports the recruitment, hiring, and training of new police officers in order to supply the Long Beach community a department strength that matches budgeted staffing levels, as well as a skilled department that provides appropriate response to the City's diverse needs. In March of FY 17, Measure A funds were allocated to allow the Police Department to restore nine sworn positions to Academy and training operations. The restoration of these positions relieved the Police Department from temporarily re-assigning patrol police officers responsible to calls-for-service to conduct Academy and training operations. The restoration of the nine sworn Academy and training positions, allowed the Patrol Bureau to retain nine sworn positions assigned to 911-response.

Public Safety Maintenance

Implemented as part of the FY 17 budget, the priority for Measure A funds is to help maintain existing levels of Police and Fire services in the face of difficult financial times. While all other non-public safety departments had reductions in the FY 17 Budget, Police and Fire did not have reductions. Instead, Measure A funds were used to maintain public safety services at the FY 16 levels. In FY 17, \$3.2 million of Measure A was used for this purpose. The amount needed to maintain public safety grew to \$8.3 million in the FY 18 budget and is anticipated to continue to grow to \$17 million in FY 20 due to expected increased costs of providing public safety (e.g. non-salary related costs drivers like pension and health care). Using \$17 million of Measure A to maintain public safety equates to retaining 78 Police Officers and 30 Firefighters that may have otherwise been reduced through FY 20.

Infrastructure Investments

Prior to the passage of Measure A, the City has not historically had a dedicated source to fund most of our general infrastructure. In the past, the City relied on state and federal funds and one-time infusions such as the dissolution of the Redevelopment Agency (RDA) to provide funding for investing in the City's infrastructure. The passage of Measure A allowed the City to invest \$25.7 million in FY 17 to supplement the City's preexisting Capital Improvement Program (CIP) of \$49 million. This helps the City to address its aging and deteriorating infrastructure, with a focus on streets, sidewalks and facilities

City Ballot Measures

citywide. One-time Measure A funds of \$17,570,000 were allocated for Streets, \$6,098,000 for Parks and \$2,071,000 for Public Facilities, including playgrounds at various parks throughout the City. For specifics on individual projects, please visit the City's website at www.longbeach.gov/MeasureA.

FY 18 Adopted Budget

The FY 18 Adopted Budget demonstrates the City's commitment to program Measure A funds in a manner that prioritizes investments in public safety and infrastructure. For FY 18, the City Manager has recommended \$47,698,200 in anticipated Measure A revenues to provide continued funding for FY 17 public safety restorations, one-time investments to support the fourth back-to-back Police Academy with maximized number of recruits to surge staffing levels, modernization and addition of public safety network cameras, and over \$26 million for additional infrastructure improvements. The use of Measure A to maintain public safety services saves the equivalent of 53 sworn positions in FY 18 and provides continued funds to work towards the \$150 million infrastructure investment plan. The table below summarizes the planned uses for Measure A during the first two years of the tax. FY 17 is the first year and a partial year, so the amount is lower.

Planned Use of Measure A

(\$ in millions)	FY 17	FY 18
Restore Public Safety	5.3	6.3
Maintain Public Safety	3.2	8.3
Enhance Public Safety (one-times)	0.8	6.1
Invest in Capital Infrastructure	25.7	26.3
Measure B "Rainy Day"/Administration	<u>0.6</u>	<u>0.7</u>
Total expenditures (equal to available revenue)	35.6	47.7

Public Safety

Consistent with City Council's policy direction on the use of Measure A funds, this budget proposes the allocation of \$20.7 million in Measure A funding in support of critical public safety operations and program initiatives. In FY 18, the Measure A investments in public safety include:

- \$6.3 million in continued support for the priority public safety restorations originally approved in FY 17, including:
 - South Police Division with eight sworn police positions and two civilian positions
 - Fire Engine 8, which includes 12 sworn fire positions;
 - Police Academy operations with nine sworn police positions
 - Paramedic Rescue 12, which includes six sworn fire positions

City Ballot Measures

- \$8.3 million of Measure A funds will maintain existing Fire Department and Police Department programs and operations, saving the equivalent of 53 sworn positions in FY 18.
- There are also enhancements to public safety using Measure A one-times, including:
 - \$1.0 million Neighborhood Safe Streets Initiative which uses community policing strategies to impact violent and property crime trends in the City's neighborhoods and corridors.
 - \$4.3 million to support the fourth back-to-back Police Academy (Class # 92) with maximized number of recruits, which will result in significant additional officers over authorized strength levels for FY 18.
 - \$750,000 for safety camera network modernization and expansion.

Infrastructure

The FY 18 Budget will invest an additional \$26.3 million in Measure A funds to address the City's aging and deteriorating infrastructure. Measure A is a much needed supplement to the \$69.3 million in funds anticipated from local, state and federal sources. The FY 18 adopted Measure A investments in public infrastructure include:

- \$14.3 million in new funding for Mobility programs, including:
 - \$6.9 million for Arterial Street improvements in highly traveled corridors in the City
 - \$2.7 million for Residential Street Repair to finish the remainder of the preventative maintenance that started in FY 17, and will result in a slurry seal for every eligible residential City street by the end of FY 18
 - \$2.7 million for curb cuts and other sidewalk repairs to ensure ADA compliance
 - \$210,500 in smart street light technology
 - \$50,000 for ongoing replacement of traffic signs
 - \$1.8 million to begin the efforts to improve our alleys in accordance with the City's first Alley Management Plan.
- \$4.3 million in new funding for Public Facilities repair and improvement, including:
 - \$605,000 for improvements to Fire Stations 7, 10, 17 and the fire training center
 - \$900,000 to initiate pre-design for the proposed Police Academy building
 - \$290,000 for improvements at the Emergency Operations Center
 - \$404,000 for improvements at three library branches and additional library roof improvements

City Ballot Measures

- \$650,000 for improvements to the main Health building
 - \$1,000,000 for improvements to the Convention Center facility
 - \$292,000 for critical repairs to the Stearns Park Community Center roof
 - \$200,000 to fund a portion of a Facility Condition Assessment, which is the equivalent of a pavement management plan for buildings, in order to begin to put together a comprehensive list of the City's facility needs
- \$6.1 million in new funding for the City's Parks and Recreation infrastructure, including:
 - \$4 million for partial funding to improve the 90 year-old Houghton Park Community Center.
 - \$480,000 for improvements at three athletic fields.
 - \$250,000 for improvements and repairs to 4th Street Senior Center.
 - \$500,000 each to Rancho Los Alamitos and Rancho Los Cerritos to continue their improvement plans for our historic buildings.
 - \$357,500 to continue to implement critical citywide irrigation upgrades better control and data for making irrigation decisions in our parks.
- Measure A provides \$1.6 million to improve and repair the city's stormwater pump stations.

Contingent Appropriation

On September 5, 2017, the City Council adopted the City Manager's Proposed FY 18 Budget with the following changes related to Measure A funding and projects:

- Contingent upon the availability of additional Tidelands Operations Fund FY 17 one-time year-end surplus, fund Convention Center improvements in the amount of \$1,000,000, which frees up Measure A funds allocated to the Convention Center.
- Contingent upon the availability of additional Measure A funds from the above item, fund the replacement, repair and rapid response for sidewalks to be used Citywide based on need in the amount of \$1,000,000.

Citizen's 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 make recommendations to the City Council with regard to the City's use of the tax. The members of the Citizens' Advisory Committee are appointed by the Mayor and confirmed by the City Council, and have met four times since the creation of Measure A to review the list of uses. Four additional meetings are

City Ballot Measures

planned for the upcoming fiscal year to continue the review process as required under Measure A.

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

About Measure MA

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 marijuana businesses. It was approved by the Long Beach voters at the same time as Measure MM that authorized certain medical marijuana businesses. Measure MA sets a gross receipts tax for sales of both medical and recreational marijuana and establishes a tax on marijuana cultivation, processing, testing and distribution in the City.

Measure MA set tax rates for marijuana business as follows:

- Six to eight percent (6-8%) of gross receipts for medical marijuana dispensaries;
- Eight to twelve percent (8-12%) of gross receipts for non-medical (i.e., recreational) marijuana dispensaries;
- Six to eight percent (6-8%) of gross receipts for processing, distributing, transporting, or testing marijuana and marijuana-related products; and
- Twelve to fifteen dollars (\$12-15) per square foot for marijuana cultivation.

All marijuana businesses are required to pay a minimum tax of one thousand dollars (\$1,000) annually. The taxes set by Measure MA can be increased or decreased, within the established ranges, by the City Council. Changes to the tax cannot exceed the maximum listed rates.

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:

- 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.
- Regulation and Enforcement, including the costs of regulating and enforcing the marijuana industry, which includes administration and oversight, licensing, plan checks, inspections, enforcement, and legal services.

In FY 18, Measure MA tax uses include marijuana regulation and enforcement, as well as funding homelessness services.

City Ballot Measures

FY 17 Status and Accomplishments

Due to timing of marijuana business openings the City does not anticipate generating any significant Measure MA revenues in FY 17 to offset initial implementation costs of the voter approved initiative to allow medical marijuana (Measure MM). On February 14, 2017, City Council approved setting aside \$1.4 million in one-time funds from the General Fund to provide bridge funding for medical marijuana implementation in FY 17. These emergency funds were necessary to meet the aggressive timeline for licensing medical cannabis businesses as required by the voter-driven initiative. Based on information available at the time, staff projected total start-up costs of \$3.5 million in FY 17 to cover the following program areas:

- Legal counsel for state and local cannabis laws
- Business license application intake and review
- Business applicant background investigations
- Medical cannabis zoning review
- Cannabis facility plan check
- Licensed facility inspections
- Tax receipt handling and lobby security
- Licensed business oversight/regulations
- Unlicensed facility enforcement
- Public outreach

Based on current spending estimates, these areas are anticipated to total approximately \$2 million for FY 17 instead of the original estimate of \$3.5 million. The primary reason for the cost variance is due to it taking longer than originally anticipated for licensed medical marijuana businesses to begin operations and delays in filling of positions, allowing the City to modify the enforcement model to reduce the initial amount needed. Ongoing funding for these marijuana regulatory costs has been included in the FY 18 Adopted Budget.

FY 18 Adopted Budget

FY 18 adopted revenues are estimated at \$5.2 million for Measure MA and are lower than long-term estimates provided in the ballot measure due to the length of time it will take for most marijuana businesses to identify an appropriate location, submit an application, construct a facility, obtain a State and local license, and begin operating. Consistent with City Council's policy direction on the use of Measure MA funds, this budget proposes the allocation of \$5.2 million in Measure MA funding in support of medical marijuana program implementation and homelessness programs.

Medical Marijuana Program Implementation

The Measure MA investments identified here represent the amount expected to be needed to provide adequate oversight and enforcement of the marijuana industry.

City Ballot Measures

Marijuana regulatory and enforcement services not identified in these budgetary allocations will need to be absorbed within existing Department operational budgets. FY 18 Measure MA budgeted uses for medical marijuana program implementation include:

City Attorney

This budget includes \$514,902 in Measure MA funds for the City Attorney's Office for two positions to provide dedicated legal support to help draft and interpret local ordinances, understand evolving State and federal legislation, and review case law related to medical marijuana. In addition, using outside legal counsel, the City Attorney will also defend the City in marijuana litigation and administrative proceedings, and assist with enforcement of unlicensed facilities.

City Manager

This budget includes \$469,242 in Measure MA funds in the City Manager's Office for three positions to coordinate the City's overall multi-Department efforts to regulate the marijuana industry. This includes licensed business regulation, illegal business enforcement, and personal use policy development. The City Manager's Office will also provide a central point of contact for the City Council and community on marijuana related issues.

Development Services

The Development Services Department will lead the team-based administrative enforcement model for unlicensed marijuana businesses with six positions utilizing \$818,409 in Measure MA funds. Code Enforcement staff will field complaints, track cases, schedule field visits, issue citations, declare public nuisances, coordinate with property owners, and manage general administrative duties. Code Enforcement staff will also participate in the team-based enforcement model for licensed marijuana businesses, led by the Financial Management Department.

Financial Management

This budget includes \$752,255 in Measure MA funding for the Financial Management Department to lead the team-based administrative enforcement model for licensed marijuana businesses utilizing four positions. Business License staff will field complaints, track cases, schedule site visits, enforce operating conditions, issue citations, coordinate with Community Liaisons, schedule inspections, process license revocations, and manage general administrative duties. The Business License Bureau will handle initial application intake, review and approval, and other ongoing functions such as license transfers, changes of ownership, and audits. The Business License Bureau will also participate in the unlicensed enforcement approach led by Code Enforcement staff. Commercial Services staff will receive and account for taxes paid by medical marijuana businesses.

City Ballot Measures

Health and Human Services

This budget includes \$264,545 in Measure MA funding for the Health and Human Services Department for three staff to plan check and inspect medical marijuana businesses to ensure compliance with food safety, hazardous waste, and other public health requirements. Environmental Health Bureau staff will provide oversight for hazardous material clean-ups that arise from illegal facilities. The Community Health Bureau will coordinate public education and prevention programs to address marijuana perception and use.

Fire

This budget includes \$573,556 in Measure MA funding for the Fire Department for three staff to participate in the team-based administrative enforcement model for both licensed and unlicensed marijuana facilities. Fire Department staff will perform inspections, issue citations, and red tag facilities when appropriate. Fire Prevention staff will also review, inspect and certify legal marijuana facilities to ensure that businesses will open safely and in a timely manner, and develop policies and advisories to assist Fire operations personnel when entering legal or illegal marijuana facilities. These program enhancements will strengthen the inspection team for illegal marijuana facilities while offering additional enforcement authority. With these resources, the Fire Department will be able to continue the plan check and inspection functions.

Police

This budget includes \$235,708 in Measure MA funds to support Police Department overtime dedicated to providing on-call Civic Center lobby security. These resources will enhance the existing Civic Center security team to provide peace officer response in the event of an emergency. Additionally, Measure MA funds will be dedicated to fund overtime and training costs to expand the number of police officers who are certified as Drug Recognition Experts (DRE). This certification requires approximately 152 hours of training and field certification. DRE certification will enhance the Police Department's ability to better detect impairments related to drugs, alcohol or a combination of both.

Citywide

Lastly, this budget includes \$150,000 in Measure MA funds for hazardous material clean up associated with illegal marijuana businesses. Contractors trained in the identification and handling of hazardous materials will be required for clean-up of illegal sites that contain combustible materials and hazardous chemicals.

City staff is organized to work in a multi-department team to provide necessary oversight of sanctioned businesses and enforcement of unsanctioned businesses. Notwithstanding the \$3.8 million allocated in this budget for implementation of the medical marijuana program significant uncertainties exist. Based on past experience in Long Beach and other California jurisdictions have had with legalized medical marijuana businesses, it is likely that a substantial number of unsanctioned dispensaries, cultivation, and manufacturing facilities will operate in within the City. Enforcement against these illegal

City Ballot Measures

marijuana businesses will be difficult and time consuming. In some cases, the process to successfully close an unsanctioned business could take months, if not years to complete. The regulatory approach used by the City will be regularly reviewed and adjusted for changes in legal interpretations and to better reflect regulatory and enforcement needs and available funding.

Homelessness Programs. The City's focus on homelessness continues through the use of \$1.4 million in Measure MA funds to sustain and structurally fund some homelessness activities previously funded with one-time resources, as well as maintain some existing structural spending on homelessness. FY 18 Measure MA investments for homelessness services will include the following:

Fire

Measure MA will structurally fund a Long Beach Fire Homeless Education and Response Team (HEART) Unit. The HEART Unit collaborates with Continuum of Care Partners, and educates fire service and community members about issues surrounding homelessness and available resources. Comprised of two Firefighter/Paramedics, the HEART Unit increases the Fire Department's capability to respond to people experiencing homelessness. Additionally, through responding to non-emergency calls, the HEART Unit helps to reduce the call volume for paramedic ambulances, thereby increasing the availability of those units to respond to calls for medical emergencies. The Fire Department implemented the Unit as a one-year pilot program in FY 17, utilizing one-time Proposition H funds, which are no longer available. The FY 18 budget allocates \$341,045 in ongoing support for the HEART Unit.

Police

The FY 18 budget allocates \$351,489 in Measure MA funds to support and retain the two Quality of Life (QOL) Officers that had previously been funded by one-time Proposition H funds, which are no longer available. QOL Officers are responsible for assisting homeless individuals and specifically remediating the homeless encampments throughout the City. QOL Officers work closely with staff from with the Health Department including the Homeless Services Officer and outreach workers to reduce crime in and around the homeless community through street outreach and connect homeless individuals to non-government agency services, community support groups, housing resources, transportation and mental health services. Quality of Life also works with the Mental Evaluation Team on incidents where homelessness and mental illness are co-occurring factors.

Public Works

This budget focuses on improving cleanliness through retaining one and adding one position dedicated to homeless rapid response cleanup activities, including encampment clean-ups and proper storage of belongings. The FY 18 budget allocates \$118,161 in Measure MA funds for this purpose.

City Ballot Measures

Health and Human Services

The FY 18 Budget reflects \$572,549 for the Health Department to maintain the support for homeless services through the Proactive Homeless Initiative and the Multi Services Center (MSC) operations. The Proactive Homeless Initiative funds outreach workers, supplemental homeless encampment clean-up for Parks and Public Works, an education campaign, motel vouchers for temporary emergency housing, and winter shelter support. The MSC provides comprehensive supportive services to promote progress towards permanent housing and self-sufficiency for people experiencing homelessness.

MEASURE B (2016) – BUDGET STABILIZATION “RAINY DAY” 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, or “rainy day” fund. The fund receives automatic deposits/transfers of one percent of any new general tax revenues generated each year, commencing with Fiscal Year 2017-2018. This includes 1 percent of projected new revenues from Measure A of \$480,282 in FY 18 and 1 percent of projected new revenues from Measure MA of \$52,140 in FY 18.

Measure B funds may be used to pay for future 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 has rules to define the scope of the financial hardship and how much of the “rainy day” fund can be used in any given year.

