



## Legislation Text

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**File #:** 18-0467, **Version:** 1

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, City Manager

**FROM:**

Stephanie Katsouleas, Public Works Director  
George Gabriel, Senior Management Analyst

**SUBJECT:**

Consideration of Positions on Proposition 6 and Measure W on the November 6, 2018, Statewide General Election Ballot (City Manager Moe).

**DISCUSS AND PROVIDE DIRECTION**

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**RECOMMENDATION:**

Staff recommends the City Council discuss and provide direction to staff on whether the City Council is interested in taking a position on the two ballot measures, Proposition 6 and Measure W, that will appear on the November 6, 2018, Statewide General Election ballot. Should City Council take a position on one or both of the ballot measures, staff will work with the Mayor to draft letter(s) reflecting the City Council's position.

**FISCAL IMPLICATIONS:**

There are no fiscal implications associated with the recommended action. However, both pieces of legislation have fiscal impacts on the City should Proposition 6 and Measure W pass. These impacts are discussed further in the report.

**BACKGROUND:**

The November 6, 2018 Statewide General Election ballot features two items of significant interest to the City of Manhattan Beach. Staff has prepared separate analyses of each ballot measure for City Council consideration and discussion.

Measure W

On July 17, 2018, the Los Angeles County Board of Supervisors voted to place a ballot measure titled "The Safe, Clean Water Program" before voters on the November 6, 2018, ballot. The Safe, Clean Water Program (SCWP) is a multi-benefit Stormwater and/or Urban Runoff capture program intended to improve water quality in a manner that achieves additional benefits such as increasing water supply and investing in the health and well-being of Los Angeles County communities.

The SCWP helps put Los Angeles County on a path to water resiliency and economic security through strategies, projects, and policies that increase drought preparedness, improve the water quality of rivers, lakes, and streams, and ensure investment in improved quality of life, especially for

communities most exposed to pollution and vulnerable to climate change. The ballot measure reads:

“Shall an ordinance improving/protecting water quality; capturing rain/stormwater to increase safe drinking water supplies and prepare for future drought; protecting public health and marine life by reducing pollution, trash, toxins/plastics entering Los Angeles County waterways/bays/beaches; establishing a parcel tax of 2.5¢ per square foot of impermeable area, exempting low-income seniors, raising approximately \$300,000,000 annually until ended by voters, requiring independent audits, oversight and local control be adopted?”

### Proposition 6

Proposition 6 on the November 6, 2018, Statewide General Election ballot is a constitutional amendment initiative that repeals and eliminates recently enacted road repair and transportation funding generated by a fuel tax. Proposition 6 requires that the statewide electorate approve any gas, diesel, or vehicle related tax or fee increase. The ballot initiative is in response to efforts to repeal Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017.

City Council will recall that SB 1 was signed into law on April 28, 2017. SB 1 is a legislative package that invests \$54 billion over the next decade to fix roads, freeways and bridges in communities across California and provides funding toward transit and safety. SB 1 provides approximately \$5 billion annually in revenue for local streets and roads, state highways, and public transportation through the imposition of increased fuel and diesel taxes and a new transportation improvement fee and zero emissions vehicle fee. From these revenue sources, at full implementation (the various taxes and fees are phased in over a number of years), approximately \$1.5 billion per year in new funding will be allocated by formula for county roads and city streets. These funds are split equally between state and local investments.

Counties and cities have been receiving monthly apportionments since January 2018, and have already identified over 6,500 projects for funding on the local street and road system. The City of Manhattan Beach has begun to receive funds and is expected to receive \$1,143,905 to fund capital improvement projects.

Since Proposition 6 has a retroactive effective date of January 1, 2017, it would repeal the revenue increases included in SB 1 - the Road Repair and Accountability Act of 2017 - and potentially negatively impact other long-standing transportation funds in the City and region.

### **DISCUSSION:**

As stated earlier in the report, both Measure W and Proposition 6 have fiscal impacts upon the City of Manhattan Beach.

### Measure W

If approved by 66.7% of voters, the Safe Clean Water Program would generate approximately \$300 million per year by implementing a special parcel tax of 2.5 cents per square foot of impermeable surface area on private property in the Los Angeles County Flood Control District. Impermeable surface area is defined as, “paved/built areas where rainfall cannot be absorbed into the ground and instead runs off as stormwater.”

In Los Angeles County, that amounts to about \$83 per year for the median home. It should be noted that publicly owned parcels, including schools, are exempt under state law. Additionally, credits for property owners who have installed stormwater-capture improvements are included as well as

exemptions for qualified low-income seniors and non-profit organizations.

Forty percent (40%) of the funds from the SCWP are slated for allocation towards a Municipal Program. The Municipal Program is designed to maximize the ability of local governments to address local Stormwater and/or Urban Runoff challenges and opportunities. In a report to the Los Angeles County Board of Supervisors, the estimated annual Municipal Program funds dedicated towards the City of Manhattan Beach are \$430,000. However, the SCWP limits eligible funding for the Municipal Program towards specific projects and expenses. Specifically, up to 30% of the estimated \$430,000 are eligible activities to fund operating and maintenance activities. This amounts to approximately \$129,000 the City may be able to utilize to fund the ongoing deficit in the Storm Water Fund.

It should be noted that in the last fiscal year, the Storm Water Fund required a transfer from the General Fund in the amount of \$982,355. On-going deficits are projected to continue in the Stormwater Fund for the next five years totaling \$6,273,009. While these new funds will be helpful if the ballot measure passes, significant on-going deficits will persist. This amount excludes major capital expenditures related to the MS4 permit, currently estimated at \$8 million.

Should Measure W pass, potential and/or eligible projects that could be utilized for the remaining \$301,000 will be identified by staff.

#### Proposition 6

At the May 15, 2018, meeting, City Council discussed potentially opposing the repeal efforts associated with SB 1. While City Council declined to take a position on SB 1 repeal efforts, then-Mayor Howorth requested that staff return to the City Council if SB 1 repeal efforts amounted to a measure that would appear on a General Election ballot. As indicated by the Proposition 6, the SB 1 repeal efforts qualified for the November 6, 2018, Statewide General Election.

#### *Impact on the City*

The City of Manhattan Beach began receiving funding from SB 1 in 2017 and is scheduled to receive additional funds from the State annually. Below are the amounts the City expects to receive as well as the projects associated with the funds.

- FY 2018 Actual - \$207,944
  - Allocated to Manhattan Ave./Highland Ave. Street Project.
- FY 2019 Adopted Budget - \$593,786
  - Proposed to Support the Marine Street Project
- FY 2020 Approved Budget - \$606,994
  - Yet to be Allocated

SB 1 funds are included in the City's Streets & Highways Fund (i.e. Gas Tax Fund), which are dedicated to roadway and sidewalk projects. In this year's adopted budget, the fund includes revenues of \$1.4 million and capital expenditures of \$2.1 million for various street resurfacing and construction projects, maintenance such as the annual slurry seal program, and annual concrete curb and gutter replacement.

Should Proposition 6 pass by California voters, the City of Manhattan Beach will not receive approximately \$1,143,905 over the next two years from revenues associated with projects slated for use by SB 1.

### Conclusion

Staff recommends the City Council discuss and provide direction to staff on whether the City Council is interested in taking a position on the two ballot measures, Proposition 6 and Measure W, that will appear on the November 6, 2018, Statewide General Election ballot. Should City Council take a position on one or both of the ballot measures, staff will work with the Mayor to draft letter(s) reflecting the City Council's position.

### **LEGAL REVIEW**

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

### **Attachments:**

1. Safe Clean Water Program Overview
2. Summary of Proposition 6 Impact from the Legislative Analyst's Office