

REFERENCES CHARTER AMENDMENT PROPOSED BY CHARTER REVIEW COMMITTEE

RESOLUTION NO.

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A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE, CALIFORNIA, ORDERING, CALLING, PROVIDING FOR, AND GIVING NOTICE OF A SPECIAL MUNICIPAL ELECTION TO BE HELD IN SAID CITY ON THE 2ND DAY OF NOVEMBER 2021, FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS AN AMENDMENT TO THE CHARTER OF THE CITY OF RIVERSIDE

WHEREAS, the City of Riverside City Charter has called for transfers from its electric utility to the General Fund since voters first approved the Charter in 1907. That original Charter provided that utility rates “should preferably, but not necessarily, yield a reasonable profit and interest on the investment to the city ...” (1907 City Charter, section 162) and it further stated that, on an annual basis, any funds remaining after the utilities have paid their specified expenses must be transferred to the general fund (1907 City Charter, section 172); and

WHEREAS, over a half-century ago, in 1968, the City's voters adopted a version of the Charter that specifically called for a general fund transfer ("GFT") from utilities in "an amount equal to 11.5% of the utilities' gross operating revenues." City Charter § 1204, subd. (f), currently allows a GFT “in an amount not to exceed 11.5%” of the utilities' gross operating revenues for the prior fiscal year. This language was approved by 74% of City voters in 1977. The City's voters have therefore approved the GFT at three separate elections; and

WHEREAS, the General Fund Transfer provides a locally controlled revenue source to the General Fund. Combined with other sources of revenue (sales tax, property tax, utility users’ tax, etc.), the General Fund funds vital governmental services including, but not limited to, fire, paramedic, police, street repairs, parks, senior services, homelessness and other general services. The General Fund Transfer is critical to advancing the City Council’s Envision Riverside 2025 Strategic Plan priorities of: Arts, Culture and Recreation; Community Well-Being, Economic Opportunity; Environmental Stewardship; High Performing Government; and Infrastructure, Mobility and Connectivity; and

WHEREAS, the electric utility portion of the General Fund Transfer currently provides approximately \$40 million annually, or roughly 14%, of the total General Fund operating budget. Losing this revenue source would require significant reductions in the services mentioned above; and

WHEREAS, Riverside voters have already voted three times in the past to amend the City

1 Charter to allow the City-owned electric utility to transfer a fixed percentage of electric fund revenues
2 into the City’s General Fund, which provides essential funding for community services such as police,
3 fire, children’s after-school programs, senior/disabled services; and

4 WHEREAS, this measure simply renews and clarifies the previous actions of Riverside voters
5 so that the City can continue to exercise responsible budget practices as originally directed by voters
6 and maintain current funding for essential City services; and

7 WHEREAS, in 2018, the City was served with a lawsuit entitled Parada v. City of Riverside,
8 challenging the validity of Charter-authorized transfers from the City’s Electric Fund to the General
9 Fund, alleging the transfer is a tax (requiring new voter approval in addition to that granted in 1907,
10 1968 and 1977). The lawsuit sought a refund of the transferred monies and a court order preventing
11 the City from continuing the electric transfer going forward, until and unless the City obtains voter
12 approval; and

13 WHEREAS, the City defended the lawsuit and on May 19, 2021, a settlement agreement was
14 reached. The mutually-agreed-upon settlement requires the City to place a measure before voters
15 pursuant to California Constitution article XIII C, section 2, subdivision (b) to explicitly approve of
16 the past practice of the utility fund budget transfer that maintains local funding for essential City
17 services. Specifically, Section 1.2.1 of the settlement agreement provides the following: “the City will
18 draft the Ballot Measure, and resolutions placing the Ballot Measure on City of Riverside ballots in
19 November 2021, to state that: (1) the City’s General Fund Transfer policies subject to voter approval
20 in the Ballot Measure are a general tax requiring voter approval under California Constitution, article
21 XIII C, section 2, subdivision (b); and (2) the revenues the City collects from retail customers for
22 electric service may fund, in whole or part, transfers from the City’s electric utility to its general fund
23 under the General Fund Transfer policies.”

24 WHEREAS, should voters authorize these current City budget and electric rate-setting
25 practices by passing the measure, the City will also issue utility credits over a five-year period to local
26 utility ratepayers, as required by the settlement. This settlement, reached with the assistance of a
27 mediator, allows the parties to avoid unnecessary taxpayer-funded litigation and a lengthy appeal,
28 while prioritizing the desire of both parties to honor voters’ say and support local residents and

1 businesses; and

2 WHEREAS, Article XI, Section 3, of the Constitution of the State of California, Elections
3 Code sections 1000, 1301, 1415, 9255, Government Code section 34458, and City Charter section 400
4 authorize the City Council, on its own motion, to submit to the qualified electors of the City any ballot
5 measure by ordinance or resolution proposing amendments to the City Charter at a regularly scheduled
6 municipal election; and

7 WHEREAS, on January 19, 2021, the City Council adopted Resolution No. 23670, ordering,
8 calling, providing for and giving notice of a Special Municipal Election to be held in the City of
9 Riverside on the 2nd day of November, 2021; and

10 WHEREAS, City Charter section 1404 – “Charter; amending” provides that “[t]he City
11 Council must submit any proposed Charter amendment, except for those proposed by voter initiative,
12 to a Charter Review Committee for recommendation before the City Council places the Charter
13 amendment proposal on a ballot;” and

14 WHEREAS, on February 16, 2021 and April 27, 2021, the City Council referred the proposed
15 Charter amendment for the Riverside Services Protection Measure to the Committee for its review and
16 consideration to place on the November 2, 2021 ballot; and

17 WHEREAS, on July 6, 2021, the Charter Review Committee provided a report to the City
18 Council, with its recommendation declining to support the Riverside Services Protection Measure and
19 proposed an alternative Charter amendment, entitled the Fiscal Responsibility Act of 2021; and

20 WHEREAS, City Council wishes to submit a certain Charter amendment to the voters at the
21 November 2, 2021, Special Municipal Election.

22 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Riverside,
23 California, based upon the foregoing facts, the reports submitted by staff and the City’s Charter
24 Review Committee and other evidence provided to the City Council, as follows:

25 Section 1: The City Council, pursuant to its right and authority under California law,
26 hereby orders that the following question be submitted to the qualified electors of the City of Riverside
27 at the Special Municipal Election on November 2, 2021, pursuant to Resolution No. 23670:

28 The Fiscal Responsibility Act of 2021

1 Shall the measure, adopting Section 1204.2 to the City Charter, beginning January 2022,
2 discontinuing the 11.5% tax on electricity, replacing it with a \$38 million fixed amount
3 transferred from Riverside Public Utility to the unrestricted general fund which amount will
4 be reduced annually by \$1 million until this reduction reaches \$30 million and continuing until
5 ended by the voters, be adopted?

6 Section 2: That only the qualified electors of the City of Riverside are entitled to vote at
7 said election on this proposal to amend the City Charter and that if a majority of the qualified electors
8 voting on the Charter proposal votes in favor of the proposal, said proposal shall be deemed approved.

9 Section 3: That the form and contents of the ballots to be used at said election shall be as
10 provided by law.

11 Section 4: That in accordance with Section 10002 of the Elections Code, the Board of
12 Supervisors of Riverside County are hereby requested to consent to the Riverside County Registrar of
13 Voters rendering election services to the City of Riverside as may be requested by the City Clerk of
14 said City, the County of Riverside to be reimbursed in full for such services as are performed.

15 Section 5: That the City Clerk shall have charge of all City elections pursuant to Riverside
16 City Charter section 703(f).

17 Section 6: That the City Clerk is hereby designated the “Elections Official” for the
18 purposes of this election pursuant to Elections Code section 320(b).

19 Section 7: That based upon the foregoing authority, the City Clerk shall have charge of
20 this election and shall make all determinations necessary to conducting this election.

21 Section 8: That the City Clerk of said City shall receive the canvass of the Special
22 Municipal Election and shall certify the results to the City Council, as required by law.

23 Section 9: The City Clerk is directed to transmit a copy of the measure to the City Attorney.
24 The City Attorney shall prepare an impartial analysis of the measure pursuant to Elections Code
25 section 9280, showing the effect of the measure on the existing law and the operation of the measure.
26 The analysis shall be printed preceding the arguments for and against the measure.

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28 ADOPTED by the City Council this _____ day of _____, 2021.

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PATRICIA LOCK DAWSON
Mayor of the City of Riverside

Attest:

DONESIA GAUSE
City Clerk of the City of Riverside

I, Donesia Gause, City Clerk of the City of Riverside, California, hereby certify that the foregoing resolution was duly and regularly adopted at a meeting of the City Council of said City at its meeting held on the _____ day of _____, 2021, by the following vote, to wit:

Ayes:

Noes:

Absent:

Abstain:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Riverside, California, this _____ day of _____, 2021.

DONESIA GAUSE
City Clerk of the City of Riverside