

REVISED City Council Memorandum

City of Arts & Innovation

TO: CHARTER REVIEW COMMITTEE DATE: JUNE 16, 2021

FROM: CITY ATTORNEY'S OFFICE WARDS: ALL

SUBJECT: DRAFT FINAL REPORT TO THE CITY COUNCIL SUMMARIZING THE

CHARTER REVIEW COMMITTEE'S FINAL RECOMMENDATION REGARDING THE ELECTRIC UTILITY GENERAL FUND TRANSFER

ISSUE: To review and advise on the draft Final Report to be presented to the City Council on July 6, 2021 summarizing the Charter Review Committee's ("Committee") recommendation regarding the electric utility general fund transfer.

RECOMMENDATION:

- 1. That the Committee receive, recommend any revisions to, and file this draft Final Report to be presented to the City Council on July 6, 2021.
- 2. That the Committee select a Committee member(s) to make the Committee's final presentation to City Council on July 6, 2021.

BACKGROUND:

At the June 9, 2021 Committee meeting, the Committee directed staff to draft a Final Report to City Council ("Final Report") which summarizes the Committee's City Charter amendment recommendation regarding the electric utility general fund transfer. Upon the Committee's review and approval of the Final Report on June 16, 2021, the Committee will present the Final Report to the City Council on July 6, 2021.

Summary of Charter Review Committee Process

On April 27, 2021, the City Council of the City of Riverside ("City Council") referred to the Charter Review Committee ("Committee") for review and consideration a proposed amendment to the City Charter based on the City of Riverside's Services Protection Measure. The proposal would add Section 1204.2 to the City Charter setting the "annual payment by the electric utility into the general fund" (i.e. "General Fund Transfer" or "GFT") at the amount not to exceed 11.5%. The City Council recommended the Committee review and make a recommendation as to the proposed City Charter amendment by June 16, 2021.

Since the City Council's April 27, 2021 referral, the 11-member Committee met four times,

including at two special meetings, to review and consider the proposed City Charter amendment based on the City of Riverside's Services Protection Measure, and to make a recommendation thereon. In addition to receiving input from the public, the Committee interviewed Councilmembers Edwards, Conder, and Melendrez regarding the General Fund Transfer.

On May 5, 2021, a sub-committee tasked with researching the General Fund Transfer presented to the full Committee its findings and three Charter amendment options:

- 1. To accept the City Council's referred proposed Charter amendment as-is without changes (i.e. GFT up to 11.5%).
- 2. To repeal both the GFT and the utility user tax ("UUT") and fix or cap the amount that can be transferred, with a reduction over time of the fixed or capped amount.
- 3. To reduce the 11.5% transfer incrementally over time.

A robust and lengthy discussion ensued, and no formal decision was made at that meeting.

On May 19, 2021, the sub-committee presented to the full Committee six GFT Charter amendment options:

- 1. Agree with what Council recommends (i.e. no changes).
- 2. Recommend an incremental decrease over a certain period of time.
- 3. Recommend a fixed dollar amount rather than a percentage.
- 4. Eliminate the electric GFT altogether (i.e. hard stop).
- 5. Propose a "sliding scale" based on population not dollar amount (i.e. increase 0.5% based on 1,000 population increase).
- 6. Increase the GFT (fixed rate or percentage).

After a robust and lengthy discussion, the Committee approved in concept a proposed amendment to the annual payment by the electric utility into the general fund ("General Fund Transfer" or "GFT") in the City Charter. The Committee proposed a maximum General Fund Transfer of \$38 million beginning in 2022, decreased by \$1 million annually, until the maximum General Fund Transfer decreased to \$30 million, whereupon the maximum General Fund Transfer would remain at \$30 million. The Committee directed staff to return with proposed City Charter amendment language for the Committee's review.

On June 9, 2021, the Committee reviewed, modified, and approved adding a new Section 1204.2 – Electric utility revenue to the City Charter. In addition, the Committee reviewed and approved proposed ballot measure language for the proposed Charter amendment. Both the charter amendment language and the ballot measure label language are provided in detail below.

Proposed City Charter Amendment Language (new section):

Sec. 1204.2 - Electric utility revenue

The revenue of the electric public utility for each fiscal year shall be kept separate and apart from all other moneys of the City by deposit in the appropriate revenue fund and shall be used for purposes and in the order set forth in Section 1204 and for the annual payment by the electric utility into the general fund as set forth in Section 1204(f), except as set forth in this section. For the electric utility, the annual payment required under Section 1204(f), beginning on January 1, 2022, shall not exceed \$38,000,000. The amount of the annual maximum payment shall then decrease by \$1,000,000 in each subsequent calendar year, until the amount of the maximum annual payment does not exceed \$30,000,000. The proceeds of the annual payment shall be used to maintain local general purposes as the City Council may by budget or other

appropriation direct including but not limited to 911 response, fire, paramedic, police, street repairs, parks, senior and/or disabled services, homelessness services, and other general services.

Issues Raised by Committee in Support: A fixed amount "de-links" the GFT from electric rates, thereby removing the incentive to increase electric rates to raise general fund revenue. The fixed amount of \$38,000,000 and annual decrease would reduce the cost of electricity to Riverside residents. A gradual decrease to the GFT would require the City to gradually reduce reliance on the GFT, resulting in better fiscal management. (Oral Discussions and Documents presented at May 5, 2021 Meeting).

Issues Raised by Committee in Opposition: The City should consider raising the GFT, not decreasing it. As the needs of our community grow, and as the cost of City services increase, we need to be able to raise revenue every year to protect those City services in the future. (Oral Discussions at May 5, 2021 Meeting). The City budget already has a very thin margin of error, and a GFT decrease would be problematic. (Oral Discussions at June 9, 2021 Meeting).

Votes:

Proposal in concept: **7 ayes**, **3 noes**, **1 abstention** (May 5, 2021).

Approval of Charter amendment and ballot measure language: **6 ayes, 2 noes, 1 abstention** (June 9, 2021).

Proposed Ballot Measure Question:

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The Fiscal Responsibility Act of 2021

Beginning January 2022, City will discontinue charging an 11.5 percent tax on electricity replacing it with a \$38 million fixed amount transferred from RPU to the unrestricted general fund. This amount will be reduced annually by \$1 million until this reduction reaches \$30 million. This fixed transfer stabilizes the budget without drastic cuts allowing continued vital services to city residents. In addition, rate payers will experience lower utility bills, while promoting fiscal accountability from elected officials and City Leaders.

Legal Issues and Recommendations Regarding the Proposed Ballot Measure Question

California Elections Code section 13119(a) requires ballot questions to include the words: "Shall the measure (stating the nature thereof) be adopted"? Furthermore, if the proposed measure imposes a tax or raises the rate of the tax, the ballot question must include the amount of money to be raised annually and the rate and duration of the tax to be levied (Elec C § 13119(b)). Lastly, the ballot question is limited to 75 words (the title of the question does not count towards the 75 words). Staff recommends that the Committee restate the ballot question to comply with Elec C § 13119 and to be 75 words or less. For the Committee's reference, Election Code section 13119 is attached hereto as **Attachment A**.

Finally, the ballot question must only include true and impartial descriptions that are not argumentative. The language of the ballot question cannot be false, misleading, or partial to one side. The last two sentences of the ballot question, beginning with "This fixed transfer . . ." and ending with "while promoting fiscal accountability from elected officials and City Leaders" could be subject to accusations that they are false, misleading, and/or partial statements. Staff recommends modifying the last two sentences of the ballot question.

FISCAL IMPACT:

Prepared by: Elliot Min, Deputy City Attorney

Approved as to form: Kristi J. Smith, Interim City Attorney

Attachments:

Attachment A - Cal Elec Code § 13119

Attachment B - Charter Review Committee Member Biographies



User Name: Susan Wilson

Date and Time: Thursday, June 10, 2021 3:51:00 PM PDT

Job Number: 145895573

Document (1)

1. <u>Cal Elec Code § 13119</u>

Client/Matter: -None-

Search Terms: ca Elections code section 13119

Search Type: Natural Language

Cal Elec Code § 13119

Deering's California Codes are current through Chapter 19 of the 2021 Regular Session, including all urgency legislation effective June 1, 2021 or earlier.

Deering's California Codes Annotated > ELECTIONS CODE (§§ 1 — 23004) > Division 13 Ballots, Sample Ballots, and Voter Pamphlets (Chs. 1 — 6) > Chapter 2 Forms of Ballots: Ballot Order (§§ 13100 — 13121)

§ 13119. Words to appear on ballot containing measure proposed by local governing body or submitted as initiative or referendum

- (a) The ballots used when voting upon a measure proposed by a local governing body or submitted to the voters as an initiative or referendum measure pursuant to Division 9 (commencing with <u>Section 9000</u>), including a measure authorizing the issuance of bonds or the incurrence of debt, shall have printed on them the words "Shall the measure (stating the nature thereof) be adopted?" To the right or below the statement of the measure to be voted on, the words "Yes" and "No" shall be printed on separate lines, with voting targets. If a voter marks the voting target next to the printed word "Yes," the voter's vote shall be counted in favor of the adoption of the measure. If the voter marks the voting target next to the printed word "No," the voter's vote shall be counted against its adoption.
- **(b)** If the proposed measure imposes a tax or raises the rate of a tax, the ballot shall include in the statement of the measure to be voted on the amount of money to be raised annually and the rate and duration of the tax to be levied.
- **(c)** The statement of the measure shall be a true and impartial synopsis of the purpose of the proposed measure, and shall be in language that is neither argumentative nor likely to create prejudice for or against the measure.
- (d) For purposes of this section, the following terms have the following meanings:
 - (1) "Local governing body" means the governing body of a city, county, city and county, including a charter city or charter county, or district, including a school district.
 - (2) "Target" means an object designated as the aim for a voter to make a vote selection.

History

Added <u>Stats 1994 ch 920 § 2 (SB 1547)</u> . Amended <u>Stats 2015 ch 337 § 1 (AB 809)</u> , effective January 1, 2010	6;
Stats 2017 ch 105 § 1 (AB 195), effective January 1, 2018; Stats 2018 ch 57 § 4 (AB 2835), effective January 1, 2018;	y 1
2019; Stats 2019 ch 863 § 3 (AB 623), effective January 1, 2020.	

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Derivation:

Editor's Notes—

Amendments:

Derivation:

- (a) Former Elec C §§ 3714, 4014, 5156.
- (b) Former Elec C § 10235, as added Stats 1976 ch 248 § 4, amended Stats 1976 ch 1438 § 10.8, Stats 1983 ch 756 § 6.
- (c) Former Elec C §§ 1614, 1714.
- (d) Former Elec C § 1906, as added by Stats 1957 ch 2146 § 1 p 3804.
- (e) Former Pol C § 4058, as added by Stats 1911 ch 342 § 1 p 577, amended by Stats 1911 Ex Sess ch 31 § 1 p 125, Stats 1937 ch 332 § 3 p 727.
- (f) Stats 1911 Ex Sess ch 33 § 1 p 131, as amended by Stats 1915 ch 155 § 1 p 319.

Editor's Notes—

For disposition of former provisions, see the table at the beginning of Volume 1 Elec C.

For legislative intent, see the 1994 note following Elec C § 13100.

Amendments:

2015 Amendment:

Added (1) subdivision designation (a); and (2) subd (b).

2017 Amendment:

In (a), in the first sentence, substituted "measure proposed by a local governing body or submitted to the voters as an initiative or referendum" for "proposed county, city, or district ordinance submitted to the voters of the respective local government" and added "including a measure authorizing the issuance of bonds or the incurrence of debt"; substituted "measure" for "ordinance" in (a) and (b); and added (c) and (d).

2018 Amendment (ch 57):

In (a), in the second sentence, substituted "To the right or below the statement" for "Opposite the statement", deleted "and to its right," following "voted on," and substituted "voting targets" for "voting squares", and substituted "voting target" for "voting square" in the third and last sentences; and rewrote (d) which read: "For purposes of this section, 'local governing body' means the governing body of a city, county, city and county, including a charter city or charter county, or district, including a school district"; and added (d)(2).

2019 Amendment (ch 863):

In (a), in the second sentence, substituted "marks" for "stamps a cross (+)", "next to" for "after", and "the voter's" for "his or her"; and in the last sentence, substituted "the voter marks the voting target next to" for "he or she stamps a cross (+) in the voting target after" and "the voter's" for "his or her".

Research References & Practice Aids

Cross References:

Marking ballot with respect to measures submitted: Elec C § 14286.

Jurisprudences:

Cal Jur 3d (Rev) Elections § 136.

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CHARTER REVIEW COMMITTEE 2021

Randolph Ben Clymer, **Jr.** (Ward 4), Chair; 7-year Riverside resident; Chief Executive Officer of Ben Clymer's The Body Shop; Prior La Sierra Chamber and Meals on Wheels board member; La Sierra High School Business Academy mentor; Leadership Riverside graduate; Lincoln Club of Riverside County Vice President; Center for Self Governance Board of Directors; Member of Tenth Amendment Center and Greater Riverside Chambers of Commerce.

Malissa H. McKeith (Ward 3), Vice-Chair; 10-year Riverside resident; Citizens United for Resources and the Environment President; Attorney in constitutional and municipal law; Colorado River Board member; Base Closure Commission member; California Women Lawyers; American Lung Association of California; Urban Water Institute; and Greater Riverside Chambers of Commerce.

Warren Avery (Citywide);

Pete Benavidez (Ward 6); 40-year Riverside resident; UCR Graduate; President & Chief Executive Officer for Blindness Support Services, Inc.; Vice Chair of the Riverside Housing Development Corporation; Member and Past President of Latino Network; Member of The Group, The National Vision Serve Alliance; Advisory Committee for The Interwork Institute at San Diego State University; Former Chairperson of the Citizens Advisory Committee for RCTC; Past Chairperson of the Blind Advisory Committee for the State of California Department of Rehabilitation; Past Member of Molina Bridge To Access Committee, and Former Member of the National Rehabilitation Association.

Larry Burns (Citywide); 17-year Riverside resident; Riverside City College, Associate Professor; CSU San Bernardino, Center Director; Southern New Hampshire University, Associate Faculty; CBDBEB, LLC Managing Partner; Inlandia Institute, Co-founder and Director Emeritus; Riverside Community Arts Association, Member; Riverside Art Museum, The 52 Project; Greater Riverside Chambers of Commerce, various board assignments; SLATE Inc, Board Member; Los Angeles Urban League, Workforce Advisor; Leadership Riverside Graduate; Budget Engagement Commissioner 2018-present.

James Goldman (Citywide); 21-year resident of Riverside; Attorney with Berman, Berman, Schneider and Lowary working here in Riverside; Married, father of three; Graduate of California State University of San Bernardino and Whittier Law School; Pro Bono representation of adoptive parents for Los Angeles County National Adoption Day.

Garth Newberry (Ward 2); 26-year Riverside resident; Retired Art Teacher Rialto

Unified School District; California Teachers Association; Founder/CEO of EV Charging Services LLC; Prior Project Coordinator Gaffoglio Family Metalcrafters Costa Mesa; Jurupa Valley Redevelopment Project Area Committee; Rubidoux Community Services District Board of Directors; Riverside Airport Commission; City of Riverside Charter Review Committee; The Roosevelt/Jamie Williams Foundation Board of Directors; Islamic Development Center Moreno Valley member; Hidden Pioneers Volunteer; Aircraft Owners and Pilots Association; Member of The Group.

Kori Norsell (Ward 1); Current 6-year Riverside resident; Previous 13-year Riverside resident; County of Riverside - Department of the Auditor-Controller; Executive Office; Economic Development Agency and Department of Information Technology; Member of Friends of Mt. Rubidoux; Volunteer Riverside Community Hospital; nominee for Riverside County Civil Grand Jury (2021/2022 fiscal year).

Rafael C. Ramirez (Ward 5);

Alia Rodriguez (Citywide); 15-year Riverside resident; Chief Executive Officer of a non-profit organization, the Corona-Norco United Way; Adjunct Professor at California Baptist University in the History and Government Department; Member of the Corona Chamber of Commerce; Member of the Eastvale Chamber of Commerce; Member of the Norco Chamber of Commerce; Graduate of the City of Moreno Valley Leadership Academy; Current Member of the Corona Chamber of Commerce Executive Leadership Roundtable; Domestic Violence Advocate through the California Partnership to end Domestic Violence; Elsinore First Assembly volunteer; and experienced in local government having worked for the County of Riverside, City of Moreno Valley, City of Eastvale and City of Riverside.

Brian Saipramuk (Ward 7); 2-year Riverside resident; Fontana Unified School District Math and Physics teacher; Cal State Fullerton Alumni; Cal State Fullerton Debate Member; Inland Empire Math Teachers' Circle; Good Shepherd Presbyterian Church Member and Volunteer.

Monrow Mabon (Citywide), Alternate; Attorney; Associate Pastor at Allen Chapel Church of Riverside; Retired Los Angeles Police Department Commanding Officer; Retired California Senior Supervising State Attorney; Former Member of the Riverside Human Relations Commission; Former Member of the 2019-2020 Riverside Charter Review Committee; Past-President of Riverside Community Settlement Association; Former Member of the Board of Directors of the Riverside Community Health Foundation; Member on the Boards of Directors of other Philanthropic Organizations.