

CITY OF MANHATTAN BEACH 1400 Highland Avenue Manhattan Beach, CA 90266 www.manhattanbeach.gov • (310) 802-5000

STAFF REPORT

Agenda Date: 3/15/2022

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Liza Tamura, City Clerk Quinn Barrow, City Attorney Martha Alvarez, Assistant City Clerk Patricia Matson, Deputy City Clerk

SUBJECT:

Consideration of Actions Regarding the "MB Citizens for Schools" Measure (Parcel Tax Initiative) (City Clerk Tamura and City Attorney Barrow).

(Estimated Time: 1 Hr.)

A) RECEIVE AND FILE CERTIFICATION OF SUFFICIENCY

B) SELECT A COURSE OF ACTION

C) APPROPRIATE ADDITIONAL FUNDS TO SUPPORT THE COURSE OF ACTION

RECOMMENDATION:

Staff recommends that the City Council take the following actions pertaining to the "MB Citizens for Schools" Measure (Parcel Tax Initiative):

- a) Receive and File Certification of Sufficiency
- b) Select a course of action as to whether to call a special election, or ask for a report per the Elections Code
- c) Appropriate additional funds, as necessary.

FISCAL IMPLICATIONS:

In anticipation of the initiative appearing on a future ballot, the City Clerk's Office contacted the Los Angeles County Registrar-Recorder/County Clerk's Office and requested quotes for a number of scenarios depending on the timing of the election.

1) Approximate cost of the initiative on the June 7, 2022 Special Election/Statewide Primary Election ballot: \$141,892 (requires City Council to appropriate additional funds of \$141,892 to Fiscal Year 2021-2022 budget). Approximate cost of the initiative and two scheduled City Council seats on the November 8, 2022 General Municipal Election ballot: \$111,744.

The approximate costs listed above are the costs from Los Angeles County only. Other costs associated with the November 8, 2022 Election such as developing candidate packets, staff time, and voter outreach materials will be included in the Fiscal Year 2022-2023 budget process. If the City Council chooses to place the initiative on the June 7, 2022 ballot, an additional appropriation would need to be considered for similar expenses in the current fiscal year.

BACKGROUND:

On January 28, 2022, proponent Michael Sinclair filed a "Notice of Intent to Circulate Initiative Petition for the MB Citizens for School Measure" which would authorize an annual parcel tax in order to provide supplemental funding to the Manhattan Beach Unified School District. The City Attorney prepared a title and summary for the petition which was furnished to the proponent. The proponent published the required information in the City's adjudicated paper, <u>The Beach</u> <u>Reporter</u>, on February 3, 2022, provided the City with an affidavit of publication, and then began to circulate their petition for signatures.

On February 14, 2022, the proponent submitted 339 initiative petition sections to the City Clerk's Office. It was determined that the number of registered voters in the City last reported by the county elections official to the Secretary of State effective at the time the Notice of Intent and the Ballot Title and Summary were published was 26,912. Pursuant to California Elections Code Section 9215, the required number of signatures needed for the initiative to qualify is 10% of registered voters in the City (2,691). After conducting a prima facie review, the City Clerk submitted all petitions and 4,087 signatures to the Los Angeles County Registrar-Recorder/County Clerk's Office for verification on February 15, 2022. Should the proponent obtain the required amount of signatures, the initiative would qualify to move forward.

The Notice of Intent and Ballot Title and Summary for this initiative are available as attachments to this staff report.

DISCUSSION:

California Elections Code Section 9215 requires that the City Council take one of the following two actions regarding the certified initiative:

- a) Election. Submit the ordinance, without alteration, to the voters by placing the initiative on the ballot at the City's next regular election (November 8, 2022), or the Council may call a special election (June 7, 2022). The special election is required to be held between 88 and 103 days from the date on which the City calls the election. A June 7, 2022 election is contingent upon the Los Angeles County Board of Supervisors adopting resolutions from the City Council requesting to consolidate the City's Special Election with the County's Statewide Primary Election.
- **b) 9212 Report.** Direct staff to prepare a report regarding the initiative's effects on the City.

If the City Council chooses to hold a special election on June 7, 2022, option b) is no longer viable due to time constraints.

If the City Council chooses option a), the City will need to take other election-related actions as further described below.

Election Date

Staff will require direction as to whether the City Council wishes to call a special election to be conducted by Los Angeles County on June 7, 2022 (Statewide Primary Election ballot) or if the City Council would like to place the initiative on the next regular election to be held on November 8, 2022.

The resolution calling for a Special Election for June 7, 2022 must be received by Los Angeles County on or before March 11, 2022. Therefore, City Council action must be taken on or before March 10, 2022 to allow time to conform the legislation and deliver it to Los Angeles County offices.

There are four required City Council actions to call an election; those actions are listed at the end of this report grouped by the options available to City Council.

The City Council may choose to direct Staff to prepare a report regarding the initiative's effects on the City.

The requested report(s) may address any matter the City Council requests be included in the report for any or all of the following: 1) its fiscal impact; 2) its effect on the internal consistency of the City's general and specific plan or state law; 3) its effect on the use of land and housing; 4) its impact on funding for infrastructure; 5) its impact on the community's ability to attract and retain business and employment; 6) its impact on the uses of vacant parcels of land; 7) its impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization; and 8) any other matters as requested by the City Council.

The report would be presented no later than 30 days after the City Clerk certifies the sufficiency of the petition (Elections Code Section 9212 (a)(1)-(8) and (b)).

CONCLUSION:

The City Council has three choices:

- 1. Call a special election for June 7, 2022.
- 2. Consolidate with the regular municipal election on November 8, 2022.
- 3. Direct staff to prepare a report pursuant to Elections Code Section 9212.

If the County notifies the City regarding the initiative's qualification, staff will provide the completed certification as a supplement to the agenda, as well as other resolutions.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental

Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

ATTACHMENTS:

- 1. Notice of Intent
- 2. Ballot Title and Summary

All Resolutions Below Will Be Provided Under Separate Cover:

3. Draft Resolution No. 22-0030 - Certification of Sufficiency

For June 7, 2022, Special Election:

- 4. Draft Resolution No. 22-0031 Calling Special Election June 7, 2022
- 5. Draft Resolution No. 22-0032 Consolidation / County to Conduct the Election
- 6. Draft Resolution No. 22-0033 Written Arguments & Impartial Analysis
- 7. Draft Resolution No. 22-0034 Allowing Rebuttal Arguments (Optional)

For November 8, 2022, Regular (General Municipal) Election:

- 8. Draft Resolution No. 22-0035 Calling Election November 8, 2022
- 9. Draft Resolution No. 22-0036 Consolidation/County to Conduct the Election
- 10. Draft Resolution No. 22-0037 Written Arguments & Impartial Analysis
- 11. Draft Resolution No. 22-0038 Allowing Rebuttal Arguments (Optional)

NOTICE OF INTENT TO CIRCULATE INITIATIVE PETITION FOR THE MB CITIZENS FOR SCHOOLS MEASURE (Cal. Elect. Code § 9202)

Notice of Intent to Circulate Petition

Notice is hereby given by the persons whose names appear hereon of their intention to circulate a petition within the City of Manhattan Beach for the purpose of adopting an initiative that will enact provisions to add a special non-*ad valorem* parcel tax to benefit education.

A statement of the reasons of the proposed action as contemplated in the petition is as follows (up to 500 words):

California schools have suffered from consistent underfunding and Manhattan Beach is one of the lowest funded school districts in the state.

The citizens of Manhattan Beach can counter ongoing and severe state funding shortfalls with local control and stability by supporting a local parcel tax needed to maintain and protect quality education in our schools, manageable class sizes, safe environments and the programs and learning tools needed to help prepare Manhattan Beach students for college and 21st century jobs.

Great teachers are at the center of student achievement and this measure will further provide the school district with the resources needed to compete with other school districts in attracting and retaining high-quality teachers, so every Manhattan Beach student has the opportunity to thrive.

All revenue from this measure will stay local, be spent right here in Manhattan Beach public schools and cannot be taken away by the State. A mandatory independent citizens' oversight committee will review all expenditures to ensure that the revenue is used only for the purposes set forth in the measure.

Michael Sinclair NAME OF PROPONENT

665 27th Street Manhattan Beach, CA 90266 PROPONENT'S ADDRESS

PROPONENT'S SIGNATURE

January 28, 2022 DATE RECEIVED

To the City Council of the City of Manhattan Beach: We, the undersigned, registered, qualified voters and residents of the City of Manhattan Beach, California, hereby propose amendments to the Manhattan Beach Municipal Code relating to a parcel tax for education, and petition the City Council to submit the same to the voters of the City of Manhattan Beach for their adoption or rejection at the next general election or as otherwise provided by law. The proposed amendments are set forth below and on the subsequent pages and read as follows:

THE PEOPLE OF THE CITY OF MANHATTAN BEACH DO ORDAIN AS FOLLOWS:

SECTION 1. <u>Title</u>. This measure shall be known and may be cited as the MB Citizens For Schools Measure (the "Measure").

SECTION 2. Purpose and Intent. Public schools in the State of California (the "State") have suffered from consistent underfunding and the City of Manhattan Beach (the "City") has one of the lowest funded school districts in the State. The purpose and intent of this Measure is for the People of the City to counter ongoing and severe State funding shortfalls with local control and stability by supporting a local parcel tax needed to maintain and protect quality education in the Manhattan Beach Unified School District (the "School District"), manageable class sizes, safe environments and the programs and learning tools needed to help prepare City students for college and 21st century jobs. Great teachers are at the center of student achievement, and it is a further purpose and intent of this Measure to provide the School District with the resources needed to compete with other school districts in attracting and retaining high-quality teachers, so every City student has the opportunity to thrive. Further, all revenue from this Measure will stay local, be spent right here in the School District and cannot be taken away by the State. A mandatory independent citizens' oversight committee will review all expenditures to ensure that the revenue is used only for the purposes set forth in the Measure.

SECTION 3. Legal Authority. This Measure and the special tax authorized herein are adopted pursuant to the provisions and authority contained in the California Constitution, statutory law and California case law interpreting the People's initiative power.

SECTION 4. Title 8 (Finance, Revenue and Taxation) of the City Municipal Code is hereby amended by adding Chapter 8.40 (Parcel Tax for Manhattan Beach Unified School District), to read as follows:

Chapter 8.40 – PARCEL TAX FOR MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

8.40.010. Title

This Chapter shall be known and may be cited as "Parcel Tax for Manhattan Beach Unified School District."

Section 8.40.020. Necessity and Authority

- A. The People of the City of Manhattan Beach (hereinafter "the City") have determined that:
 - Public schools in the State of California (the "State") have suffered from consistent underfunding and the City has one of the lowest funded school districts in the State. The People of the City can counter ongoing and severe State funding shortfalls with local control and stability by adding a local parcel tax needed to maintain and protect quality education in School District, manageable class sizes, safe environments and the programs and learning tools needed to help prepare City students for college and 21st century jobs. All revenue from a local parcel tax will stay local, be spent right here in the School District and cannot be taken away by the State.
 - 2. Great teachers are at the center of student achievement. The School District needs resources to employ qualified and prepared teachers, so every student has the opportunity to thrive.
 - 3. A parcel tax is necessary to attract and retain high-quality teachers and staff within the Manhattan Beach Unified School District (hereinafter the "School District").

B. This Chapter 8.40 and the special tax authorized herein are adopted pursuant to the provisions and authority contained in the California Constitution, statutory law and California case law interpreting the People's initiative power.

Section 8.40.030. Imposition

- A. A special *non-ad* valorem parcel tax (hereinafter the "Parcel Tax") is hereby established and shall be levied annually on the owner of each parcel of taxable real property within the City, unless the owner is by law exempt from taxation, in which case, the Parcel Tax shall be assessed to the holder of the possessory interest in such parcel, unless such holder is also by law exempt from taxation. The Parcel Tax is an excise tax on the use of property within the City.
- B. The Parcel Tax shall hereby be established and levied each year, commencing July 1st, on each parcel of taxable real property, improved or unimproved, within the boundaries of the City at the rate of one thousand ninety-five dollars (\$1,095.00) per year per parcel, and adjusting for inflation each year thereafter.
- C. For the purposes of this Chapter 8.40, a "parcel of taxable real property" shall be defined as any unit of real property in the City which receives a separate tax bill for *ad valorem* property taxes from the Los Angeles County Assessor/Tax Collector, as applicable (hereinafter the "Tax Collector").
- D. The collection of the Parcel Tax shall commence on July 1st after the Effective Date and expire twelve (12) years thereafter.
- E. All property that the Tax Collector has determined to be otherwise exempt from property taxes, or on which no *ad valorem* property taxes have been levied, in any year shall also be exempt from the Parcel Tax in such year. The Tax Collector's determination of exemption or relief for any reason of any parcel from taxation, other than the Senior Citizen Exemption (defined below) or SSI/SSDI Exemption (defined below), shall be final on the taxpayer for purposes of the Chapter 8.40. Taxpayers desiring to challenge the Tax Collector's determination should do so under the procedures established by the Tax Collector's Office, applicable provisions of the California Revenue and Taxation Code or other applicable law. Taxpayers seeking any refund of taxes paid pursuant to this Chapter 8.40 shall follow the procedures applicable to tax refunds pursuant to the California Revenue and Taxation Code.
- F. An optional exemption (heretofore the "Senior Citizen Exemption") from the Parcel Tax will be made available annually to each individual in the City who attains 65 years of age prior to July 1 of the tax year, and who owns a beneficial interest in the parcel, and who uses that parcel as his or her principal place of residence, and who applies to the City on or before June 1st of each tax year, or during the first year of the tax at a date to be determined by the Tax Collector. Any application for such exemption must be submitted to the Tax Collector, pursuant to any rules and regulations of the Tax Collector, and must be renewed annually.
- G. An optional exemption (heretofore the "SSI/SSDI Exemption") from the Parcel Tax will be made annually to persons receiving Supplemental Security Income for a disability, regardless of age, or receiving Social Security Disability Insurance benefits, regardless of age, whose yearly income does not exceed 250 percent of the 2012 federal povertyguidelines issued by the United States Department of Health and Human Services, and who applies to the City on or before June 1st of each tax year, or during the first year of the tax at a date to be determined by the Tax Collector. Any application for such exemption must be submitted to the Tax Collector, pursuant to any rules and regulations of the Tax Collector and must be renewed annually.

Section 8.40.040. Levy, Collection, Purpose.

- A. The proceeds of the Parcel Tax shall be deposited into a special fund, maintained by the City, which proceeds, together with any interest and any penalties thereon, collected each fiscal year shall be used solely for the purposes set forth in this Section 8.40.040. The proceeds from the Parcel Tax shall be expended only for these purposes.
- B. The City shall transfer all money deposited into the special fund to the School District for the purposes set forth in this Section 8.40.040, The School District shall use these proceeds only for these purposes.
- C. The proceeds collected by the levy of the Parcel Tax shall be used:
 - 1. To protect quality academic, arts and education programs including, math, science, reading, writing, social studies, language, technology, engineering, music, arts and physical education;
 - 2. To maintain manageable class sizes in the School District;
 - 3. To invest in 21st century technology, learning tools, instructional materials and supplies to support students, educators and families,
 - 4. To increase staffing and program funding in the School District;
 - 5. To increase salaries of teachers so the School District can compete with other school districts in recruiting and retaining qualified and prepared teachers to support student achievement;
 - 6. To provide additional professional development to all teachers;
 - 7. To provide more competitive compensation to other School District staff;
 - 8. To provide oversight to monitor how the School District is spending the Parcel Tax revenue and make sure the proceeds from the Parcel Tax are only spent for the purposes approved by the voters.
- D. The purposes set forth in this Section 8.40.040 shall constitute the specific purposes of this Chapter 8.40, which are specific and legally binding limitations on how the proceeds of the Parcel Tax can be spent. The proceeds of the Parcel Tax shall be used only for such purposes and shall not fund any purpose other than those set forth herein.
- E. The City shall, with every disbursement made pursuant to this Chapter 8.40, require the School District to verify in writing that it will use the funds only for the purposes set forth in this Section 8.40.040.
- F. The Parcel Tax shall be collected by the Tax Collector at the same time and in the same manner and shall be subject to the same penalties as *ad valorem* property taxes collected by the Tax Collector.

Section 8.40.050. City Annual Report

The City shall prepare a report on at least an annual basis which shows the amount of funds collected and expended, and the status of any project required or authorized to be funded, by the Parcel Tax. The City shall file each report with the Mayor, City Council and the oversight committee referenced in this Chapter 8.40.

Section 8.40.060. Supplement to Existing School District Funding

- A. The People of the City find and declare that the School District serves a student population which requires more resources than currently provided to help prepare City students for college and 21st century jobs. In adopting this Parcel Tax, the People of the City choose to provide additional City resources to complement, and not supplant, City, State, Federal and other funding for the School District.
- B. Consistent with subsection (A), the People of the City of Manhattan Beach specifically find that their contributions to and disbursements from the special fund authorized by this Chapter 8.40 are discretionary expenditures by the City for the direct benefit of the children of the City, their families, and the community at large. In the event that the State attempts, directly or indirectly, to redistribute these expenditures to other jurisdictions or to offset or reduce State or Federal funding to the School District because of the contributions to and disbursements from the special fund authorized by this Chapter 8.40, the City shall transfer said monies that would otherwise be distributed to the School District each year from the special fund to such other fund as the City Council may designate, to be spent for purposes which are substantially equivalent to the purposes set forth in this Chapter 8.40.
- C. This Parcel Tax is intended to be in addition to and not to replace any other monies provided by the City to the School District.

Section 8.40.070. Increase in Appropriations Limit

To the extent that the revenue from the Parcel Tax is in excess of the spending limit for the City, as provided for in applicable provisions of the California Constitution and State law, the approval of the Parcel Tax by the voters shall constitute approval to increase the City's spending limit in an amount equal to the revenue derived from the Parcel Tax for the maximum period of time as allowed by law.

Section 8.40.080. Oversight

Starting with the first operative year of this Chapter 8.40, the City shall establish an oversight committee to submit a report on at least an annual basis to the Mayor, City Council and School District Board of Trustees evaluating whether the proceeds from the Parcel Tax are being properly expended for the purposes set forth in this Chapter 8.40.

Section 8.40.090. Severability

If any provision of this Chapter 8.40, or section or part thereof, or the applicability of any provision, section or part to any person or circumstances, is for any reason held to be invalid or unconstitutional, the remaining provisions, sections and parts shall not be affected, but shall remain in full force and effect, and to this end the provisions, sections and parts of this Chapter 8.40 are severable. The voters hereby declare that this Chapter 8.40, and each section, provision, and part, would have been adopted irrespective of whether any one or more provisions, sections or parts are found to be invalid or unconstitutional.

<u>SECTION 5.</u> Effective Date. This Measure shall become effective upon the tenth day following certification by the City Council of the election returns indicating passage of the Measure by a simple majority (50% + 1) of the voters casting votes on the Measure.

SECTION 6. Statement of Facts. This Measure creates a *non-ad valorem* parcel tax of \$1,095.00 on each parcel of taxable real property in the City of Manhattan Beach, the proceeds of which are specifically limited and shall be used solely as set forth in this Measure.

<u>SECTION 7.</u> Severability. If any provision, section, paragraph, sentence, phrase, or word of the Measure is rendered or declared invalid, illegal, or unconstitutional by any final action in a court of competent jurisdiction or by reason or any preemptive legislation, such unconstitutionality illegality or invalidity shall only affect such provision, section, paragraph, sentence, phrase, or word and shall not affect or impair any remaining provisions, sections, paragraphs, sentences, phrases, or words, or the application of the Measure to any other person or

circumstance, and to that end, the provisions hereof are severable. It is hereby declared to be the intention of the People of the City that the Measure would have been adopted had such unconstitutional illegal or invalid provision, section, paragraph, sentence, phrase, or word not been included herein.

SECTION 8. Liberal Construction. This Measure is an exercise of the initiative power of the People of the City of Manhattan Beach to implement a special tax to fund the purposes set forth in the Measure and shall be liberally construed to effectuate these purposes.

SECTION 9. <u>Municipal Affairs</u>. The People of the City hereby declare that providing funding to the School District through a parcel tax for the purposes set forth in this Measure constitutes a municipal affair. The People of the City hereby further declare their desire for this Measure to coexist with any similar tax measures adopted at the city, county or state levels.

SECTION 10. Conflicting Measures. The People of the City find and declare that the provisions of the Measure relating to a parcel tax for education may conflict with one or more provisions of other initiative measures. It is the intent of the People that if the Measure receives a greater number of affirmative votes than a conflicting measure at the same election, this Measure shall prevail in its entirety over a conflicting measure.

SECTION 11. Legal Defense. If approved by a simple majority of voters, and thereafter challenged in court of competent jurisdiction, the City shall defend the Measure in such court of competent jurisdiction. The People of the City by approving this Measure by a simple majority of voters hereby declare that the proponent(s) of the Measure have a direct and personal stake in defending the Measure from constitutional or statutory challenges to the Measure's validity or implementation. In the event the City fails to defend the Measure, or the City fails to appeal an adverse judgment against this Measure, in whole or in part, in any court of competent jurisdiction, the Measure's validity and implementation in any court of competent jurisdiction and shall be empowered by the People through this Measure to act as agents of the People of the City, and the City shall indemnify the proponent(s) for reasonable attorneys' fees.

End of Full Ballot Text of Measure

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The City Attorney has prepared the following ballot title and summary of the chief purposes and points of the proposed initiative measure:

Ballot Title

AN INITIATIVE ORDINANCE TO PROVIDE SUPPLEMENTAL FUNDING FOR MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

Summary of Proposed Measure

The Manhattan Beach Unified School District (the "School District") receives funding from the state and federal government, and from the City of Manhattan Beach (the "City"). The School District also receives local funds approved by the voters.

The proposed measure would authorize the City to collect an annual parcel tax of \$1,095.00 per parcel of taxable real property in the City beginning on July 1 after the measure becomes effective and expiring 12 years thereafter. The amount of the tax would be adjusted to account for inflation.

The measure would require the City to transfer all of the parcel tax revenue to the School District. The Initiative Ordinance provides that the School District could use the funds only for the following purposes:

- To protect quality academic, arts and education programs including, math, science, reading, writing, social studies, language, technology, engineering, music, arts and physical education;
- To maintain manageable class sizes in the School District;
- To invest in 21st century technology, learning tools, instructional materials and supplies to support students, educators and families:
- To increase staffing and program funding in the School District;
- To increase salaries of teachers so the School District can compete with other school districts in recruiting and retaining qualified and prepared teachers to support student achievement;
- To provide additional professional development to all teachers;
- To provide more competitive compensation to other School District staff; and
- To provide oversight to monitor how the School District is spending the parcel tax revenue and make sure the proceeds from the parcel tax are only spent for the purposes approved by the voters.

The measure would provide an exemption for: (1) senior citizens who are 65 years of age or older before July 1 of the tax year, own an interest in the property being taxed, and use the property as a principal residence; and (2) individuals who receive Supplemental Security Income for a disability, regardless of age, or receive Social Security Disability Insurance benefits, regardless of age, and have an annual income not exceeding 250% of the 2012 federal poverty guidelines.

The measure would require the City to prepare an annual public report on the uses of the funds. It would also require an independent oversight committee to review expenditures to ensure that the parcel tax revenue is used only for the purposes set forth in the measure.

Pursuant to San Francisco v. All Persons Interested In The Matter Of Proposition G (Nowak), passage of this measure requires the affirmative vote of a simple majority (50% + 1) of those qualified electors voting on the matter.

Dated: February 2, 2022

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Quinn M. Barrow City Attorney City of Manhattan Beach