

Ballot Language

“Shall proposed Charter Amendment No. 2, amending Section 617 of the Charter of the City of Huntington Beach entitled Infrastructure Fund, as set forth in the proposed measure be approved?”

Impartial Analysis of Measure _____

This measure would revise and reorganize City Charter Section 617 entitled "Infrastructure Fund." The substantive change to existing Section 617 provided by this measure is that upon adoption of the 2017/2018 budget, debt service, or any other indirect costs, shall not be included in the 15% calculation of the general fund expenditures for infrastructure improvements, repair and maintenance.

Pursuant to the measure, the term "Infrastructure" is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years. They include storm drains, storm water pump stations, alleys, streets, highways, curbs and gutters, sidewalks, bridges, street trees, landscaped medians, parks, beach facilities, playgrounds, traffic signals, streetlights, block walls along arterial highways, and all public buildings and public ways.

The measure requires that all revenue raised by vote of the electors or imposed by vote of the City Council on or after March 5, 2002, for infrastructure purposes shall be placed in a separate fund entitled "Infrastructure Fund." Monies in said Fund shall be utilized only for direct costs relating to infrastructure improvements or maintenance, including construction, design, engineering, project management, inspection, contract administration and property acquisition. Monies in said Fund shall not be transferred, loaned or otherwise encumbered for any other purpose. Interest earned on monies in the Infrastructure Fund shall accrue to that account.

The measure provides that expenditures for infrastructure improvements and maintenance shall not be reduced below 15% of general fund revenues based on a five- (5) year rolling average of general fund revenues. The average percentage of general fund revenues utilized for infrastructure improvements and maintenance, for the five (5) year period of 1996 to 2001, is and was 14.95%. Upon adoption of the 2017/2018 budget, debt service, or any other indirect costs, shall not be included in the 15% calculation of the general fund expenditures for infrastructure improvements, repair and maintenance. Revenues placed in the Infrastructure Fund shall not supplant existing infrastructure funding.

The measure provides that the City Council shall by ordinance establish a Citizens Infrastructure Advisory Board with the sole responsibility to conduct an annual review and performance audit of the Infrastructure Fund and infrastructure expenditures and which shall present a report its findings to the City Council at a noticed public hearing prior to adoption of the following fiscal-year budget.

The above statement is an impartial analysis of Measure _____. A copy of the measure may be obtained from the City's website, the City Clerk's Office or the elections official's office at (714) 536-5227.

Argument in Favor of Measure _____

In 2002, the voters of Huntington Beach sent a clear message – it was time to get our budget priorities straight. Measure FF established an infrastructure fund directing 15% of our general fund tax dollars be reinvested in much needed infrastructure repairs and maintenance.

One does not have to go far to see first hand the needs we face. Buckling sidewalks, potholed roads, crumbling block walls, and standing water are present in most neighborhoods in Huntington Beach. In many cases, the conditions are borderline hazardous. Years of neglected maintenance and deferred replacement have taken a toll. The estimated cost of the total needed improvements city-wide exceeds \$1.48 Billion dollars.

The infrastructure fund was intended to be the first step in solving this problem. Unfortunately, the fund has been warped by the city policy makers entrusted to implement our direction. By using a loophole, the infrastructure fund has been raided inappropriately to balance the budget instead of funding the critical repairs needed in our community.

Over the past 6 years, the tax dollars we directed to be programmed specifically for repairs and maintenance were diverted to pay bond holders on older projects. This “technical” maneuver shortchanges our community over \$6 million each year in vital projects. Over \$55 million has been used for debt service since 2002.

That’s \$55 million less for new sidewalks, park maintenance, and safe roads.

Leaders in our community are working to close this loophole and reaffirm the direction we gave in 2002. Members of our City Council, Public Works Commission, and Charter Review Commission have collaborated to eliminate this technicality. Their effort has culminated in this amendment presented for your support.

Your “YES” vote today will get our tax dollars back to work as we originally intended. Our community cannot afford to neglect these pressing needs any longer.

Don Hansen, Councilmember, City of Huntington Beach

Joe Carchio, Councilmember, City of Huntington Beach

Devin Dwyer, Councilmember, City of Huntington Beach

Rebuttal to the Argument in Favor of Measure _____

Ballot box budgeting has failed California and it will fail Huntington Beach.

Making hard and fast rules that limit the ability of our city to fund infrastructure projects will result in unforeseen and unknowable future economic hardship.

Here is an example of the kind of unintended consequence that will result from this measure:

Governments finance infrastructure in two ways: pay-as-you-go and long-term bond financing. Pay-as-you-go means the city would be limited to cash on hand to pay for a project (in this case, 15% of the general fund). Long-term financing, on the other hand, allows the benefit of financial leveraging.

For example, if beach-parking revenue generates \$1 million per year, the pay-as-you-go approach would only allow the city to build \$1 million in beach improvements. If the \$1 million is used to finance development (by borrowing at 6% for 30 years), the city could build over \$10 million worth of beach improvements. Moreover, the benefit would be paid by future users rather than just current taxpayers.

Another unintended consequence will be the closure of existing facilities to offset debt that has already been incurred. Is existing infrastructure not worthy of taxpayer support?

There is no single finance model that is universally successful. Rather than lock our city into one model, policymakers should be given the latitude to assess conditions and proceed with the most suitable financing method.

We urge you to vote no.

Jill Hardy, Mayor Pro Tem

Keith Bohr, Councilmember

Debbie Cook, Former Mayor

Gil Coerper, Councilmember

Argument Against Measure _____

The intent of this amendment is to increase infrastructure funding. The irony is it will close existing facilities and fund short-lived repairs at the expense of multi-generational infrastructure needs.

Imagine you purchase a home expecting to deduct the interest on your mortgage. Suddenly the rules change and interest deductions are eliminated. Your household budget gets squeezed along with that roof repair you had contemplated financing with a second mortgage. You set aside money month after month and while you save, your leaking roof damages the walls. By the time you have saved enough for the repair, the cost and scope of repairs has skyrocketed.

Long-lived and necessary infrastructure projects will be delayed if financing is limited to current revenues. The City dedicates an average 15% of the General Fund to infrastructure. Long-lived capital projects, in both the public and private sector, require financing. Financing allows cost sharing across the generations of residents who will use the facilities. If this measure passes, then only current tax payers will pay and future residents will enjoy the benefits at no cost.

Short-lived projects, such as street slurring, tree trimming, and pot-hole repairs are already made with "pay-as-you-go" monies where no debt is incurred.

If passed, \$6,000,000 will have to be cut from the General Fund annually--which has already been slashed \$31,000,000 in the past two years.

Potential reductions submitted by staff to cover the \$6,000,000 annual shortfall include closure of one fire station, elimination of senior services, closure of branch libraries, 20% reduction in uniformed police patrol, further reductions in park maintenance, closure of Edison and Murdy Community Centers, and closure of the art center--eliminating existing infrastructure to satisfy a new mandate.

This measure is fatally flawed. Please vote no.

Jill Hardy, Mayor Pro Tem, City of Huntington Beach

Keith Bohr, Councilmember, City of Huntington Beach

Debbie Cook, Former Mayor, City of Huntington Beach

Gil Coerper, Councilmember, City of Huntington Beach

Rebuttal to the Argument in Opposition to Measure _____

It is surprising that opponents of Measure ____ would continue to twist the original intent of the voters. They would have you believe this measure would limit how we finance projects in Huntington Beach and ultimately result in painful service cuts.

To put it simply – that is not true.

Fact: This measure ensures we will follow through on the commitment we made in 2002.

The voters of Huntington Beach clearly directed that a baseline minimum 15% of our tax dollars should fund infrastructure repairs and maintenance. This is less than half the amount necessary to fund our needs. Neglecting this obligation will only continue to escalate the cost – a truth our opponents concede.

Fact: Measure ____ does not limit the city's ability to finance projects.

Huntington Beach will continue to use a broad array of financing alternatives to fund its capital program. No element of this measure restricts the city's ability to finance its future projects.

Fact: Many solutions to the budget shortfall are being investigated.

It is surprising the opponents believe the only solution to our budget shortfall is the elimination of services to our community. Huntington Beach must streamline service delivery, reduce overhead and cut wasteful spending. The rest of America have made these tough choices – it's time our local bureaucracy did the same.

Fact: This measure commences with the 2017/2018 budget.

Measure ____ will activate in 2017. Deferred implementation will allow for appropriate planning by our city leaders and economic recovery from these tough times.

We continue to request your support.

Don Hansen
Councilmember – City of Huntington Beach

Devin Dwyer
Councilmember – City of Huntington Beach

Joe Carchio
Councilmember – City of Huntington Beach

Shirley Dettloff
Past Mayor – City of Huntington Beach

Dave Sullivan
Past Mayor – City of Huntington Beach