



City of Palo Alto City Council Staff Report

(ID # 9589)

Report Type: State/Federal Legislation Update/Action Meeting Date: 9/10/2018

Summary Title: Review of local and state measures on the November 2018 ballot

Title: Review and Potential Adoption of Positions on State and Local Measures on the November 6, 2018 Ballot

From: City Manager

Lead Department: City Manager

Recommendation

Staff recommends that Council review and, as appropriate, take positions on State and local measures on the November 6, 2018 ballot. City Councils may take a position on ballot measures in a public meeting; use of government resources or funds for other types of advocacy or campaigning is prohibited.¹

Discussion

On November 6, 2018, Palo Alto voters will be presented with the following measures:

- [Eleven statewide measures](#);
- One Santa Clara County measure;
- Two City measures; and
- Two Palo Alto Unified School District measures.

Below, staff summarizes three statewide measures that appear to be particularly impactful to the City of Palo Alto, and provides suggested positions. Additionally, staff provides a summary of the two local measures, with a link to the City Attorney's analysis of each. A complete list of the statewide, County, City of Palo Alto and Palo Alto School District measures can be found at Attachment A. The Council may take positions on any of the measures that will appear on the ballot in Palo Alto.

¹ See The Institute for Local Government's [Ballot Measures and Public Agencies](#) document, citing [Vargas v. City of Salinas](#): Public agencies "taking a position on a ballot measure in an open and public meeting where all perspectives may be shared is permissible." (Page 2)

STATE BALLOT MEASURES WITH A POTENTIAL IMPACT TO PALO ALTO

Prop 3: Water Infrastructure and Watershed Conservation Bond Initiative

Ballot summary

- Authorizes over \$8 billion in state general obligation bonds for various infrastructure projects related to safe drinking water, watershed and fisheries improvements, habitat protection, groundwater sustainability and storage, and more.
- Most of the money will be distributed through grants; priority is given to disadvantaged communities.

Summary of the [fiscal impact](#), from the State's Legislative Analyst's Office

- Savings to local governments, likely averaging a couple hundred million dollars annually over the next few decades.
- Increased state costs to repay bonds averaging about \$430 million per year over the next 40 years.

The League of California Cities supports this measure, as does the California Municipal Utilities Association, of which the City is a member. The California League of Women Voters [opposes](#). The League of Women Voters notes that while it supports the use of long-term debt to finance capital projects, they believe (in part) that this measure shifts the cost for water from the end users to taxpayers and does not provide sufficient project oversight.

Recommended Council position: Support. If passed, Bay Area water agencies will be [eligible for millions](#) of dollars of funding for projects such as wastewater recycling, flood control reservoir repair, storm water management, and more. The City should be able to seek grant funding for our water-related infrastructure projects. Lastly, Council has 2018 legislative priorities related to this measure, including:

- Improving San Francisquito Creek, including seeking grant funding
- Protecting, seeking and/or increasing funding for projects, programs and services
- Promoting, among other items, the flexible use of resources to support a healthy watershed

Prop 6: 2017 "Gas tax" repeal and voter approval for future gas and vehicle taxes

Ballot summary

- Repeals a 2017 transportation law's tax and fee provisions that pay for repairs and improvements to local roads, state highways, and public transportation.
- Requires the Legislature to submit any measure enacting specified taxes or fees on gas or diesel fuel, or on the privilege to operate a vehicle on public highways, to the electorate for approval

Summary of the [fiscal impact](#), from the State’s Legislative Analyst’s Office

- Reduced ongoing state revenues of \$5.1 billion from the elimination of fuel and vehicle taxes passed by the Legislature. These revenues mainly would have paid for highway and road maintenance and repairs, as well as transit programs.
- The requirement that voters approve new or increased fuel and vehicle taxes passed by the Legislature in the future could result in lower revenues from such taxes than otherwise would have been available.

The [League of California Cities](#) and the California [League of Women Voters](#) both oppose. The League of Cities notes that passage would eliminate funding for more than 6,500 bridge and road, transportation, and public transit improvement projects currently underway.

Recommended Council position: Oppose. In the 2017 bill appropriating money to transportation infrastructure projects, funds were set aside specifically for maintenance of state highways and for cities and counties. Passage of this measure eliminates the funding and, as noted above, will stop existing and future projects, including the various highway 101 improvement projects [currently in](#) the pre-construction phase.

[Prop 10](#): Expands local governments’ authority to enact rent control on residential property

Ballot summary

- Repeals the Costa-Hawkins Rental Housing Act, the state law that, among other provisions, limits local rent control laws.
- Allows cities to adopt rent-control restrictions.
- Requires that rent control laws allow landlords a fair rate of return.

Summary of the [fiscal impact](#), from the State’s Legislative Analyst’s Office

- Passing the measure has no fiscal effect, as it simply repeals a state law
- If communities respond to this measure by expanding their rent control laws it could lead to several economic effects. The most likely effects are:
 - To avoid rent regulation, some landlords would sell their rental housing to new owners who would live there.
 - The value of rental housing would decline because potential landlords would not want to pay as much for these properties.
 - Some renters would spend less on rent and some landlords would receive less rental income.
 - Some renters would move less often.

Recommended Council position: Support. Passage only allows cities like Palo Alto to create local laws; there is no mandate. And Council has a legislative priority of protecting and increasing local government discretion, which is the aim of this measure.

[Palo Alto City ballot measures](#)

Measure E: Transient occupancy tax

Through a City ordinance, increases the transient occupancy tax paid for by hotels, motels, and short-term rental guests by 1.5% to provide funding for vital City services. Estimated to raise approximately \$2.55 million annually. This measure was placed on the ballot by the City Council. The City Attorney's impartial analysis [is here](#).

Recommended Council position: Support. This measure is sponsored by the City.

Measure F: Health Care

Would amend the City's municipal code to regulate and limit the amount hospitals, clinics, and other health care providers may charge patients and insurers, excluding government payers. This measure was placed on the ballot through the initiative process. The City Attorney's impartial analysis [is here](#).

Recommended Council position: Oppose. Given the anticipated substantial program costs and absence of City expertise in this area, staff recommends Council approve an oppose position.

Resource Impact

There is no resource impact associated with this action, in that voting on the recommendations will not appropriate funds, require operational or policy changes, or mandate action. The potential fiscal impact associated with each proposition is noted above.

Environmental Review

The Council's adoption of this item is not a project requiring California Environmental Quality Act review, because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment.

Attachments:

- Attachment A: State, County, City and School measures

STATE MEASURES

Proposition 1 [Authorizes Bonds to Fund Specified Housing Assistance Programs.](#)

Veterans and Affordable Housing Bond Act of 2018. Authorizes the sale of \$4 billion in bonds to finance existing housing programs, as well as infrastructure work and grants to match a local housing trust fund. One-quarter of this \$4 billion would help veterans purchase farms, homes and mobile homes.

Proposition 2 [Authorizes Bonds to Fund Existing Housing Program for Individuals with Mental Illness.](#)

No Place Like Home Act of 2018. Would free up \$2 billion in bonds to pay to build housing that includes mental health services for chronically homeless people.

Proposition 3 [Authorizes Bonds to Fund Projects for Water Supply and Quality, Watershed, Fish, Wildlife, Water Conveyance, and Groundwater Sustainability and Storage. Initiative Statute.](#)

Please see the Staff Report for more information.

Proposition 4 [Authorizes Bonds Funding Construction at Hospitals Providing Children’s Health Care. Initiative Statute.\(PDF\)](#)

Would approve \$1.5 billion of bonds to build, expand, renovate and equip qualifying children’s hospitals.

Proposition 5 [Changes Requirements for Certain Property Owners to Transfer their Property Tax Base to Replacement Property. Initiative Constitutional Amendment and Statute.](#)

Grants a property tax break to property owners who are over 55 years old or severely disabled.

Proposition 6 [Eliminates Certain Road Repair and Transportation Funding. Requires Certain Fuel Taxes and Vehicle Fees be Approved by The Electorate. Initiative Constitutional Amendment.](#)

Please see the Staff Report for more information.

Proposition 7 [Conforms California Daylight Saving Time to Federal Law. Allows Legislature to Change Daylight Saving Time Period. Legislative Statute.](#)

Allows the Legislature to decide how the state’s time should be set.

Proposition 8 [Regulates Amounts Outpatient Kidney Dialysis Clinics Charge for Dialysis Treatment. Initiative Statute.](#)

Cap how much outpatient kidney dialysis clinics may charge patients. Also prohibits clinics from discriminating against patients based on their method of payment.

Proposition 9 On July 18, 2018, Proposition 9 was removed from the ballot by [order of the California Supreme Court. \(PDF\)](#)

Proposition 10 Expands Local Governments' Authority to Enact Rent Control on Residential Property. Initiative Statute.

Please see the Staff Report for more information.

Proposition 11 Requires Private-Sector Emergency Ambulance Employees to Remain On-Call During Work Breaks. Eliminates Certain Employer Liability. Initiative Statute.

Requires ambulance workers at for-profit medical-response companies to be on-call during meal and rest breaks.

Proposition 12 Establishes New Standards for Confinement of Specified Farm Animals; Bans Sale of Noncomplying Products. Initiative Statute.

Bans the sale of meat derived from animals and their food products that are confined within certain areas.

LOCAL MEASURES

MEASURE A

County of Santa Clara
Sales Tax
Majority Vote

Without increasing current taxes, to fund local priorities such as:

- law enforcement and public safety;
- trauma and emergency care;
- affordable housing;
- supportive services for the homeless;
- transit for seniors and the disabled;
- children and family services;
- agricultural preservation; and
- mental health services,

shall the County of Santa Clara continue its existing one-eighth cent sales tax on an ongoing basis, estimated to raise \$50,000,000 annually, with annual public reports for fiscal accountability? *Funds will be used for County purposes.*

MEASURE E

City of Palo Alto
Transient Occupancy Tax
Majority Vote

To provide funding for vital City services such as ensuring modern, stable 911 emergency communications, earthquake safe fire stations and emergency command center; improving pedestrian and bicyclist safety; ensuring safe routes to schools; maintaining City streets and sidewalks; and other city services, shall the City of Palo Alto adopt an ordinance increasing the transient occupancy tax paid by hotel, motel, short-term rental guests by 1.5%, providing approximately \$2.55 million annually until ended by voters, subject to annual audits?

MEASURE F

City of Palo Alto
Health Care
Measure Majority
Vote

Shall the Palo Alto Municipal Code be amended to regulate and limit the amount that hospitals, medical clinics and other health care providers in Palo Alto may charge patients or other individuals, primary insurers, secondary insurers, and other payers, excluding government payers?

MEASURE Y

Palo Alto Unified School District
Term Limits
Majority Vote

Shall the Members of the Palo Alto Unified School District Board of Education be limited to two consecutive terms of office?

MEASURE Z

Palo Alto Unified School District
School Bond
55% Vote

To provide safe/modern schools; upgrade aging classrooms, libraries, science labs, school facilities; improve accessibility for students with disabilities; enhance student safety/security by upgrading seismic safety, fire alarms, door locks, emergency communication; provide classrooms/labs supporting science, technology, engineering, arts programs, shall Palo Alto Unified School District issue \$460,000,000 in bonds at legal rates, levy approximately \$39.40 per \$100,000 of assessed value, generating approximately \$29,500,000 annually for 28 years, with independent oversight and all funds benefitting local schools?