



STUDY SESSION: DISCUSS POTENTIAL BALLOT MEASURES FOR NOVEMBER 2022 ELECTION

CITY COUNCIL MEETING

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March 29, 2022



Agenda

- I. Introduction
- II. Charter City
- III. Elective Office of Mayor
- IV. Term Limits
- V. Local Campaign Finance Regulations
- VI. Summary



INTRODUCTION



GOALS FOR TONIGHT'S MEETING

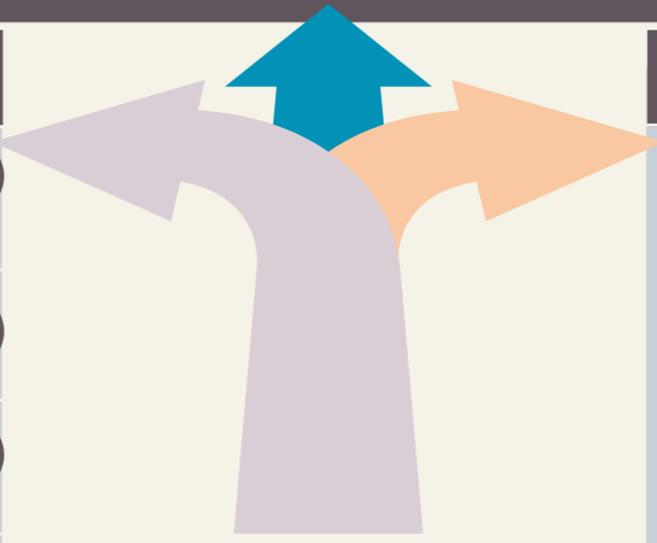
- Provide direction regarding
 - Establishing a city charter with integral commercial real estate transfer tax
 - Determining if the following initiatives should be on the November 2022 ballot, or whether they should be integral to a proposed city charter
 - Adopting alternative voting methods
 - Repealing the office of elected Mayor and establishing a rotational Mayoral process
 - Establishing term limits for councilmembers
 - Adopting local campaign finance regulations

Ballot Measure Structure (Separate or Combined?)



Potential City Ballot Questions

METHOD A	
CITY CHARTER WITH COMMERCIAL PROPERTY TRANSFER TAX	1
ROTATIONAL MAYOR	2
TERM LIMITS	3
CAMPAIGN FINANCE	4
ALTERNATIVE VOTING METHODS	5



METHOD B*	
CITY CHARTER, including:	1
<ul style="list-style-type: none">• Commercial Property Transfer Tax• Rotational Mayor• Term Limits• Campaign Finance• Alternative Voting Methods	

**or any combination of grouping*

The logo of the City of San Bruno is a yellow bell-shaped emblem with a blue border. Inside the bell, there is a white building with a blue roof and a yellow bell. The words "CITY OF SAN BRUNO" are written in black at the bottom of the bell.

ESTABLISHING A CITY CHARTER



Establishing a City Charter

- General law vs. charter cities: what are the differences?
 - Only charter cities can impose a real property transfer tax
 - Other differences
- City Council can draft charter
 - Requires two public hearings and vote of the people at statewide general election; majority vote required to adopt
 - City Council directed staff to develop “simple” charter with integrated commercial real property transfer tax



Establishing a City Charter

- Features of a commercial real property transfer tax
 - Paid only upon sale of property
 - Can be negotiated between buyer and seller
 - Key issues for discussion:
 - Definition of “commercial”
 - Residential property exclusions?
 - Exemption for transactions under a specific dollar amount?



Definition of “Commercial Property”

- Types of “Commercial Property”
 - Commercial Property (office building, hotel, retail structure, etc.)
 - Industrial Property (warehouses, manufacturing building, etc.)
 - Multifamily Housing Complex (rental)
 - Planned Unit Development by Residential Developers
 - Vacant Land

- Definition Used for Tax Simulation Analysis by Staff
 - Commercial Property (office building, hotel, retail structure, etc.)
 - Industrial Property (warehouses, manufacturing building, etc.)
 - Multifamily Housing Complex of 5 units or greater
 - Planned Unit Development by Residential Developers
 - Vacant Land



Tax Exemption Options

- Residential Property Exemption*
 - Single-family homes only;
 - Single-family homes and duplexes (w/ or w/out owner-occupancy requirement);
 - Exemption for residential dwellings up to triplexes (w/ or w/out owner-occupancy requirement);
 - Exemption for residential dwellings up to fourplexes (w/ or w/out owner-occupancy requirement);
 - Owner-Occupied exemption only; or
 - Etc.

- Sales Price Threshold for Residential or All Properties
 - Exemption for residential property sales of \$3,000,000 or less;
 - Exemption for all property sales of \$3,000,000 or less;
 - Exemption for...
 - residential property sales of \$3,000,000 or less and
 - all other properties of \$5,000,000 or less; or
 - Etc.

**Common property tax exemptions, such as those for religious and government properties, would apply.*



Potential Transfer Tax Rates

- Property Transfer Tax Simulation Analysis conducted
 - Includes 21 Bay Area cities that have a transfer tax
 - Estimated revenue San Bruno would have received in each of the prior 5 years based on actual sale transactions in San Bruno
 - *Depending on the rate average annual tax revenue would have been \$61,000 to \$2.7 million over the last 5 years.*
 - Tax Rates in 21 Cities Surveyed
 - Various tax structures (simple % and tiered based on sales price)
 - Simple %: Ranged from .055% to 1.3%



Potential Transfer Tax Rates

- Tax Rates in 21 Cities Surveyed...
 - Sample Tiered Tax Structures Based on Sales Price

Richmond	Berkeley	Oakland	San Fran.	San Jose
Under \$1M = 0.7%	Up to \$1.5M = 1.5%	Up to \$300K = 1%	Over \$100K = 0.5%	\$1M – 3M = 1.25%
\$1M – 3M = 1.25%	Over \$1.5M = 2.5%	\$300K – 2M = 1.5%	Over \$250K = 0.68%	\$3M – 10M = 2.5%
\$3M – 10M = 2.5%		\$2M – 5M = 1.75%	Over \$1M = 0.75%	Over \$10M = 3%
Over \$10M = 3%		Over \$5M = 2.5%	Over \$5M = 2.25%	
			Over \$10M = 2.75%	
			Over \$25M = 3%	



Establishing a City Charter

- Alternative voting methods for councilmember elections
 - General law cities required to use plurality voting per state law: highest vote-getter wins
 - Charter cities can implement alternative methods, such as ranked choice voting, approval voting, or variants
 - City Council received presentation at recent meeting explaining alternatives
 - May produce different results only if more than two candidates run for any given seat



Establishing a City Charter

- Identify reasons for considering alternative methods to determine which method to select
- Obtain information from county to assess which methods could be implemented, and at what cost
- Determine if charter should include other features, such as alternative voting methods, or other initiatives presented in staff reports
 - Consider effect on potential success of charter city measure and integral tax by including other initiatives in charter



Council Direction -- City Charter

1. Move Forward with Charter Development?

- Does the City Council want to propose a charter measure to the voters at the November 2022 election?

2. Charter w/ Real Property Transfer Tax?

- Should the charter include an integral real property transfer tax?
 - a. If so, should that tax be limited to commercial property?
 - i. If so, what is the definition of commercial property that would be subject to the tax?

3. Components of the Charter?

- Should the charter include other provisions, or should these provisions be separate ballot measures?
 - a. Repeal elective Mayor
 - b. Term limits
 - c. Alternative voting mechanisms (requires a charter)
 - d. Campaign finance reform such as contribution limits; public financing of elections (the latter requires a charter to be adopted)
 - e. Any other items

4. Potential Tax Structure / Amount?

- Does the City Council wish to provide feedback on the potential structure of a commercial property transfer tax or the amount, prior to the next meeting?



REPEALING ORDINANCE ESTABLISHING OFFICE OF ELECTED MAYOR

Repealing Ordinance Establishing Office of Elected Mayor



- State law authorizes cities to select mayors by vote of the people, or by city council selection
- 1977: City ballot measure F established mayor elected by the people
 - Measure G established two-year term
- Vote of the people required for city council to select mayor
 - If adopted by the people, change would operate prospectively as of 2024 election

Repealing Ordinance Establishing Office of Elected Mayor



- Duties of mayor, as distinguished from other councilmembers
 - Conduct meetings of the City Council and maintain order
 - Issue proclamations
 - Welcome dignitaries
 - Represent City at community functions
 - Elected mayor can receive additional salary if voters approved as part of ballot measure; not for San Bruno
 - Elected mayor authorized to make appointments to boards, commissions, and committees, with city council approval
- 65% of cities in the State of California have mayors selected by city council

Repealing Ordinance Establishing Office of Elected Mayor



Mayor selection processes in San Mateo County

■ Elected by Voters

- San Bruno

■ Appointed (Council selects fellow Councilmember)

- Atherton
- Belmont*
- Brisbane
- Burlingame
- Colma
- Daly City
- East Palo Alto
- Foster City
- Half Moon Bay**
- Hillsborough
- Menlo Park
- Millbrae

**On 3/22/22, Belmont moved towards establishing 4 council districts as well as an at-large, elected mayor.*

*** Half Moon Bay recently decided to abandon efforts to establish an elected Mayor.*

Repealing Ordinance Establishing Office of Elected Mayor



- Other considerations
 - If repeal approved by voters, would require process to establish fifth district to comply with CVRA
 - Additional public hearings to select new map to be effective in 2024
 - If placed on 2022 ballot, determine whether to include repeal in city charter, or in separate ballot measure



Council Direction – Elected Mayor

1. Prepare to Place on Ballot?

- Does the City Council want to propose a ballot measure to the voters at the November 2022 election to repeal the ordinance that established the elective office of Mayor?

2. Separate from Charter or Combined?

- If so, should that measure be a stand-alone measure, as opposed to being integrated into the language of a city charter, if a charter is also on the same ballot?



RE-ESTABLISHING TERM LIMITS FOR COUNCILMEMBERS

Re-Establishing Term Limits for Councilmembers



- 1977: voters established term limit of two consecutive four-year terms for councilmembers
- 1979-88: Courts invalidated term limits
- 1988: City repealed term limit ordinance to comply with court decisions
 - Successfully validated repeal of term limits in court action
 - Codified in Municipal Code section 2.04.015(B)



Re-Establishing Term Limits for Councilmembers

- 1995: State law amended to clearly authorize establishing term limits by a vote of the people
- Current term limits in San Mateo County
 - *Foster City*: two consecutive four-year terms
 - *Millbrae*: two consecutive four-year terms
 - *San Mateo*: three consecutive four-year terms
 - *Redwood City*: four consecutive four-year terms
 - *Pacifica*: two four-year terms in total, whether consecutive or not
 - *San Mateo County*: three consecutive four-year terms
 - Fifteen remaining cities do not have term limits

Re-Establishing Term Limits for Councilmembers



- Policy considerations pro/con
 - Incentivize new candidates to run; reduce advantages of incumbency
 - Reduce historical/institutional knowledge; elected candidates not as familiar with complexities of city government
- Features of term limits
 - How many terms?
 - Apply to consecutive terms, or total number of terms



Council Direction – Term Limits

1. Prepare to Place on Ballot?

- Does the City Council want to propose a ballot measure to the voters at the November 2022 election to establish term limits for councilmembers?

2. Separate from Charter or Combined?

- If so, should that measure be a stand-alone measure, as opposed to being integrated into the language of a city charter, if a charter is also on the same ballot?

3. Number of Terms to Limit?

- What term limits for councilmembers does the City Council want to propose?

4. Applies to All Terms or Only Successive?

- Does the City Council want the term limits to apply only to successive terms, or in total?



ADOPTING LOCAL CAMPAIGN FINANCE REGULATIONS



Local Campaign Finance Regulations

- State law authorizes cities to adopt local contribution limits
 - City Council can adopt without a vote of the people
- State law default contribution limit is \$4,900 per person
 - Includes regulations for reporting and compliance



Local Campaign Finance Regulations

CITY	INDIVIDUAL LIMIT	ENTITY LIMIT	OTHER FEATURES
Atherton	\$4,900	\$4,900	State limit
Belmont	\$500	\$1,000	No assumed name or unknown sources over \$250
Brisbane	\$4,900	\$4,900	State limit
Burlingame	\$500	\$1,000	
Colma	\$4,900	\$4,900	State limit
Daly City	\$4,900	\$4,900	State limit
East Palo Alto	\$500	\$500	
Foster City	\$4,900	\$4,900	State limit
Half Moon Bay	\$250	\$500	Public reporting of contributions over \$100; other regulations
Hillsborough	\$4,900	\$4,900	State limit
Menlo Park	\$4,900	\$4,900	State limit; public reporting of contributions over \$25-\$100
Millbrae	\$4,900	\$4,900	State limit
Pacifica	\$4,900	\$4,900	Disclosure required over \$600/individual and \$1,000/org.
Portola Valley	\$4,900	\$4,900	State limit
Redwood City	\$1,000	\$1,000	Voluntary expenditure limits
San Bruno	\$4,900	\$4,900	State limit
San Carlos	\$4,900	\$4,900	State limit
San Mateo (city)	\$500	\$1,000	\$15K limit on loans by candidate
San Mateo (county)	\$1,000	\$1,000	
South San Francisco	\$4,900	\$4,900	State limit
Woodside	\$4,900	\$4,900	State limit

Adopting Local Campaign Finance Regulations



- Policy Considerations
 - Follow state limits: take no action, or explicitly adopt
 - Includes all other state regulations for campaign contributions
 - Adopt local contribution limits
 - Establish local regulations and exemptions
 - Will require local enforcement, with associated resources and staff time



Local Campaign Finance Regulations

- Public campaign financing
 - Only available to charter cities
 - Provides some public funds for candidates based on number of candidates running and city match
 - Additional research required to develop system if city council wishes to pursue, contingent on voters approving city charter



Council Direction -- Campaign Finance

1. Local Contribution Limit?

- Does the City Council want staff to develop an ordinance limiting campaign contributions?

2. Separate from Charter or Combined?

- If so, does the City Council wish to adopt such an ordinance itself, place it in a proposed charter, or place it as a separate item on the November 2022 ballot?

3. Specific Dollar Limits?

- In either case, what dollar limits for individuals and entities does the City Council wish to set?

4. Public Campaign Financing?

- Does the City Council want staff to further research public financing of local campaigns for inclusion in a future city charter, and if so, should that be done for a proposed charter on the November 2022 ballot?



SUMMARY



- Fiscal impact
 - Election costs: \$93,000-112,000 for councilmember election plus one ballot measure
 - Election cost for each additional ballot measure: approximately \$10,000
 - Staff time per ballot measure: 15-20 hours; more if additional research required
- Staff requests direction on all potential measures
 - Substantial work to be completed before August 12 deadline

Questions

