

City Council Places Four Charter Amendments On The November Ballot

■ By **ANNE ARTLEY**
STAFF WRITER

The Long Beach City Council voted unanimously on August 7 to place four out of five proposed amendments to the city charter on the November ballot.

The amendments are as follows:

1. Allow the mayor and city councilmembers to serve three terms instead of two and abolish what's known as the "term limits loophole" for write-in candidates. Currently, the Long Beach City Charter allows the mayor and city councilmembers to serve two full terms in office. Following two terms, they are allowed to run as write-in candidates without term limits.

2. Create a citizen redistricting commission to reconfigure the council districts every 10 years, following the census. As it stands now, the charter allows councilmembers to change the boundaries themselves, according to Long Beach City Attorney Charles Parkin. The amendment was intended to prevent councilmembers from configuring the districts in a way that might support their reelection. The goal is to ensure that communities are fairly represented and that each district has an approximately equal number of residents, according to a report from the city attorney's office. The commission would consist of 13 members and two alternates who reflect the diversity of the city.

3. Authorize the city auditor to conduct performance reviews of any city department, board or commission. City Auditor Laura Doud previously told the Business Journal that the amendment is needed to reflect the services she has already been performing. It also clarifies that her office is authorized to access all city records in order to conduct a thorough audit, unless prohibited by law.

4. Establish an ethics commission of city residents to ensure that government officials are adhering to the ethics laws of Long Beach. City employees and elected officials are ineligible for membership. Commissioner responsibilities would include advising city representatives on issues concerning financial reform and conflicts of interest.

At the request of the city's water commission, councilmembers voted to defer until later the fifth proposed charter amendment, which addresses consolidating the water and gas utilities under a single utilities commission. According to Mayor Robert Garcia, the commission is looking to 2020 to bring the matter to voters because they would like more time to develop the proposal with their staff and the community.

Ninth District Councilmember Rex Richardson spoke to the importance of reworking the council districts to keep distinct communities together. "I think it's shameful for us to acknowledge that we have a community of interest, the Cambodian community, that was divided into four distinct districts when elected officials drew the line," he said. "The right thing to do now is to fix the process that wronged them in the past." Long Beach is home to the largest population of Cambodians outside of Cambodia.

Seventh District Councilmember Roberto Uranga echoed this sentiment. "I'm hopeful that, once we establish this commission, it will view this community as viable and vibrant and give them the opportunity to vote for a representative of their choice." The first new council districts map is slated for adoption before the end of 2021.

Although 3rd District Councilmember Suzie Price said she would vote to place the amendments on the ballot, she is conflicted about extending term limits. "A PTA [Parent-Teacher Association] mom who works like me, who has a full-time job, would never have had the opportunity to run for public office and win if I had been running against an incumbent. It's not something I would've signed up for . . . because everyone knows going up against an incumbent is very difficult."

Fourth District Councilmember Daryl Supernaw stated that, while he shares Price's stance on term limits, he "places a great deal of faith in voters" to shape the future of their community. ■

Harbor Department FY 19 Proposed Budget

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"We're in a very good position in my mind, both in terms of our budget and our 10-year forecast of our financial sustainability, or stability," Cordero said.

This year, the harbor department's proposed budget totals \$982 million, 31% more than the 2018 budget. This is primarily due to the \$215 million payment for the port's new headquarters, Cordero and Joumblat explained. "The port opted to make a payment at the time the building is complete because the port can borrow money in the municipal market much cheaper than the builder," Joumblat said.

Additionally, \$181 million is budgeted for the third and final phase of the Middle Harbor Redevelopment Project, and \$154 million for the Gerald Desmond Bridge Replacement Project. The port is receiving \$68.9 million in grants from governmental agencies, in part due to the bridge project, which has statewide and national significance.

Due to capital improvement investments, the port is projected to take on additional bonded debt of \$600 million over the next three years, including \$300 million in 2019.

The port has AA ratings from major credit rating agencies such as Standard & Poor's, Moody's and Fitch Ratings, Joumblat noted. "It's very important to keep these metrics because that allows us to borrow at a cheaper rate on the market. The Port of Los Angeles and Port of Long Beach are the highest rated ports in the nation," he said.

The budget projects a revenue growth of 5% compared to the prior fiscal year due to conservative estimates for growth in cargo trade, according to the port executives. The port also collects revenues from its leases to marine terminal operators, and does not collect any tax revenues. "We like to conservatively estimate revenue because it's not exactly within our control. We don't want to base our budget on inflated numbers," Joumblat said. "We intentionally make sure that those numbers are conservative. And if we exceed it, hey, great."

Cordero said the port is likely to exceed the projected 5% growth in cargo. Through the first six months of the year, overall cargo traffic at the port was pacing 11.7% ahead of 2018. The implementation of \$50 billion in tariffs on Chinese imports – and China's retaliatory imposition of in-kind tariffs on U.S. exports – have not had much effect on these figures, according to Cordero. However, he said that port staff are making plans in case tariffs continue to escalate.

"One of the reasons our domestic economy is very good is we have strong consumer demand," Cordero said. "Those goods, that commerce, comes through this port. It remains to be seen what course this tariff discussion will take – whether this is a long-term geopolitical discussion or application of tariffs," he said. "We're ready to prepare for whatever that course takes."

Because of positive projections, the harbor department is expected in 2019 to make its largest-ever transfer of revenue to the city's Tidelands Fund: \$20 million. The city and its harbor department have an agreement by which 5% of the port's revenue is transferred to the Tidelands Fund each year (approved by voters in 2010 as a change to the city charter). The fund benefits projects in the city's tidelands, or coastal, areas. Additionally, the port has budgeted \$1.3 million for community grants this year, Joumblat noted.

The harbor department has maintained a headcount of 583 employees for the past three years, and is adding 10 new positions in Fiscal Year 2019. The port has budgeted approximately \$86 million for personnel costs. New positions include two in information management, two in security for the new headquarters, two in business development, one in

human resources, one in environmental planning and one in engineering, according to Joumblat.

"The great commentary for this port is, if you go back 10 years, whether it is the Great Recession or whether it's the bankruptcy of a major carrier tenant that we had, Hanjin, we have been able to withstand those types of crises," Cordero reflected. "Potentially there could be some things that are unforeseeable in the future, but again, we have been able to handle our commitments to the environment, our commitments to operational excellence and our commitment to the overall management of this port. And again, we have a very good padding in terms of our budget."

He added, "This is because of the history of the people who have led this port over the past years. I think it's a great story." ■

Port's Cordero: 'Tit-for-Tat' Tariffs Could Harm Businesses, Consumers

■ By **SAMANTHA MEHLINGER**
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Despite a dip in cargo traffic in July, overall containerized cargo volumes moving through the Port of Long Beach this year are outpacing 2017, the busiest-ever year in the port's history. The looming question is whether or not that pace can be sustained as the implementation of tariffs continues to escalate between the United States and China.

The Trump administration levied an additional 25% on \$16 billion worth of Chinese imports on August 7. The Chinese government quickly responded by acting in kind, hitting the United States with 25% on goods equivalent in value. The U.S. had already imposed tariffs on about \$34 billion worth of Chinese imports in July, at which time China had also returned the favor.

The majority of trade flowing through the Port of Long Beach goes to or comes from China. Asked how the tariffs could impact the outlook for trade at the port, Executive Director Mario Cordero responded to the Business Journal with the following:

"The Port of Long Beach is on track for our best year ever. Through the first seven months of 2018, our volumes are 11.3% higher than in 2017, which was the busiest in our 107-year history. We are supporting thousands of supply chain jobs here and across the country.

"That's what makes these trade disputes with China and other nations unfortunate. It comes at a time when the U.S. economy is doing well, and global trade is adding more jobs.

"We've seen standoffs in international commerce before, and there's still time to resolve differences, but recent tit-for-tat measures aimed at imports and exports could cause long-term damage and harm American consumers and businesses."

Containerized cargo traffic moving through the port decreased 4.4% in July compared to the same month in 2017. In an official statement from the port, the decrease was attributed to changes in vessel deployments on the part of shipping alliances, but port officials also expressed concern over tariff escalations moving forward. ■