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## **Newport to Draft Ballot Measure Seeking Tighter Restrictions on Tax Increases and Bond Issues.**

Newport Beach leaders took a step forward Tuesday on a charter amendment proposed for November's ballot that aims to tighten controls over tax increases and debt issuance.

The measure would ask local voters to consider whether the city charter should require at least five of the seven City Council members to vote in favor of a general tax increase before an increase could be placed on the ballot for voter consideration. Currently, four council members' votes are required.

Voters also would be asked whether they want to require voter approval before the city can use a certificate of participation, a financial instrument for issuing bonds to fund capital improvements. A COP was used in funding part of the Civic Center project.

The City Council voted 4-3 on Tuesday night to direct staff to craft the proposed charter amendment, known as the Newport Beach Taxpayer Protection Act, for placement on the Nov. 8 ballot. Council members Ed Selich, Tony Petros and Keith Curry dissented.

The council signed off last year on one aspect of the measure, requiring a supermajority council vote to approve tax increases, which Curry spearheaded.

However, on Tuesday, Mayor Pro Tem Kevin Muldoon asked his colleagues to also consider adding the restriction on capital improvement bonds.

"In this case, hypothetically, the Civic Center would not exist unless a majority of the people of Newport Beach said they wanted to do a certificate of participation," Muldoon said. "It is meant to put the power back in the hands of our voters."

Councilman Scott Peotter, who in June floated a similar proposal to restrict bond debt, supported Muldoon's idea.

Certificates of participation are a common way that municipalities finance the acquisition of land and public infrastructure. COPs are paid for from a government's existing revenue stream, unlike general obligation bonds, which result in tax increases and therefore require a public vote, according to city Finance Director Dan Matusiewicz.

Curry strongly opposed adding Muldoon's proposal to the Taxpayer Protection Act.

"Three out of four cities in California have the provision that I proposed as law already; not a single California jurisdiction has the proposal that Mr. Muldoon has as part of their law," Curry said.

Matusiewicz cautioned against Muldoon's proposal during the council meeting, saying it would be an extremely bad idea to cut off that avenue of funding.

Muldoon said he wasn't proposing to remove COPs altogether, and he accused Matusiewicz of being

biased.

“I’m going to cut it there, because I see your bias and I understand,” Muldoon said. “The opposition does not want the voters to decide.”

Matusiewicz said Wednesday that requiring all COP plans to become ballot initiatives would add uncertainty to financial planning, as well as time and costs associated with ballot measures.

“Managing finances by ballot initiative ... can hinder objectivity in financial decisions,” Matusiewicz said. “Ballot initiatives all too often become politically charged and unpredictable.

“We have a highly educated constituency, but they generally don’t have the time or interest to get into the minutia of mundane public infrastructure projects. Instead, people tend to rely too heavily on less-objective fliers on a given subject.”

The draft measure will go before the City Council on Aug. 9 for final consideration in an effort to make the Aug. 12 deadline to place it on the ballot.

## **The Los Angeles Times**

by Hannah Fry

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