



Council Agenda Report

To: Mayor Grisanti and the Honorable Members of the City Council

Prepared by: Mayor Pro Tem Silverstein and Councilmember Uhring

Approved by: Steve McClary, City Manager

Date prepared: September 30, 2022 Meeting date: October 10, 2022

Subject: Santa Monica College Measure SMC – Opposed (Mayor Pro Tem Silverstein and Councilmember Uhring)

RECOMMENDED ACTION: At the request of Mayor Pro Tem Silverstein and Councilmember Uhring, consider adopting Resolution No. 22-44 strongly opposing Measure SMC, which would impose a debt upon the residents of Malibu if passed at the November 8, 2022 General Election.

FISCAL IMPACT: There is no fiscal impact associated with the recommended action.

WORK PLAN: This item was not included in the Adopted Work Plan for Fiscal Year 2022-2023. This project is part of normal staff operations.

DISCUSSION:

City Manager's Note: The analysis in this report was provided by Mayor Pro Tem Silverstein and Councilmember Uhring. This report does not contain analysis or recommendations prepared by the City staff.

Mayor Pro Tem Silverstein and Councilmember Uhring are seeking the support for the **adoption of a Resolution expressing the City Council's opposition** to "Measure SMC," which would **impose a debt of approximately \$125 million (plus interest) upon the residents of Malibu** if passed at the November 8, 2022 General Election. In full, Measure SMC seeks approval of a \$375 million bond offering – with Malibu's forced and grossly disproportionate share of that debt being approximately \$125 million. For the reasons explained below, the City Council should express its strong opposition to Measure SMC.

Because Santa Monica College was once a part of Santa Monica-Malibu Unified School District (SMMUSD), Malibu is saddled with the same unfair and inequitable structure whereby **our residents are legally responsible for approximately one-third (1/3) of the funding for the College, while receiving negligible value in return for that substantial financial subsidy.** Moreover, because funding for Santa Monica College is subject to a vote of the residents of both Santa Monica and Malibu voting together as a single population, the **residents of Santa Monica can impose this debt upon the residents of Malibu if the residents of Santa Monica band together to do so**, because the residents of Santa Monica comprise approximately 85% of the voters. **This is a classic form of taxation without representation that gave rise to the Boston Tea Party that spurred the American Revolution.**

Separate and apart from the unfair allocation of billions of dollars of property taxes paid by Malibu residents to SMMUSD, **Malibu residents have been forced to incur more than \$300 million in debt for the benefit of Santa Monica College over the past 20 years**, and that does not even account for the interest. **If approved, Measure SMC would bring the aggregate debt imposed on Malibu's residents for the benefit of Santa Monica College to nearly a HALF BILLION DOLLARS (inclusive of interest).**

Malibu fought hard to get to the point where funds raised from Malibu residents from public school bond issuances are now spent only in Malibu. Santa Monica College, however, is greedily attached to its ability to milk the Malibu community for funds that predominantly, if not entirely, benefit other communities. Accordingly, the College has thrown Malibu a bone consisting of a paltry \$20 million to be spent in Malibu (for a subpar Performing Arts Center) in an effort to induce Malibu residents to vote for the \$375 million bond offering. In other words, **Santa Monica College is proposing to pay Malibu residents \$20 million in exchange for the residents' obligation to fund approximately \$125 million of the College's debt.** The College's justification for this lopsided "deal" is that they would otherwise run Malibu over with a steamroller of support from Santa Monica voters for the \$375 million bond offering, and Malibu residents would be forced to pay approximately \$125 with nothing to show in return for incurring that involuntary and substantial debt obligation.

Fortunately, **the residents of Santa Monica are not unified in their support of a \$375 million bond issuance to support Santa Monica College.** Like Malibu, only a minority of Santa Monica residents utilize the College, which also (if not predominantly) is utilized by residents of Culver City, greater Los Angeles, the San Fernando Valley, and other areas – all without cost to the residents of such areas who do not utilize the College. As certain Santa Monica Opponents to Measure SMC have observed:

An overwhelming majority of SMC students live outside Santa Monica and Malibu, yet we get stuck paying.

This time around. the Santa Monica residents may be sufficiently divided that a unified vote by Malibu residents against the \$375 million bond issuance may be the swing vote needed to defeat the \$375 million bond measure altogether. That would save our residents approximately \$125 million. It also would result in an opportunity for Malibu to raise its own \$125 million for the sole and exclusive use of Malibu if the need for such funding should arise. **Imagine how much good could be done for the Malibu community with \$125 million available exclusively for the benefit of Malibu residents.** Why should our residents accept a paltry \$20 million tribute for their vote when Malibu could have the entire \$125 million? This is a textbook example of “Fuzzy Math.”

Some folks will argue that Santa Monica College is a valuable resource for some members of the Malibu community. The same is true of the Hollywood Bowl, MOCA, the Getty, and other cultural attractions – but there is no reason for the residents of Malibu to be forced to finance approximately one-third (1/3) of their expenses simply because some members of the community receive value from them. As noted above, **Santa Monica College is a valuable community resource for Culver City, greater Los Angeles, the San Fernando Valley, and other areas – but none of those communities are being forced to fund the College,** much less to the tune of approximately \$125 million, and there are far more residents of those other communities who benefit from the College than residents of Malibu. Again, as the argument of Santa Monica residents against Measure SMC states:

Students who live in wealthy Beverly Hills, Brentwood, Pacific Palisades, Marina del Rey come here. Yet taxpayers from those communities don't contribute one dime for SMC facilities. Is that fair?

If these other communities that benefit from Santa Monica College were to contribute their fair share of the College's costs, the cost to Malibu would be negligible – as is the paltry \$20 million return to Malibu that will result from the approximately \$125 million cost the College seeks to impose on Malibu's residents.

Adding insult to injury, **there is no guaranty that even \$20 million of the approximately \$125 million that will be charged to Malibu residents will be spent in Malibu.** There is only an intention of doing so. According to the Opposition to the bond measure by some Santa Monica residents, however, **Santa Monica College has made similar promises in the past that have not been honored.** As the Santa Monica Opponents to Measure SMC have stated:

Let's not forget that SMC promised us \$20 million to renovate Memorial Park with the last bond. That was 6 years ago. Despite massive funds in their bank account, they have yet to pay! Would you give more money to someone who owes you?

The Santa Monica opponents also charge Santa Monica College with being fiscally irresponsible, non-transparent, and outright misleading. Specifically, the Santa Monica Opponents to Measure SMC have charged:

The College has been fiscally irresponsible and not transparent. It throws out crumbs about improving our parks and schools in order to entice us to vote yes, but it rarely delivers.

Some folks also are under the misimpression that the bond measure is needed for the Malibu Campus of Santa Monica College, which remains under construction. Not so! To the contrary, **Malibu residents have picked up 100% of the cost of constructing the Malibu Campus through prior bond measures**, and Malibu residents likely will be required to pick up 100% of the costs required for improvements to the Malibu Campus down the line. **Malibu also has a large bill coming soon to fund the Sheriff's Substation in the Malibu Campus building** – which is being funded entirely by Malibu despite its obvious benefits to Santa Monica College given its proximity to the Malibu Campus (i.e., directly inside the building). And what about that monstrous cell tower? Is Santa Monica College deriving revenue from leasing space in that eyesore to big telecom?

Inasmuch as Santa Monica residents are not funding the development of the Malibu Campus of Santa Monica College, why should Malibu be required to fund development in Santa Monica? That, however, is precisely what Measure SMC proposes – to charge Malibu residents approximately \$125 million of the costs of upgrades and improvements to Santa Monica College outside of Malibu.

Malibu residents should not be forced to foot a \$125 million bill for the benefit of Santa Monica, the City of Los Angeles, and the many other municipalities whose residents benefit from the expansion of the College facilities in Santa Monica. **The Malibu City Council should adopt a resolution expressing its strong opposition to Measure SMC.**

For anyone who is interested in reading Santa Monica College's advocacy for the \$375 million bond measure, they can go to the College's propaganda website at <https://santamonica.gov/elections/2022-11-08/measures/measure-smc>. Because the law requires it, that site includes the arguments against the \$375 million bond measure, which include the following:

Argument Against

Santa Monica Community College wants more of OUR money. Again!

In the last 20 years, local residents gave SMC nearly \$1 BILLION in bonds that will cost us (with interest) \$2 BILLION in taxes!

And yet they still have a whopping \$230 Million of our money that has not even been spent!

THEY WANT MORE???...Yes, \$375 Million more for their regional and international plans that do not directly benefit us.

This development scheme calls for more buildings, higher density, more traffic, more commuters in an area already gridlocked.

YOU WILL HAVE NO SAY in how any of this money is spent! SMC is exempt from local land-use laws. It can build more buildings and generate more traffic without any public review. The SMC 2010 Facilities Master Plan estimated 5,600 new daily car trips, increasing traffic congestion at 36 intersections.

An overwhelming majority of SMC students live outside Santa Monica and Malibu, yet we get stuck paying.

The taxes on our homes and apartments should not go to their already bloated piggy bank. And to add insult to injury, we suffer all the consequences.

Students who live in wealthy Beverly Hills, Brentwood, Pacific Palisades, Marina del Rey come here. Yet taxpayers from those communities don't contribute one dime for SMC facilities. Is that fair?

Let's not forget that SMC promised us \$20 million to renovate Memorial Park with the last bond. That was 6 years ago. Despite massive funds in their bank account, they have yet to pay! Would you give more money to someone who owes you?

They've taken in excess and hoarded what's yours. **Vote NO.**

ZINA JOSEPHS, Friends of Sunset Park President

BRIAN O'NEIL, Pico Neighborhood Association Co-Chair

PATRICIA (TRICIA) CRANE, Chair, Northeast Neighbors

PETER TIGLER, Former Santa Monica City Charter Review Commissioner

MARIO FONDA-BONARDI, City of Santa Monica Planning Commissioner

Rebuttal to Argument in Favor

Santa Monica “Community” College is now a Cal State LA-sized regional institution, migrating to 4-year degrees, with a growing international student population. They don’t want us to know that the number of local students attending is minimal. Yet they want us to pay.

With Measure SMC, all SMCC bonds since 2022 would total \$1.3 billion.

That’s **\$2.6 billion** (with interest) coming essentially from additions to our mortgage payments and rents, just to **SUBSIDIZE THE STUDENTS FROM OTHER CITIES AND COUNTRIES WHO BENEFIT.**

The funding requests demonstrate the unending growth:

2002 – Measure U \$160 million
2004 – Measure S \$135 million
2008 – Measure AA \$295 million
2016 – Measure V \$345 million
+ 2022 – Measure SMC \$375 million

There is NO END to their requests.

More \$\$ for more buildings while SMC is now **leasing its unused facilities** to our school district! So why build more?

HOW DOES IT MAKE ANY SENSE FOR SANTA MONICA AND MALIBU RESIDENTS TO FOOT THE BILL?

SMCC officials never discuss with residents their overall expansion plans and how they will impact our neighborhoods and family budgets. Vague lists of repairs and improvements appear on every SMC bond measure, but the result is huge development projects with big impacts.

The College has been fiscally irresponsible and not transparent. It throws out crumbs about improving our parks and schools in order to entice us to vote yes, but it rarely delivers.

No more bleeding local residents for little return.

VOTE NO!

MARC L. VERVILLE, City of Santa Monica Audit Subcommittee
Vice Chair

NANCY COLEMAN, North of Montana Association Chair

ROBERT H. TAYLOR, Ocean Park Association Co-Founder

ARMEN MELKONIAN, Wilshire Montana Neighborhood
Coalition Board Member

GERALDINE KENNEDY, Former Santa Monica Planning
Commissioner

Mayor Pro Tem Silverstein and Councilmember Uhring request the City Council adopt Resolution No. 22-xx (Attached) strongly opposing Measure SMC, which would impose a debt upon the residents of Malibu if passed at the November 8, 2022 General Election. If approved.

ATTACHMENTS: Resolution No. 22-44

RESOLUTION NO. 22-44

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU STRONGLY OPPOSING MEASURE SMC, WHICH WOULD IMPOSE A DEBT UPON THE RESIDENTS OF MALIBU IF PASSED AT THE NOVEMBER 8, 2022 GENERAL ELECTION

The City Council of the City of Malibu does hereby find, order and resolve as follows:

SECTION 1. Recitals.

A. Measure SMC, a Santa Monica College measure on the ballot for the November 8, 2022 General Election, seeks approval of a \$375 million bond offering, with Malibu residents bearing a grossly disproportionate share of the debt – amounting to approximately \$125 million – with little or nothing to show for that disproportionate and substantial debt obligation.

B. Because Santa Monica College was once a part of Santa Monica-Malibu Unified School District (SMMUSD), Malibu is saddled with the same unfair and inequitable structure whereby its residents are legally responsible for approximately one-third (1/3) of the public funding for the College, while receiving negligible value in return for that substantial financial subsidy.

C. Over the past 20 years, Malibu residents have been forced to incur more than \$300 million in debt for the benefit of Santa Monica College, and that does not even account for the interest.

D. If approved, Measure SMC would bring the aggregate debt imposed on Malibu's residents for the benefit of Santa Monica College to nearly a half-billion dollars (inclusive of interest).

E. Santa Monica College is proposing to spend \$20 million in Malibu in exchange for the residents' obligation to fund approximately \$125 million of the College's debt. Moreover, there is no guarantee that even \$20 million of the approximately \$125 million that will be charged to Malibu residents will be spent in Malibu.

F. Only a minority of Santa Monica and Malibu residents utilize the College, which also (if not predominantly) is utilized by residents of Culver City, greater Los Angeles, the San Fernando Valley, and other areas – all without cost to the residents of those areas.

G. Many residents of Santa Monica also oppose Measure SMC, with some reasons for that opposition published at <https://santamonica.gov/elections/2022-11-08/measures/measure-smc>.

H. Many residents are under the misimpression that Measure SMC is needed for construction of the Santa Monica College Malibu Campus, which was, in fact, financed through prior bond measures – with the entire cost of the campus borne by Malibu residents.

I. Malibu residents likely will be required to provide funding for improvements to the Malibu Campus in the future, and the City also is being asked to fund the Sheriff's Substation in the Malibu Campus building, which will also benefit Santa Monica College, given its proximity

to the Malibu Campus, at no cost to the College or Santa Monica residents.

J. Malibu residents should not be forced to foot a \$125 million bill for the benefit of the City of Santa Monica, the City of Los Angeles, and the many other municipalities whose residents benefit from the expansion of Santa Monica College facilities in Santa Monica.

SECTION 2. The City Council does hereby strongly oppose Measure SMC, which would impose a grossly disproportionate substantial debt upon the residents of Malibu if passed at the November 8, 2022 General Election.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED this ___th day of ____ 2022.

PAUL GRISANTI, Mayor

ATTEST:

KELSEY PETTIJOHN, City Clerk
(seal)

APPROVED AS TO FORM:
THIS DOCUMENT HAS BEEN REVIEWED
BY THE CITY ATTORNEY'S OFFICE

TREVOR RUSIN, Interim City Attorney