



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** MAY 13, 2025

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** LUCINDA WILLIAMS, CITY CLERK

**PREPARED BY:** LUCINDA WILLIAMS, CITY CLERK

**SUBJECT:** CHARTER CITY DISCUSSION

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### **SUMMARY**

Charter city discussion continued from March 4, 2025 City Council meeting.

### **PROPOSED MOTION**

Receive and file report.

or

Provide staff direction should City Council decide to further consider charter city governance.

### **ALTERNATIVE OPTIONS**

- Approve the Proposed Motion
- Other options brought by City Council.

### **STAFF RECOMMENDATIONS**

Staff recommends the Proposed Motion.

### **CITY MANAGER REMARKS**

The City Council requested that the staff put together more information based on the discussion at the City Council meeting and have a study session. We are seeking direction on whether the City Council wants to begin a process of establishing a committee and beginning the process of putting a proposed Charter together for the 2026 primary or general election.

### **PRIORITY POLICY STATEMENT**

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

## FISCAL IMPACT

None.

## BACKGROUND AND DISCUSSION

Staff presented a report comparing general law and charter city governance and outlined the process to become a charter city to City Council on March 4, 2025. City Council voted to direct staff to schedule a study session to further discuss charter city governance.

Staff reported at the March 4, 2025 meeting that California cities organize under one of two types of governing structure: general law or charter city. Each structure has different governing authority and degree of autonomy. General law cities govern under the powers granted to it by general laws adopted by the California Legislature and police powers granted by the California Constitution. A charter city defines its own charter subject only to state and federal constitution limitations.

The State Constitution refers to charter city provisions as “home rule” provisions, based on the principle that a city best understands its local needs and how to conduct business and control its own affairs to satisfy those needs

The following table compares the governance types and associated benefits and challenges:

	General Law City	Charter City
Description	<ul style="list-style-type: none"><li>• Governed by California Government Code</li><li>• Bound by uniform rules established by state legislature regarding municipal affairs including zoning, elections, personnel and taxation</li><li>• Approximately 75% of California cities operate under General Law structure</li></ul>	<ul style="list-style-type: none"><li>• Governed by a city charter providing autonomy over municipal affairs</li><li>• Can override state laws on municipal matters that do not conflict with state constitution or state legislation defined as an area of statewide concern such as:<ul style="list-style-type: none"><li>○ Control over elections and term limits</li><li>○ Public utility governance and land-use planning</li><li>○ Decisions regarding contracts and bidding process</li></ul></li><li>• Approximately 25% of California cities operate under charter structure</li></ul>

Benefits	<ul style="list-style-type: none"> <li>• Simplified governance following state regulation and reduced need for extensive local legislation</li> <li>• Potentially lower legal costs due to fewer disputes over state and local law conflicts</li> <li>• Predictability for businesses and residents when operating under a uniform framework</li> <li>• No administrative burden to draft or maintain a city charter</li> </ul>	<ul style="list-style-type: none"> <li>• Local control providing greater authority over municipal affairs, enabling tailored policies to address specific local needs</li> <li>• Can establish local taxes (e.g., real estate transfer taxes) without state approval providing revenue flexibility</li> <li>• Innovative governance and freedom to implement unique programs or practices (e.g., district-based elections, independent redistricting commissions)</li> <li>• Economic advantages: charter cities can use local preference policies or alternative bidding processes for public contracts</li> </ul>
Challenges	<ul style="list-style-type: none"> <li>• Limited autonomy - must adhere to state laws particularly in areas where local needs differ from statewide policy</li> <li>• Restricted revenue options as city cannot create or modify local taxes or fees without state approval</li> <li>• One-size-fits-all policies and uniform state rules may not address unique local circumstances</li> </ul>	<ul style="list-style-type: none"> <li>• Complex governance - writing and maintaining a charter requires significant effort and legal expertise</li> <li>• Potential for legal conflicts - disputes can arise over whether an issue qualifies as a "municipal affair" or falls under state jurisdiction</li> <li>• Higher administrative costs to develop and enforce local policies</li> <li>• Accountability risks with greater autonomy can lead to concerns over transparency and oversight</li> </ul>

A charter city may override state law in municipal affairs such as elections, zoning and public contracts but must *comply with state law on matters of statewide concerns* such as traffic laws, environmental regulations and labor standards. Statewide laws such as the California Public Records Act and Brown Act apply to both general law and charter cities.

A charter city can establish certain local taxes, such as real estate transfer taxes, without state legislature approval, providing revenue generating flexibility.

A general law city may transition to a charter city through a process outlined in the California Government Code. The process *typically takes 12 to 18 months*. The following describes the steps in the process:

*Initiation:* City Council can draft a charter for consideration or City Council place a measure on the ballot to form a charter commission comprised of residents to draft a charter. City voters could also initiate the charter process by circulating an initiative and gather signatures of at least 15% of registered voters to place the charter proposal on the ballot.

*Drafting Charter:* A charter must address key governance areas including elections, city power and municipal organization. The charter may have as much detail or generality as desired as long as the charter complies with the California Constitution.

*Community Engagement:* The City must hold public hearings and conduct outreach to ensure transparency and gather resident input.

*Voter Approval:* The charter may appear on a general or special election ballot. A simple majority vote would pass the measure and adopt the charter.

*Post Approval:* The City files the approved charter with the California Secretary of State and begins implementing charter provisions.

Transitioning to a charter city with more local autonomy provides significant benefits but requires careful planning, community support and sustained effort for effective implementation.

A city has several issues to consider before transitioning to a charter city:

- *Cost:* The transition to charter governance includes drafting, legal review and outreach costs. Holding a General Municipal Election costs an estimated \$150,000-\$250,000. *Adding a measure to a general municipal election ballot costs an additional estimated \$8500.* Estimated costs to hold a special election to place a measure before voters range from \$250,000 - \$500,000.
- *Community Support:* Securing voter approval requires public education regarding the benefits and implications of charter cities.
- *Legal expertise:* Developing a well-drafted charter requires expert legal and governance input to ensure compliance and avoid future conflicts.

Several Orange County cities operate under a charter including:

- Anaheim
- Buena Park
- Cypress
- Huntington Beach
- Irvine
- Los Alamitos
- Newport Beach

- Placentia
- Santa Ana
- Seal Beach.

These cities utilize charter governance to establish specific local regulations such as unique contracting policies or election procedures, benefit from flexible zoning and land-use decisions and local resource and infrastructure management and/or local governance tailored to master-planned communities.

A City can amend or repeal its charter through voter approval. City Council or a citizen initiative can place the measure on the ballot.

A charter can have as much simplicity or complexity as a community deems appropriate. For example, the City of Buena Park charter consists of two pages, mainly regarding the public contracting process. Whereas the City of Anaheim charter has 65 pages with sections including powers of the City, City Council, City Manager, officers and employees, boards and commissions, personnel system, fiscal administration, elections and franchises.

Several issues arose during the public comment and discussion of this item on March 4, 2025. The following table lists the issues and clarifying information.

Concern Area	Clarification
Loss of State Protections Risk of bypassing state laws on housing, wages, sanctuary status, impact on minorities and families, lack of state oversight	State has authority in these areas. Charter cannot override areas of statewide concern.
Transparency and Motivation Lack of clear communication, possible political motives, insufficient public engagement	The March 4, 2025 meeting was the initial discussion and notice. The charter process requires significant public engagement should City Council wish to pursue further.
Power Consolidation Increased authority for mayor and /or city council, risk of special interest influence, reduced public oversight	General Law cities may enact term limits and/or a directly elected Mayor. The public must vote to adopt a charter which could address these concerns.
Legal and Financial Risks Potential for costly lawsuits, higher administrative and election costs	The cost to add a charter ballot measure to a regular general municipal election is negligible (costs become significantly higher for a special or stand-alone election). A charter could generate more legal exposure for the city when interpreting charter provisions.

Concern Area	Clarification
Governance Changes Ability to alter term limits, contract bidding, quorum rules, possible reduction in public participation	Voters may enact or change term limits in General Law cities. Fullerton voters approved term limits in 2010. General Law and charter cities must follow Brown Act procedures for public participation.  Contracting and bidding processes could vary from state regulations with a charter including compressed bid timelines, different monetary thresholds to trigger a bidding process, more discretion in vetting contractors to ensure the lowest bidder provides quality work
Necessity and Timing No clear problem with current system, other city priorities more urgent	Necessity and timing could depend on proposed charter content and process. The charter adoption process takes approximately 12 to 18 months. City Council should begin planning now should it wish to place a measure on the November 2026 ballot.
What are the safeguards	Voters approve the charter and all charter amendments.
How will this impact schools	A city charter has no impact on school district governance.

### *Next Steps*

Staff seeks City Council direction whether to move forward with next steps.

If City Council decides to pursue charter governance, City Council can draft the charter or it can call for a charter commission election and the elected commission drafts the charter.

An elected charter commission follows procedures outlined in California Government Code to prepare a charter to place on an upcoming ballot. This method requires a longer timeframe to first hold an election for commission members and then another election for voters to consider the charter proposed by the commission. Should City Council desire to draft a charter by commission, staff requests City Council direct staff to agendize an item to place a charter commission election on an upcoming ballot.

A City Council drafting a charter must hold at least two public hearings on the proposed charter with at least 21 days public notice and at least 30 days between hearings with at least one hearing outside of regular business hours to accommodate public participation. City Council may not vote to place the charter on the ballot until at least 21 days after the second public hearing. If City Council desires to draft a charter, staff requests City Council provide direction regarding charter content. Staff would draft

documentation and a proposed timeline to hold hearings and place a measure to adopt the charter on the ballot for City Council consideration at an upcoming meeting.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – CalCities Charter City Quick Summary
- Attachment 3 – CalCities List of Charter Cities
- Attachment 4 – City of Buena Park Charter
- Attachment 5 – City of Anaheim Charter

cc: City Manager Eric J. Levitt