



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** MARCH 4, 2025

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

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

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

**SUBJECT:** CHARTER CITY COMPARISON AND PROCESS

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### **SUMMARY**

This report compares general law and charter city governance and outlines the process to become a charter city.

### **PROPOSED MOTION**

Direct staff to further investigate and pursue next steps for 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**

One primary advantage of looking further into a charter government is that many argue that a Charter provides more local control. A Charter would need to be approved in an election.

### **PRIORITY POLICY STATEMENT**

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

### **FISCAL IMPACT**

None.

## BACKGROUND AND DISCUSSION

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 to state and federal constitution and legislative limitations. 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 other laws 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>• Predictability for businesses and residents when operating under a uniform framework</li><li>• No administrative burden to draft or maintain a city charter</li><li>• Lower legal costs due to fewer disputes over state and local law conflicts</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</li></ul>

		policies or alternative bidding processes for public contracts
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>Can have more complex governance</li> <li>Potential for legal conflicts - disputes can arise over whether an issue qualifies as a "municipal affair" or falls under state jurisdiction</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, delegate charter drafting to an ad hoc committee for City Council approval or City Council can call for an election to form a charter commission comprised of registered voters in the City to draft a charter. City voters could also initiate the charter process by circulating an initiative and gathering signatures of at least 15% of registered voters to place the charter proposal on the ballot or call an election for charter commission members.

*Drafting Charter:* A charter must address key governance areas including elections, city powers and municipal organization. The charter may have as much detail or generality as the authors desire 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 statewide general 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.

Additional considerations when transiting to a charter city include:

- *Cost:* The transition to charter governance includes significant costs for drafting, legal reviews and outreach. Holding a General Municipal Election costs an estimated \$150,000- \$250,000.
- *Community Support:* Securing voter approval requires public education regarding the benefits and implications of becoming a charter city critical to securing voter approval.

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, 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 to amend or repeal on the ballot.

Staff requests City Council receive and file this report and provide staff direction should City Council decide to further consider charter city governance.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – CalCities Charter City Quick Summary
- Attachment 3 – CalCities List of Charter Cities

cc: City Manager Eric J. Levitt